2021 ANNUAL REPORT

2021

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SHAREHOLDER

1a. Introductory Words from the Management Board

Fellow Shareholders,

FY21 was a year of milestone achievement with the company commencing serial production of optical communications terminals at our newly inaugurated production facility in Germany and multiple contracts with new and existing customers for unit shipments commencing in 2022 and beyond. We finished the year with the strongest order backlog in the company's history. We believe this sets the stage for strong growth over the coming years as we capitalize on the growth of space-based optical communications networks.

Our industry experiences more growth and momentum than ever before and our milestones achieved in FY21 significantly improved our positioning to seize the multi-decade opportunity ahead of us. Mynaric is at its core centered around the scalability that enables us to leverage this momentum to the fullest. We are on track to provide our customers with unprecedented communication capabilities enabling them to establish large, proliferated networks and making our vision to eliminate the boundaries of connectivity a reality.

Our FY21 shareholder letter released on April 28th, 2022 already updated you extensively on some key recent developments in our business activity - particularly how our vision is fueling our product strategy, our approach to scale, customer success, preliminary results FY21 and outlook. We plan to release regular shareholder letters yearly ahead of the publication of full year financial results and all regulatory filings. The full FY21 shareholder letter can be found at mynaric.com/investor-relations/publications.

We sincerely thank our employees, customers, suppliers and shareholders for their continued support as we pursue the industrial age of laser communication.

Sincerely,

Bulent Altan
CEO

Stefan Berndt-von Bülow
CFO

Joachim Horwath
CTO & Founder

1b. Report of the Supervisory Board

Report of the Supervisory Board for the fiscal year 2021

Dear Shareholders,

The Supervisory Board of Mynaric AG has at all times in the reporting year 2021 fully performed its control and advisory duties incumbent upon it by law, the Articles of Association and the Rules of Procedure of the Supervisory Board. In particular, the Supervisory Board advised the Management Board on the management of the Company and monitored the measures taken by the Management Board. The Supervisory Board was always involved in all decisions of fundamental and strategic importance in a timely and appropriate manner, based on written and verbal reports from the Management Board to the Supervisory Board. The Management Board informed the Supervisory Board regularly, promptly and comprehensively about all important issues relating to current business developments, the earnings and financial situation, corporate planning, the strategic development of the Company and changes in risk situations. Events of particular importance for the situation and development of the Company or its subsidiaries were always discussed in a timely manner. All Management Board measures requiring the approval of the Supervisory Board were examined, discussed and decided upon. The cooperation between the Management Board and the Supervisory Board in the reporting year was in every respect trusting and constructive.

The work in fiscal year 2021 was based on the meetings of the Supervisory Board as well as oral and written reports by the Management Board. After detailed examination and discussion, the Supervisory Board voted on the reports and proposed resolutions of the Management Board where required by law, the Articles of Association or the Rules of Procedure for the Management Board. In individual cases, the Supervisory Board also passed resolutions outside of meetings. In addition to the regular meetings, the Chairman of the Supervisory Board maintained regular contact with the Management Board and kept himself informed about the current business situation and important events. In the course of the listing on the U.S. stock exchange Nasdaq in November 2021, the Supervisory Board formed an Audit Committee, a Compensation Committee and a Corporate Governance and Nomination Committee.

Supervisory Board meetings and key areas of discussion

In the fiscal year 2021, the Supervisory Board held a total of fourteen meetings on January 4, January 21, February 17, February 26, March 22, April 7, June 24, August 20, September 16, October 5, October 29, November 11, November 19, and December 21, all of which were held at least partially virtually due to the current Covid 19 situation. In addition, nine resolutions were adopted by circular resolution in the reporting year.

The status of the product development, the development of incoming orders, sales, earnings and employment, as well as the financial situation and liquidity development of Mynaric AG and its subsidiaries were the subject of regular discussions at the Supervisory Board meetings. In particular, the preparation and ultimately the successful execution of the U.S. IPO were also regularly discussed.

The topic of the Supervisory Board meeting held virtually on **January 4, 2021** was the exercise of the convertible bond issued in 2020. The necessary amendments to the Articles of Association have also been resolved.

On **January 21, 2021,** the Supervisory Board discussed the new organizational orientation of the Company. In addition, Bulent Altan and Stefan Berndt-von Bülow were appointed as members of the Management Board of Mynaric Lasercom GmbH. In return, Sven Meyer-Brunswick resigned from his position as Managing Director. Dr. Stefan Bindl and Tino Schuldt were granted joint power of attorney for Mynaric Lasercom GmbH. Furthermore, the Supervisory Board approved the allocation of stock options to an employee of the Company and an amendment of the Rules of Procedure of the Management Board. This amendment, proposed by the Management Board, referred to the threshold for a requirement of approval by the Supervisory Board in connection with the hiring of new employees.

At the meeting on **February 17, 2021**, the Management Board and Supervisory Board discussed the planning of the Annual General Meeting 2022, which again would be held virtually, and the Company's financial planning. In addition, the Supervisory Board passed a resolution regarding the appointment of Joachim Horwath as member of the Management Board of the Company and Chief Technology Officer (CTO).

On **February 26, 2021**, the Management Board and Supervisory Board discussed the achievement of the 2020 Management Board goals. Consequently, the Supervisory Board adopted a corresponding resolution on the variable compensation of the Management Board for the 2020 financial year. Likewise, the Supervisory Board adopted the Management Board goals for 2021 and discussed the implementation of a potential bonus for a contemplated U.S. stock exchange listing. In this context, the Supervisory Board also discussed the internal organization of the Supervisory Board, in particular the formation of various committees. Finally, the Supervisory Board approved the allocation of stock options to the members of the Management Board.

A further meeting of the Supervisory Board was held on **March 22, 2021.** The subject of this Supervisory Board meeting was the business development during the fiscal year 2020 and the consolidated financial statements of the individual companies. At this meeting, the Management Board also provided information on the potential process of a U.S. IPO. Furthermore, the Supervisory Board passed a resolution in principle on the agenda for the Annual General Meeting.

On **March 30, 2021,** the consolidated and annual financial statements were approved by way of a circular resolution.

The subject of the Supervisory Board meeting held virtually on **April 7, 2021** was the approval of the invitation to the Annual General Meeting and all proposed resolutions, including the authorization of the Management Board to increase the Company's share capital for the purpose of listing the Company's shares on a foreign stock exchange with the approval of the Supervisory Board, excluding subscription rights.

On **June 11, 2021,** the Supervisory Board approved by way of a circular resolution the terms of a bonus arrangement for the members of the Management Board in the context of a potential U.S. IPO.

At the Supervisory Board meeting on **June 24, 2021,** after the member of the Supervisory Board Mr. Thomas Hanke announced his immediate resignation from his position on the Supervisory Board, a possible successor was discussed. Subsequently, the Management Board reported on the current situation of the Company. An overview of current business development and sales activities, as well as financial planning, was provided.

At the meeting on **August 20, 2021**, the Management Board and Supervisory Board discussed the nomination of the members of the Audit Committee and operational topics. Subsequently, Steve D. Geskos was appointed as Chairman, and Dr. Manfred Krischke and Peter Müller-Brühl as members of the Audit Committee. Subsequently, the Supervisory Board approved a capital increase into the capital reserve of Mynaric Lasercom GmbH in the amount of EUR 12.5 million pursuant to Section 272 (2) No. 4 HGB. In addition, the allocation of stock options to US-management personnel as proposed by the Management Board was approved.

On **September 3, 2021,** the Supervisory Board granted the Management Board approval by circular resolution to enter into a credit facility agreement to further strengthen the Company's operational flexibility.

The focus of the Supervisory Board meeting on **September 16, 2021** was on the current status of the half-year financial statements, as well as the implementation of a new ERP software. Furthermore, the Supervisory Board gave its approval for expenditures in the amount of EUR 2.0 million to proactively minimize bottlenecks in material procurement. The Supervisory Board approved the allocation of restricted stock units (RSUs) to employees of the Company as proposed by the Management Board.

In a circular resolution dated **September 28, 2021,** the Supervisory Board granted the Management Board approval for the conclusion of an insurance policy in connection with the possible U.S. IPO as well as other operating expenses.

At the Supervisory Board meeting on **October 5, 2021,** Dr. Gerd Gruppe resigned from his position as a member of the Supervisory Board. Consequently, the successor to Dr. Gerd Gruppe was discussed. Subsequently, Peter Müller-Brühl was appointed as the new Deputy Chairman of the Supervisory Board. In addition, the Supervisory Board passed a resolution to form both a Compensation Committee and a Corporate Governance Committee in order to comply with U.S. capital market requirements. Dr. Manfred Krischke was elected Chairman and Peter Müller-Brühl and Vincent Wobbe were appointed as additional members of both committees. Finally, the Supervisory Board approved an investment in property, plant and equipment as proposed by the Management Board.

By circular resolution on **October 15, 2021,** the Supervisory Board adopted updated rules of procedure for the Management Board and the Supervisory Board as well as rules of procedure for the Audit Committee, the Compensation Committee and the Corporate Governance and Nomination Committee.

In another circular resolution on **October 18, 2021,** the Supervisory Board approved the Management Board's resolution regarding the first public prospectus filing for the planned U.S. initial public offering with the U.S. Securities and Exchange Commission ("SEC") in the United States.

At the Supervisory Board meeting on **October 29, 2021,** the Management Board informed the Supervisory Board about the current status of the U.S. IPO and the cooperation with the SEC, in addition to current operational business.

On **November 3, 2021,** the Management Board again informed the Supervisory Board about the current status of preparations for the U.S. IPO. In the course of this, the basic parameters of the transaction were anchored in a resolution of the Management Board. The Supervisory Board approved this by circular resolution, according to which the U.S. IPO should be carried out immediately by issuing up to 1,150,000 bearer shares. One share is represented by 4 American Depository Shares ("ADS"). The subscription rights were excluded.

On **November 4, 2021,** the Supervisory Board approved by circular resolution a cost transfer agreement negotiated by the Management Board for necessary preparatory activities in a potential new office and production building to be leased.

At the Supervisory Board meeting on **November 11, 2021,** the Supervisory Board unconditionally approved the resolution of the Management Board of the same date, which resolved, among other things, on the setting of the offer price, a capital increase and the exclusion of subscription rights in the context of the U.S. initial public offering, and the corresponding amendment to the Articles of Association.

By circular resolution dated **November 14, 2021,** the Supervisory Board approved the Management Board's resolution to create a additional 150,000 bearer shares out of authorized capital, which in turn are to be represented by ADSs, due to the exercise of the over-allotment option (the greenshoe option) by the underwriters.

At the Supervisory Board meeting on **November 19, 2021,** the Management Board presented new office and production premises that are to lay the foundation for further growth in the following years. Here, the Management Board and Supervisory Board discussed the expansion possibilities, costs as well as the time schedule. The Supervisory Board instructed the Management Board to further elaborate the plans and to prepare a draft resolution.

At the last Supervisory Board meeting of the year on **December 21, 2021,** the Management Board presented the Group budget for 2022 and explained the background to it. This was approved by the Supervisory Board. The Management Board then explained the detailed planning for the potential new office and production building and answered all the Supervisory Board's open questions on this. The Supervisory Board passed a resolution to enter into a rental agreement from 2023. Furthermore, the Supervisory Board was informed by the Management Board about the reporting obligations and increased transparency criteria associated with the U.S. IPO, and about the measures taken in the Company for this purpose. Subsequently, the Supervisory Board approved a capital increase into the capital reserve of Mynaric Lasercom GmbH in the amount of EUR 15.0 million pursuant to Section 272 (2) No. 4 HGB.

Activities of the Supervisory Board Committees

In 2021, the newly formed Audit Committee dealt with key issues relating to the Group's accounting processes and internal control and management system. The auditor of the Mynaric Group, KPMG AG Wirtschaftsprüfungsgesellschaft, attended all four meetings of the Audit Committee.

The Compensation Committee dealt with the implementation of a remuneration system for the Management Board members, which will be submitted to the Annual General Meeting 2022 for approval. In addition, the Compensation Committee began with the preparation of the remuneration report regarding the remuneration of the Management Board and Supervisory Board for the fiscal year 2021 in accordance with the new provisions of the German Stock Corporation Act (AktG). The remuneration report for the fiscal year 2021 will be submitted to the Annual General Meeting 2022 for approval. For both the development of the remuneration system and the remuneration report, the Compensation Committee worked closely together with an external remuneration expert.

The Corporate Governance- and Nomination-Committee did not convene in 2021.

Further information on the activities of the Supervisory Board and its committees can be found in the (consolidated) Corporate Governance Report.

Personnel changes

As previously announced, Dr. Thomas Billeter stepped down from his position on the Supervisory Board with effect as of the end of the Annual General Meeting on May 14, 2021, and Mr. Steve D. Geskos was elected to the Supervisory Board until the end of the Annual General Meeting 2023. At their own request, Mr. Thomas Hanke resigned from office with effect as of June 24, 2021, and Dr. Gerd Gruppe with effect as of October 5, 2021, and were replaced by Mr. Vincent Wobbe by way of judicial appointment with effect as of July 30, 2021, and Mr. Hans Koenigsmann by way of judicial appointment on October 13, 2021, both until the end of the Annual General Meeting in 2022.

Corporate Governance

The Supervisory Board was fully represented at eleven of the fourteen meetings. At the Supervisory Board meetings on March 22, 2021, April 7, 2021, and December 21, 2021, one Supervisory Board member was excused.

The Management Board was fully represented at all Supervisory Board meetings except for March 22, 2021, April 7, 2021, and September 11, 2021.

In the reporting year, no conflicts of interest of the Supervisory Board members arose in connection with their activities as members of the Supervisory Board of Mynaric AG. The consultancy agreement with Dr. Thomas Billeter became effective after his resignation from the Supervisory Board.

The Supervisory Board has addressed the further development of corporate governance at Mynaric, taking into account the recommendations of the German Corporate Governance Code (the “Code”). The corporate governance statement pursuant to Section 289f of the German Commercial Code (HGB), including the detailed corporate governance report, and the group corporate governance statement pursuant to Section 315d of the German Commercial Code (HGB) can be viewed on the company website under the heading “Investors > Corporate Governance >” and can be found in the annual report. In addition, the implementation of the Code’s recommendations by the Company was discussed with the Management Board and a deviation from the Code’s recommendations was resolved in three justified cases. On the basis of these discussions, the Management Board and Supervisory Board issued the annual Declaration of Conformity on April 26, 2022. The current version of the Declaration of Conformity can be found in this Annual Report and is permanently available on the Company’s website under “Investors > Corporate Governance”.

Audit of the annual financial statements and the consolidated financial statements

The Company's auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, audited the annual financial statements for 2021 prepared by the Management Board and issued an unqualified audit opinion. The Supervisory Board received the financial statement documents and the auditor's report in good time and gave its approval by circular resolution on May 25, 2022.

The Supervisory Board itself audited the 2021 annual financial statements of the Company prepared by the Management Board in accordance with the statutory provisions. The Supervisory Board approved the results of the audit and raised no objections following the final results of its own review. Accordingly, the Supervisory Board approved the annual financial statements for the 2021 financial year on May 25, 2022. The annual financial statements are thus adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (AktG). The consolidated financial statements for 2021 were approved.

Acknowledgement

The Supervisory Board would like to thank the Management Board and all employees for their high level of commitment and successful work in the past fiscal year. The Supervisory Board would also like to thank our shareholders for their interest in our Company and for the trust they have placed in us.

Gilching, May 2022
For the Supervisory Board

Dr. Manfred Krischke
Chairman of the Supervisory Board

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FINANCIAL REPORT

2a. Group Management Report

Mynaric AG, Gilching

GROUP MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

1. ECONOMIC ENVIRONMENT

1.1. Economic

In the reporting year, the global economy recovered from the pandemic-related recession in 2020. According to estimates of the International Monetary Fund (IMF), global gross domestic product increased by 5.9% in 2021 compared to 2020. The economy in the industrial countries grew by 5.2% year-over-year and the increase in the emerging and developing countries was 6.4% year-over-year. In the first half of the year economic activities picked up while a rising incidence of Covid-19 related infections, supply bottlenecks and constrained transport capacities weakened the dynamics somewhat in the further course. Consumer prices increased significantly in many countries in the reporting year for the first time since the financial crisis of 2008/2009. In addition to the previous year, the IMF attributes the inflation to higher commodity prices as well as to a pandemic-related supply shortage.

The lifting of pandemic-related restrictions led to a revival of the economy in European markets. The service sector, in particular, benefited from catch-up effects, whereas growth in industry was slowed slightly due to high raw material costs and supply bottlenecks for primary products. The economic output of the European Union increased by 5.0% (previous year: -6.3%) according to the IMF.

In Germany, the economy is increasingly recovering from the effects of the COVID-19 pandemic. The increase in GDP in 2021 was 3.1% (previous year: -4.6%). For now, supply remains tight, and demand exceeds supply in most product categories. There was a significant increase in energy prices at the end of the year, which will lead to a higher rate of inflation in 2022.

In the US, the economy grew by 6.0% in the reporting year (previous year: -3.4%). In addition to a continued expansive monetary policy, positive economic impulses came from extensive government economic stimulus programs and strong demand from both consumers and commercial enterprises. Falling unemployment figures, stable private consumer spending and a high willingness to invest on the corporate side also had a beneficial effect.

1.2. Industry environment

Most companies in space industries performed robustly despite the continuing COVID-19 pandemic, providing further confirmation that the industry remains insulated from short-term economic turmoil, primarily due to the fact that some business rests on long-term government contracts.[1]

Globally, the need for fast, secure and ubiquitous network connectivity is growing - a trend that has been reinforced by the COVID-19 pandemic.[2] Existing data networks, like the internet, are largely based on terrestrial infrastructure such as fiber optic networks, which provide for excellent connectivity in urban, densely populated areas but cannot be expanded infinitely without prohibitive costs, resulting in rural and remote areas often lacking reliable or secure terrestrial infrastructure access. Current alternative connectivity solutions, such as radio frequency-based network connectivity provided by satellites in geostationary orbit, are expensive and characterized by relatively low bandwidth and high latency connectivity, as well as limited security from hacking and spoofing. Even where broadband connectivity is available, many existing network technologies are reaching their capacity limits. Over the past decade, internet traffic has grown significantly, and this growth is expected to continue, driven largely by the increase in mobile internet usage and the IoT, which are to be supported by high speed, high bandwidth networks.

1 https://spacenews.com/defense-market-a-safe-haven-for-space-companies-during-pandemic/

2 https://blogs.worldbank.org/voices/covid-19-reinforces-need-connectivity

The increased market demand for internet connectivity requires network operators to look beyond existing communication infrastructure, with a particular focus on aerospace communication networks. Aerospace communication networks will consist of a large number of interconnected network nodes established by various platforms in air and space (such as satellites, high-altitude platforms, unmanned aerial vehicles and aircraft). We believe that laser communication will play a key role in connecting these platforms, as it offers significant advantages over traditional wireless communication systems, such as higher bandwidth capacity, low latency, improved security, lower power requirements and license-free spectrum.

Over the past decade, the laser communication market has started to take shape, driven by rapid technological developments in the space industry. While government remains a critical driver for further expansion of global space activities, many well-funded technology companies have developed and started to deploy formidable commercial space-based communication capabilities. At the same time, as private sector space capabilities increase, governments have begun to realize the value of the private commercial space industry and have become increasingly supportive and reliant on private companies to catalyze innovation and advance national space objectives. The combination of increased access to capital, economies of scale, and open innovation models has driven rapid growth in the commercial space market in recent years. We believe that the global space industry is at an inflection point today, transitioning from a phase of discovery to phases of deployment and commercialization. We consider these developments in the broader space economy as crucial for the market for our industrialized laser communication equipment to take shape and fully materialize.

Current demand for laser communication is predominantly driven by both government organizations and commercial players seeking to establish low earth orbit (LEO) satellite-based space communication networks. The U.S. government has been the strongest proponent to date of aerospace network capabilities and has made the development of government space architectures using large-scale LEO constellations a priority over the coming years. As privacy and security of military communication is a critical requirement for defense communications, governments seek to leverage the superior capabilities of laser communication to enable secure and stealth data exchange, battlefield connectivity, intelligence, surveillance, and reconnaissance ("ISR") data distribution and teamed systems of systems. In the future, such government space architectures are expected to move to multi-orbit "proliferated" constellations (i.e., large constellations of small satellites), particularly those based in LEO.

Just as the internet was initially developed as a defense communication network before evolving into diversified, commercial applications, we believe aerospace communication networks will serve not only government but also industry and consumer needs over the medium-term, presenting a significant market opportunity. We believe that we are currently in the early phase of a multi-decade rollout of laser communication capabilities in aerospace communication networks, which will lead to more widespread use across commercial applications such as broadband satellite, data relay, Earth observation and in-orbit data processing services. As a result, we believe that the initial deployment of our products in the government market provides a foundation for our presence in the commercial market and believe that validation from our government customers will help position our products for future large-scale deployment.

2. BUSINESS PERFORMANCE

Mynaric attained its operational objectives for the fiscal year 2021, including particularly the inauguration of its serial production facility, expansion of its footprint in the United States and scoring successes with existing and new lead customers. The Management Board is thus satisfied with the results of Company operations.

Management has a favorable view of the Company's positioning, supported by the following key competitive factors:

2.1. Serial production

Mynaric celebrated the opening of its first dedicated serial production facility designed to produce laser communication equipment for the aerospace sector at scale. The 1,600m^2 facility is located in the immediate vicinity of Mynaric's headquarters at the special research airport Oberpfaffenhofen near Munich, Germany. Its size, layout and processes have been set up with a specific focus on scalable production adaptable to the dynamic development expected from the laser communications market and demand across distinct market verticals. Lean manufacturing principles drove the design of the facility whose part flow, workstations, final assembly, and testing capabilities are optimized for efficiency and high throughput production. With the opening of the new production facility Mynaric continues to execute its strategy to build industrial capabilities required for the large-scale volume deployment of laser communication products in proliferated aerospace networks. Mynaric follows a unique approach to supply chain and procurement focused on the reduction of critical supplier dependencies and risks associated to production ramp-up while maintaining its competitive advantages and securing its market position.

2.2. U.S. expansion

Mynaric also expanded its footprint in the U.S. by opening an office in the Washington D.C. area placing its team closer to key U.S. government organizations driving the adoption of laser communication. The office is in the immediate proximity of decision makers of the U.S. government and the U.S. Department of Defense. This close proximity provides us with improved market intelligence about upcoming programs as well as allows us to assist customers with their business development efforts. In addition, we hired experienced individuals from the aerospace industry with close ties to key decision makers as well as a wide range of experience. This team will be led by Tim Deaver who we joined Mynaric in early 2021 and previously worked for Airbus U.S., SES and the U.S. Air Force as he leads our U.S. sales and business development activities.

2.3. Successes with new and existing customers

Mynaric has achieved the industry's first over-the-air transmission using an optical inter-satellite link (OISL) terminal communicating with an independently built testbed, both of which are compliant with the Space Development Agency's (SDA) optical inter-satellite link standard. The demonstration was composed of a set of optical and electronic tests characterizing Mynaric's CONDOR optical inter-satellite link product. The successful demonstration is confirmation that Mynaric's products are downward compliant with the SDA OISL standard, thus ensuring baseline compatibility with products of other OISL vendors implementing the same standard. The demonstration was conducted for a customer who is under contract with the SDA.

In the commercial market, Mynaric and SpaceLink agreed on the framework of a partnership to expand Mynaric's laser communication product portfolio for use in SpaceLink's data relay. The partnership will help drive forward the SpaceLink satellite relay service, which provides secure, continuous, high-capacity communications between low Earth orbit spacecraft and the ground. Mynaric's product portfolio was a natural choice as it meets SpaceLink's programmatic requirements, provides high performance, and is fully compliant with the optical communications terminal standard driven by the Space Development Agency. Mynaric was selected as a supplier to support SpaceLink's mission given its industrialized approach towards the production of advanced laser communication products.

Mynaric has been selected as Capella Space's supplier for optical inter-satellite links (OISL). Capella Space is the first commercial Synthetic Aperture Radar (SAR) company to demonstrate compatibility with the U.S. SDA's National Defense Space Architecture, a large-scale satellite constellation providing a range of capabilities to U.S. warfighters. Mynaric will be delivering its next generation optical communications terminal, CONDOR Mk3, to Capella Space to ensure this compatibility.

Mynaric has signed a multi-year, strategic agreement with Northrop Grumman that identifies the company as a strategic supplier for laser communications in the space domain. The agreement provides Northrop Grumman assured and preferred access to Mynaric products and services. It also foresees that Mynaric and Northrop Grumman will jointly develop and offer laser communication solutions tailored to the unique needs of specific U.S. government space programs. Mynaric will exclusively develop and sell custom products to Northrop Grumman for this specific market segment. Separately, Northrop Grumman issued a purchase order for a set of CONDOR Mk3 terminals to kick-start the relationship.

Mynaric has been selected to work on the architectural design of a next-generation optical communications terminal as part of phase 0 of the Space Based Adaptive Communications Node (Space-BACN) program of the Defense Advanced Research Projects Agency (DARPA). DARPA's Space-BACN program envisions an optical communications terminal that could be reconfigured to work with most of today's optical intersatellite link standards allowing seamless communication among government and private-sector proprietary satellites. The selection for phase 0 of the program is yet another win for Mynaric in the US government market that represents a driving force for the deployment of space-based, laser communication capabilities.

2.4. Financial Targets

Mynaric was able to meet most its forecast figures:

€ thousand	2020 Actual[3]	2021 Actual	2021 Forecast
Revenue	679	2,355	"significant increase"
Investment in tangible assets	7,125	8,594	"same level"
Investment in intangible assets	9,319	3,360	"slightly lower"

Mynaric achieved a significant revenue increase of €1,676 thousand to €2,355 thousand compared to 2020.

Investments made in fixed assets increased from €7,125 thousand in 2020 to €8,594 thousand in 2021. This was slightly higher than originally planned due to additional investments made for the production facility in Oberpfaffenhofen near Munich, Germany and as well in the Mynaric USA facilities. The significant reduction of investments in intangible assets from €9,319 thousand in 2020 to €3,360 thousand in 2021 was due to the completion of the development of our capitalized Air-technology in June 2020 and Space-technology in March 2021. Further development expenses were not capitalized to the intangible assets but treated as development expenses in the income statement and therefore not reported as investment. The completion of the base technology development and the associated change in accounting treatment of the development costs was not reflected in the 2021 budget, which is the main reason for the difference relative to the forecast.

With the beginning of the fiscal year 2021, Mynaric will change its main KPI´s.

The Management Board believes these two new KPIs are the most closely correlated to the future operating profitability of the company at this stage of its growth. New orders from existing customers and the addition of new customers are a primary focus of the company at this time. the success of these efforts are most accurately reflected by the optical communications terminal backlog described in section 5.3.c) and the cash-in from customer contracts which is also described in section 5.3.c). As additional Financial - KPI's, Mynaric will report revenue and operating profit and loss.

Optical communications terminal backlog increased significantly, primarily from customers in the US. from 3 units at the end of 2020 to 40 units at the end of 2021 while cash in from customer contracts increased to €3.9 million in 2021 from €1.9 million in 2020. The operating profit/loss declined from €-20.1 million to €-42.4 million due to the expansion of development, production and IT capacities and the hiring of additional employees in 2021.

Overall, Mynaric attained most of its corporate objectives for 2021.

3. GROUP FINANCIALS

3.1. Earnings[4]

a) Group-Earnings

In 2021, Mynaric recorded an increase in **revenue** of €1,676 thousand to from €679 thousand to €2,355 thousand.

This development is due to the significantly increase of service-revenues mainly consisting of the provision of development and training services relating to the laser terminals manufactured by Mynaric. Product-revenue which refer to the deliveries of our HAWK AIR and CONDOR terminals remained unchanged.

3 The comparative information is restated to correct the errors. See Notes 34 in Notes to Financial statements.

4 The comparative information is restated to correct the errors. See Notes 34 to the interim consolidated financial statements.

Revenue is broken down as follows:

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Products	554	559	-1.0%
Services	1,801	120	1,400.8%
Total	**2,355**	**679**	**246.8%**

Sales in the US market increased significantly due to successful customer acquisition. On a regional level, 2021 revenue consisted exclusively of revenue from sales in the United States.

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
USA	2,355	467	404.1%
Canada	0	122	-100.0%
Belgium	0	90	-100.0%
Total	**2,355**	**679**	**246.8%**

Particularly noteworthy is the company's order situation, which improved again compared to the previous period, resulting to an increased optical communications terminal backlog of 40 units at the end of 2021 from 3 units at the end of 2020.

The increase in **changes in inventories of finished goods and work in progress** by 214.3% primarily results from the ramp up of the production as well as the lower write-downs compared to the previous year.

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Increase in inventories of work in progress	414	757	-45.3%
Increase in inventories of finished goods	616	0	n/a
Write-downs	-462	-1.254	63.2%
Total changes in inventories	**568**	**-497**	**214.3%**

The change in inventories of finished goods and work in progress was partially offset by write downs of finished goods and work in progress. For fiscal year 2021, the write-downs refer to Condor Mk1 and Condor Mk2 that were written down to their recoverable amount. This is based on the decision to discontinue production and marketing of the Condor Mk1 and to reduce production and marketing of the Condor Mk2 in order to meet the increased demand for the Condor Mk3. Fiscal 2020 write downs primarily relates to prototype ground stations, which were written down to their recoverable amounts.

Own work capitalized, decreased by 50.8% to €4,615 thousand. The following table shows the breakdown of the own work capitalized:

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Development costs	2,845	8,248	-65.5%
Property, plant and equipment	1,770	1,127	57.1%
Total	**4,615**	**9,375**	**-50.8%**

Own work capitalized declined as the development of the capitalized Air technology and Space technology were completed in June 2020 and in March 2021, respectively. This was partially offset by increased own work capitalized with regards to property, plant and equipment which includes the construction of a new link testbed for Mynaric USA and Hawk Air and Condor Terminals for internal testing and development usage.

Cost of materials increased by 70.8% from €6,221 thousand to €10,624 thousand. The following table shows the breakdown of the cost of materials:

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Raw materials and consumables used	7,736	4,715	64.1%
Costs for services purchased	2,888	1,506	91.8%
Total	**10,624**	**6,221**	**70.8%**

Cost for raw materials and consumables used increased significantly by 64.1%. This was mainly caused by raw materials and consumables used in the production and further development of our laser terminals. This includes €2,039 thousand resulting from write downs for raw materials and consumables, specifically related to the production of Condor Mk1 and Condor Mk2 terminals. This is based on the decision to discontinue production and marketing of the Condor Mk1 and to reduce production and marketing of the Condor Mk2 in order to meet the increased demand for the Condor Mk3.

The cost for service purchased increased by 91.8% due to increased costs for external services and the cost for external processing of certain components used in the production process.

Personnel costs increased by 38,9% from € 16,816 thousand to €23,365 thousand. The following table shows the breakdown of the personnel costs:

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Wages and salaries	18,185	13,567	34.0%
Share based payments	1,942	1,125	72.6%
Social security contributions, pensions, and other employee benefits	3,238	2,124	52.4%
Total	**23,365**	**16,816**	**38.9%**

The increase of personnel costs was due to additional hires in 2021 to support the ramp-up of our serial production for our HAWK and CONDOR products and in our research and development department as well as marketing and sales activities. As a result, the average number of employees of Mynaric increased significantly by 43.9%

from 148 to 213, resulting in increased cost for wages and salaries as well as costs for social security. The average salary per employee (ratio of wages and salaries to average number of employees) decreased from €91.7 thousand to €85.5 thousand. One of the main reasons for this are expenses for severance payments for former members of the Management Board and former employees, especially of the closed subsidiary Mynaric Systems GmbH, which are included in the wages and salaries of fiscal year 2020 and did not repeat in 2021. Another significant reason for higher expenses were bonuses for Members of the Management Board and the employees of fiscal year 2021 in comparison to fiscal year 2020. Bonuses for employees were primarily compensated in fiscal year 2021 by granting RSUs (restricted stock units). In line with the implementation of the RSU´s-Program for all employees of Mynaric in July 2021 and further granting of stock option to selected employees and the members of the board of management, costs for share-based-payments increased by 72.6% from €1,125 thousand to €1,942 thousand. In 2021, the majority of the share-based payments related to the grants made under the RSU-program. In 2020, share-based mainly relating to stock options granted under stock option programs as well as costs associated with the accelerated vesting of stock options due to the resignation of two (former) members of our management board.

Depreciation and amortization increased by 145.1% from €1,843 thousand to €4,518 thousand. The following table shows the breakdown of the depreciation and amortization:

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Amortization of intangible assets	1,267	215	489.3%
Depreciation of property, plant, and equipment	1,994	823	142.3%
Depreciation of right-of-use assets	1,257	805	56.1%
Total	**4,518**	**1,843**	**145.1%**

The increased amortization of intangible assets was primarily due to the initial amortization of the completion of our SPACE technology in March 2021 and the ongoing amortization of our AIR technology with an amount of €1,174 thousand. Depreciation of property, plant, and equipment went up by 142.3% driven by the depreciation of the significant investments made in the production and development infrastructure in the fiscal years 2020 and 2021. In line with the new rented offices and buildings in Germany and USA the depreciation of the right-of-use assets increased by 56.1%.

Other operating costs increased by 121.4% to €11,830 thousand. The following table shows the breakdown of the other operating expenses:

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Office and IT costs	3,282	790	315.4%
Legal and consulting fees	2,477	2,378	4.2%
Selling and travel costs	1,638	451	263.2%
Other business supplies, equipment and services	1,396	382	265.4%
Insurance	803	97	727.8%
Incidental rental costs and maintenance	696	382	82.2%
Onerous contracts provision	240	0	n/a
Other costs	1,298	864	50.2%
Total	**11,830**	**5,344**	**121.4%**

One of the main reasons for the increase in other operating expenses was the increase in office and IT costs by 315.4% primarily due to the increase in ongoing IT costs related to the implementation of a new SAP Enterprise Resource Planning (ERP) system as well as on-going upgrades to our entire IT-infrastructure as the business continues to scale. Other material reasons are higher costs relating to selling and travel in line with the higher sales-efforts and business travel activities which went up by 263.2%, costs for other business supplies, equipment and service devices in connection with the continued expansion of our development and production capacities, which rose by 265.4% and increased cost for insurance primarily due to the Listing at the NASDAQ which went up by 727.8%.

The **operating profit/(loss)** declined from €-20,129 thousand to €-42,364 thousand due to the expansion of development, production and IT capacities and the hiring of additional employees in 2021. The substantial increase in operating loss was further driven by decreased own work capitalized as the result of the completion of the development of our AIR technology in mid-2020 and of our SPACE technology in March 2021.

The **net finance costs** decreased from €-513 thousand to €-1,322 thousand mainly due to paid interest on an interim loan, which was repaid in December 2021, partly offset by a positive net foreign exchange result of €826 thousand (2020: €-531 thousand).

For the year ended December 31, 2021, Mynaric recorded a **profit/loss before tax** of €-43,686 thousand (2020: €-20,642 thousand) due to the foregoing reasons.

Income tax expense increased in the amount of €1,791 thousand, due to deferred tax expenses, which have been recognized for the first time in fiscal year 2021.

For the year ended December 31, 2021, Mynaric recorded a **consolidated net loss** of €-45,477 thousand (2020: €-20,642 thousand) due to the foregoing reasons.

b) Segment-Earnings

On a segment level, revenue consisted exclusively of revenue from the segment Space.

	For the years ended		
€ thousand	December 31, 2021	December 31, 2020	Change in %
Segment Space	2,355	90	2,516.7%
Segment Air	0	589	-100.0%
Total	**2,355**	**679**	**246.8%**

In our **Space segment**, operating loss increased by 146.7% from a loss of €12,196 thousand in 2020 to a loss of €30,082 thousand in 2021, which was mainly due to significantly higher personnel costs and the cost of purchased material and services in connection with the initial development and ongoing improvements of our space products. Furthermore, as we completed the development of our SPACE technology in March 2021, all subsequent expenses incurred in connection with our SPACE technology have been recognized in period as expenses, which further contributed to the increase in operating loss in our Space segment in 2021.

In our **Air segment**, operating loss increased by 69.8% from a loss of €6,356 thousand in 2020 to €10.793 thousand in 2021, mainly due to the significantly higher personnel costs and cost of purchased material and services in connection with the initial development and ongoing improvements of our space products. The increase in operating loss was further impacted by the completion of the development of our AIR technology in mid-2020 following which all expenses incurred to maintain the value of our AIR technology have been recognized as expenses in period

3.2. Net assets[5]

During the fiscal year 2021 total assets increased by 24.8% from €86,576 thousand to €108,029 thousand.

Non-current assets went up by 26.8% from €36,260 thousand to €45,975 thousand. This was primarily due to the property plant and equipment which increased by 66.4% from €10,075 thousand to €16,768 thousand resulting from the ongoing significant investment made to expand production and development capacity, IT infrastructure and office equipment. Furthermore, intangible assets increased by 11.7% from €17,884 thousand to €19,969 thousand mainly because of capitalization of the development cost to the Space-technology which was completed in March 2021. As a result of the newly rented sales office in Washington DC, USA and additional rented space at the site in Los Angeles, USA, the right-of-use assets went up by 11.1% from €7,942 thousand to €8,827 thousand.

Non-current assets increased slightly from 41.9% to 42.6% of the balance sheet total.

Current assets increased by 23.3% from €50,316 thousand to €62,054 thousand due to the increase in cash and cash equivalent, other financial and non-financial assets and increased inventories.

Inventories went up by 60.6% mainly due to raw material which increased €2,604 because of the ramp-up of the serial production. In 2021 Mynaric recognized impairments on inventory in the amount of €2,501 thousand. An amount of €2,039, reported as material cost, which was the result of write-downs for raw materials and consumables, relevant for production of Condor Mk1 and Condor Mk2 terminals. An amount of €462 thousand, reported as change in inventory of unfinished and finished goods, refer to unfinished and finished Condor Mk1 and Condor Mk2 that were written down to their recoverable amount. These write-downs are based on the decision to discontinue production and marketing of the Condor Mk1 and to reduce production and marketing of the Condor Mk2 in order to meet the increased demand for the Condor Mk3.

Other financial and non-financial assets increased by 311.9% from €1,338 thousand to €5,512 thousand primarily due to prepaid expenses, and advance payments made for inventories. Prepaid expenses went up by €1,640 thousand mainly due to increased payments for insurance in connection with the IPO on NASDAQ. Tax receivables, which consists mainly of value added tax-receivables and advance payments, which mainly consists of advanced payments for inventory, went up by €1.632 thousand and €831 thousand, respectively, as the result of the ramping of the inventory.

Cash and cash equivalents went up to €48,143 thousand (December 31, 2020: €43,198 thousand) because of the payments received in connection with the initial public offering on NASDAQ partially offset by cash used in the business.

Current assets decreased slightly from 58.1% to 57.4% of the balance sheet total.

3.3. Financial position[6]

a) Capital Structure

To the extent possible, Mynaric finances its operation from internal resources, supplemented by loans and trade credit when necessary.

Equity increased by €14,206 thousand or 20.1% from €70,708 thousand to €84,914 thousand in the reporting year. In 2021, various transactions were carried out to strengthen equity.

Mynaric pursued a capital transaction and subsequent listing on the Nasdaq Stock Market in the United States under the ticker symbol "MYNA" to strengthen the equity and raise the profile of the company with existing and prospective U.S. customers. In total, Mynaric received gross proceeds through the transaction in an amount of $75,900 thousand comprising the base offering of 4,000,000 American Depository Shares (ADSs) ($66,000 thousand) and the exercised Option to purchase 600,000 additional ADSs ($9,900 thousand), before deducting underwriting commissions and estimated offering expenses payable by Mynaric. The transaction increased the share capital by €1,150 thousand and the capital reserve by €57,089 thousand after deduction of share issue costs of €8,303 thousand.

5 The comparative information is restated to correct the errors. See Notes 34 in Notes to Financial statements.

6 The comparative information is restated to correct the errors. See Notes 34 in Notes to Financial statements.

In addition, there was an increase of the share capital by €98 thousand and the capital reserve by €5,402 thousand due to the conversion of a convertible bond in the amount of €5,500 thousand into shares of Mynaric AG on January 14, 2021. As a result, the prepaid share premium in the amount of €5,500 thousand reported in the restated previous year's financial statements was reclassified to subscribed capital and the capital reserve.

Equity settled share-based payments increased the capital reserve by €1,942 thousand (For the year ended December 31, 2020: €1,125 thousand).

Overall, this was partly offset by the consolidated net loss for the year of €45,477 thousand (2020: €20,642 thousand). The accumulated other comprehensive income/loss decreased to €-92,767 thousand (December 31, 2020: €47,290 thousand).

This resulted in a slight decrease in the equity ratio 78.6% (December 31, 2020: 81.7%).

Non-current liabilities increased by 34.7% to €9,391 thousand mainly due to deferred tax liabilities in the amount of €1,791 thousand, which have been recognized for the first time in fiscal year 2021. Furthermore, non-current lease liabilities went up by 8.7% due to the newly rented sales office in Washington DC, USA and additional rented space at the site in Los Angeles, USA.

As a result, non-current liabilities increased from 8.1% to 8.7% of the balance sheet total.

Current liabilities increased by 54.3% from to €13,724 thousand, mainly due to increased trade and other payables, other non-financial liabilities and current lease liabilities, partly offset by decreased contract liabilities.

Trade and other payables increased by 63.7% to €8,396 thousand primarily due to the trade payables which went up by 156% due to ongoing investments in development and production capacity as well as preparations for series production.

Other financial and non-financial liabilities increased significantly by 474.2% to €2,360 thousand mainly due to payments received from a customer in the amount of €1.888 thousand, as the underlying agreement does not constitute a contract within the meaning of IFRS 15. Therefore, the payment received from the customer is recognized as other liability.

Current lease liabilities went up by 41.7% to €1,638 thousand mainly due to the newly rented sales office in Washington DC, USA and additional rented space at the site in Los Angeles, USA.

Contract liabilities decreased by -74.3% to €307 thousand mainly because of revenue in the amount €933 thousand recognized in fiscal 2021 from contract liabilities which existed as of December 31, 2020.

Current liabilities increased from 10.3% to 12.7% of the balance sheet total.

The foregoing reasons resulted in a slight increase in the debt ratio to 21.4% (December 31, 2020:18.3%). The Group´s leverage ratio (debt/equity) slightly increased to 27.2% (December 31, 2020: 22.4%) and remained on a very good level.

The Group´s coverage ratio I (equity/non-current assets) and coverage ratio II ((equity + non-current liabilities)/ non-current assets) decreased slightly to 184.7% (December 31, 2020: 195.0%) and 205.1% (December 31, 2020: 214,2%), respectively, and remained on a very good level.

b) Investments

In fiscal year 2021 significant investment was made to expand production and development capacity, IT infrastructure and office equipment.

A major part of investment in 2021 went into expanding production and development capacity in Germany. Mynaric celebrated the opening of its first dedicated serial production facility designed to produce laser communication equipment for the aerospace sector at scale. The facility is located in the immediate vicinity of Mynaric's headquarters at the special research airport Oberpfaffenhofen near Munich, Germany.

Investments were also made in laboratory and test equipment.

Mynaric also expanded its footprint in the U.S. by investments in our production and development capacities at our site in Los Angeles, USA and the opening of a new office in the Washington D.C. area.

Investments made in fiscal year 2021 (excluding right-of-use assets per IFRS 16) amounted to €11,954 (2020: 16,444) are as follows:

1. Investments in intangible assets in the amount of €3,360 thousand (2020: €9,319 thousand)
2. Investments in property, plant and equipment in the amount of €8,594 thousand (2020: €7,125 thousand)

In fiscal year 2022, Mynaric has planned further significant investments to expand production and development capacity, IT infrastructure and office equipment.

As of December 31, 2021, Mynaric has financial obligations from outstanding purchase orders for intangible assets and property, plant and equipment in the following amounts:

€ thousand	December 31, 2021	December 31, 2020
Intangible assets	41	2,509
Property, plant and equipment	2,736	1,057
Total	**2,777**	**3,566**

c) Liquidity

Cash flow from operating activities decreased to €-39,426 thousand (2020: €-16,935 thousand). This is primarily due to the higher consolidated net loss which increased from €-20,642 thousand to €-45,477 thousand in the fiscal year 2021. Furthermore, cash outflows for inventories increased by €-269 thousand in connection with preparations for series production. Cash outflows for other assets also increased by €-3,609 thousand due to higher VAT refunds due, and advanced payments for inventory.

These outflows were partially offset by payments received from customers which resulted in decreased trade receivables and increased other non-financial liabilities. Furthermore, trade and other payables increased due to higher business activity.

In 2021, cash flows from investing activities increased by €3,969 thousand to €-10,958 thousand (2020: €-14,927 thousand). Due to the completion of the development of our capitalized Air technology in June 2020 and Space technology in March 2021, payments for the acquisition of intangible assets decreased significantly by -59.6% to €-3,346 thousand (2020: €-8,286 thousand). Due to the further expansion of development and production capacities, payments for investments in property, plant and equipment increased by 13.2% to €-7,612 thousand (2020: €-6,724 thousand).

Cash flow from financing activities decreased in fiscal 2021 by -17.3% to €54,802 thousand (2020: €66,257 thousand). Financing activities in the reporting year include the capital increase proceeds of €58,239 thousand (2020: €61.746 thousand). This was partly offset by increased interest paid of €-2,381 thousand (2020: €-555 thousand. Thereof an amount of €2,196 relates to paid interest for an already in 2021 paid back interim loan. An amount of €185 thousand relates to the interest for IFRS 16 - lease agreements. Payments for the redemption of lease liabilities increased to €1,056 thousand (2020: €-675 thousand) primarily due to the newly rented sales office in Washington DC, USA and additional rented space at the site in Los Angeles, USA.

Taking into account effects of movements in exchange rates on cash held with an amount of €527 thousand (2020: €-111 thousand), cash and cash equivalents increased by €4,945 thousand to €48,143 thousand.

3.4. Research and Development

Research and development activities remain central to our business. In 2020, we started pre-serial production of both our HAWK and CONDOR terminals and continued to improve our products with a view to ramping up serial production. We have expanded our testing facilities for product qualification in order to be able to conduct almost all testing in-house except for radiation testing and special EMC measurements. We expect that this approach will significantly accelerate the development cycle, thereby shortening the time to market for the next product generations.

The development activities for the basic technology Space were completed in March 2021. The amortization of the associated capitalized development costs for Space technology started on March 1, 2021. Furthermore, the Company started in 2021 with the capitalization of the new development project CONDOR MEO.

In fiscal year 2021, development costs in the amount of €17,830 thousand (2020: €6,203 thousand) were recognized as an expense since the criteria set out in IAS 38.57 were not met. Of the total amount of €20,675 thousand (2020: €14,449 thousand), development costs of €2,845 thousand (2020: €8,248 thousand) were capitalized.

We expect that our research and development expenses will increase over the next several years as we continue to modify our existing technology for use in related products and to develop other laser communication-related technologies exemplarily for utilization for space applications in medium Earth orbit.

4. FINANCIAL AND NON-FINANCIAL PERFORMANCE METRICS

4.1. Financial performance metrics

The table below shows the financial performance indicators for the current and previous fiscal years.

€ thousand	2020 Actual[7]	2021 Actual
Revenue	679	2.355
Consolidated net profit/loss	-20,642	-45,477
Operating Cash Flow	-16,935	-39,426
Investment in tangible assets	7,125	8,594
Investment in intangible assets	9,319	3,360

4.2. Non-financial performance metrics (number of employees)

In fiscal 2021 Mynaric had an average of 213 employees (previous year: 148 employees).

The Group's employees are critical to Mynaric's success as a company, as the Group's positive development is largely based on their work and performance. Mynaric depends on highly skilled personnel for its business, and thus offers attractive employee benefits, incentives and career pathing opportunities as well as perks. The Group also funds and promotes social, sporting and team-building activities for its staff. A particularly noteworthy advantage employees enjoy is flexible work hours.

Mynaric views employee skills development and career pathing as important, seeking to advance individuals in these areas in line with Company needs. The training and continuing education required to attain these objectives are discussed and decided in annual performance reviews and skills development meetings. The Group maintains an internal job board to inform staff of possibilities for internal career path changes and opening advancement opportunities.

7 The comparative information is restated to correct the errors. See Notes 34 in Notes to Financial statements.

5. RISKS AND OPPORTUNITIES; FORECAST

5.1. Risk report

Mynaric is exposed to various risks as part of the conducting of its business. Internal control and monitoring systems have been implemented to better identify and manage these risks. The early identification of such risks enables the Company to promptly implement countermeasures. All presented risks are equally applicable to the air and space segment of Mynaric business.

a) Risk Management System

The purpose of risk management of Mynaric is to make the risks that arise in the daily course of business, whether known or new, transparent and thus controllable.

Principals

The risk management process defines the activities, responsibilities, accountabilities and governance for managing risks effectively, to support Mynaric in meeting its high-level business objectives. In 2021, Mynaric intensified its efforts to establish a company-wide risk management system by implementing a risk management software and broadening the risk awareness throughout the company.

This process requires information exchange among all departments, functions and projects, and thus is carried out with a high level of openness and transparency within the company. The general approach is to assess, if possible, to categorize and based on the findings to implement measures. Risk Management Tools provide visibility of open risks, with a ranking according to their overall criticality towards high level project or business objectives.

Risk management is an important foundation for the management system and enables the company to identify risks that would have the potential to harm the company's capabilities to fulfill customer commitments, business and technical development or other operational risks early on to still allow for appropriate risk mitigation.

Responsibilities

The Management Board of Mynaric AG bears overall responsibility for effective risk management, determines the Company's risk-bearing capacity and decides on risk management measures in the case of particularly significant core risks. It reports to the Supervisory Board at regular intervals on the risk situation of the company. Mynaric's risk management is used to track technical as well as non-technical risks and reports independently to the CEO. Thus, either directly or via delegation a robust Risk Management System is enacted throughout all business areas. This enables a better identification of cross-business risks.

All employees are made aware of the risks in their work area and are contributors to the continual risk reduction within their process and within their work area. This includes identifying risks and opportunities, proposing improvements or risk reductions, and carrying out mitigations and preemptive actions.

Risk-Identification

The risk management process begins with an identification of risks at the planning phase of projects or processes and is continually revisited. Company-wide risks are collected in one database and managed on an ongoing basis.

New risks can be raised by anyone in the company and identified via any means. This is done with the help of suitable methods such as inspections, interviews, checklists or tools like FMEA/FMECA (Failure Mode, Effects, and Criticality Analysis). This list is not restrictive and can be supplemented by other tools and methods to identify the where, when, how, and why a risk could be realized.

The risks are to be structured according to defined risk categories and with regard to their cause, the actual risk and the impact on the company in a detailed and comprehensible manner. All risks are recorded, analyzed, and evaluated in a risk catalog.

Risk assessment & control

All identified risks are assessed based on the current probability of occurring (likelihood) and the potential impact (severity) of the consequence. Such assessment is performed in a qualitative and/or quantitative manner with the help of a pre-defined ranking /scoring system. A proper assessment of a risk shall determine the risk level prior to the implementation of any additional treatment.

Risks will be presented by combining the estimates of likelihood and severity and plotted in a Scoring Matrix to assess its criticality and aid with prioritization (see Scoring Matrix below).

Depending on the perception and positioning of the risk different risk mitigation strategies and specific counter-measures are taken and different persons are assigned for the implementation of these measures.

Risk Monitoring and -Reporting

Since risks are subject to constant change, their development and the appropriateness and effectiveness of the current strategy for risk mitigation and effectiveness of the current strategy for dealing with risks are continuously monitored. The mitigation can include adding additional controls to a process. Where controls have been identified, the reviews/audits are scheduled to ensure that the measure has the intended effects. The owner and date or frequency of review/audit shall be recorded.

A report/summary is communicated to the appropriate member of the executive management in regular intervals, and immediately in the event of the emergence of a new Priority 1 risks.

Following the completion of the risk review, control and communication of tasks, the process iterates back to the risk identification stage and starts the cycle of identification, assessment, and treatment over again for the life of the activity.

b) Risk overview

The following pages provide a comprehensive overview of the most relevant risks in Mynaric's business operations according to the aforementioned risk management system. Risks are categorized using the estimates of likelihood and severity to assess its criticality. Whereas the likelihood ranges from very low – risk will most likely not occur - to very high – risk is expected to occur, the severity is based on the impact on business metrics. Due to the dynamic growth rate of Mynaric, severity is assessed as a relative percentage of business metrics and potential loss in respective volume rather than absolute monetary values to represent the real risk for the company in its current dynamic growth phase. The likelihood assessment includes risk mitigation activities and processes aimed to minimize the respective risk and the overall risk classification represents, therefore, the remaining net risk for the business that includes the impact of such preventive measures. The categorization is provided in the table below.

Scale	Severity	Likelihood
Very Low	Loss of <5% of optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.	Minimum likelihood. Will almost never occur, well controlled or well managed.
Low	Loss of 5-10% of optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.	Low likelihood. Will seldomly occur, no obvious gaps in control or fairly well managed.
Medium	Loss of 10-50% of optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.	Medium likelihood. Will occur sometimes, with medium probability or evidence of potential threats with some gaps in control.
High	Loss of 50-100% of optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.	High likelihood. There is a real possibility of occurring with obvious gaps in control.
Very High	Material adverse effect on our business, financial condition, prospects and operating profits including the possibility of full business failure with liquidation of assets.	Maximum likelihood. Expected to occur with significant gaps in control.

Risk Category	No.	Relevant Risks
Economic and Industry Risks	1.	Market development
	2.	Competitive
	3.	Economic
	4.	COVID-19
	5.	Ukraine
Operational Risks	6.	Production
	7.	Procurement
	8.	Corporate Strategy
	9.	Customer Acquisition
	10.	Technology
	11.	Staffing
	12.	IT
	13.	Sales cycle
	14.	Product Liability
Financial Risks	15.	Liquidity
	16.	Currency
	17.	Credit
Legal Risks	18.	Regulatory
	19.	Political
	20.	Intellectual Property
	21.	Litigation

Scoring Matrix

Severity

Likelihood	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
VERY HIGH					
HIGH			11, 12	7	
MEDIUM		5	4, 20	9, 10	6
NIEDRIG		16	13, 21	2, 3, 18, 19	1, 8, 15
VERY LOW	17		14		

Risk Classification

Minor	Tolerable	Material	Critical

c) Economic and industry risks

Market development risks

We are a developer and manufacturer of laser communication products for aerospace communications networks. Laser communication is designed to serve as a so-called backbone technology, a key connectivity component of telecommunications networks featuring very high data transmission rates, creating data highways by connecting individual platforms such as airplanes and satellites. Our success and future growth, therefore, depend significantly on the development of a market for laser communication, and, in particular for aerospace communications networks.

Communication networks may comprise various platforms, including drones, airplanes, balloons and satellites, and may be located in the troposphere (i.e., at the height of commercial aviation), the stratosphere (i.e., at a height of 20 to 30 kilometers above ground), or in outer space. Communications networks consisting of a large volume of platforms are referred to as constellations. Each individual platform typically contains multiple laser communication units. Our ability to successfully develop and commercialize our laser communication products (e.g., flight terminals) depends on potential customers' willingness to invest, on a global scale, in the development of such constellations. If such constellations are not developed on a global scale, there would be limited applications available for our ground stations and flight terminals, such as the connection of individual airplanes, drones or satellites with the ground.

Constellations in general, and the market for laser communication systems specifically, are still in the early stages of development. The future implementation of constellations by potential customers remains subject to significant technological and financing risks. For example, many of the constellations currently being planned by potential customers envisage worldwide internet and network coverage. Establishing such extensive coverage through multiple laser communication units has not been tested in practice and could entail substantial technical difficulties. At the same time, the development of constellations with such coverage requires investment of billions of dollars, and accordingly depends on the ability to obtain related financing.

To our knowledge there is only one constellation operational currently which partly utilizes laser communication for linking its satellites. Other constellations utilizing laser communications are planned but not yet deployed operationally.

The success of Mynaric as an enterprise depends in large part on the correctness of our projections regarding the adoption and growth of the market for commercial laser communication terminals. Market adoption, growth and/or demand for Mynaric products may well fall short of the estimates made by Mynaric.

If laser communication remains a niche market, demand for products manufactured by Mynaric would be significantly lower than Mynaric currently projects. Failure of our target markets to grow is considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Notwithstanding these general parameters however, Mynaric believes that the growth forecast for the industry (see section 4. Forecast) propelled by increasing demand for secure wireless broadband communication means that conditions are favorable regarding the further development of the market. Accordingly, there is a solid basis for anticipating the rapid introduction and industrialization of laser communication products in various aerospace segments, fueling the Company's further growth.

Competitive risks

According to the management's belief, there are only a few companies actively marketing wireless laser communication technology currently. These include aerospace firms like TESAT-Spacecom (an Airbus subsidiary), SA Photonics (a CACI subsidiary), Thales Alenia Space, Ball Aerospace, General Atomics, Space Micro plus a handful of other companies which have the fundamental technical know-how and necessary resources.

The market for commercial laser communication applications is still in an early stage of development, but there are indications that it is set for growth (see Opportunities, section 7) which may translate into significantly greater potential volume for the laser communication market, possibly entailing greater competition and the entry of large multinational corporations in the market.

Major IT firms like Cisco, Huawei, Commscope, Coriant and Corning which have extensive experience with ground-based, wired laser communication for fiber optic networks could invest heavily in the wireless laser communications market for aerospace applications, intensifying competition. Aviation firms like Boeing and military equipment providers like Raytheon and Hensoldt, which may have higher levels of capital to invest than Mynaric and could potentially enter the market as well. These companies may employ aggressive strategies like subsidy-enabled dumping and lobbying of customers, partners, investors and the media that could put heavy pressure on Mynaric in an attempt to force Mynaric out of the market.

Furthermore, if competition intensifies, the resulting increase in supply could cause prices to fall, narrowing Mynaric margins. Such heightened competition in the laser communication market is considered as a tolerable risk that could have a material adverse impact our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Economic risks

Mynaric aims to sell its products to commercial customers who themselves depend on general economic development to pursue their business operations. Customers in the government market are not equally sensitive to the broad economic development but are nonetheless not completely shielded against it. Thus, Mynaric customers are typically exposed to negative developments affecting the economy. Demand for Mynaric products could fall if prospective or actual customers postpone, abandon or reduce the scope of planned investment projects due to general economic developments. Broadly negative economic development and implications on our business is considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Please refer to the commentary in the section 'Forecast' for further information regarding the general economy.

COVID-19-related risks

The company is exposed to certain risks related to the COVID-19 pandemic. Developments related to COVID-19 are considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

To minimize the health & safety related risks to its staff Mynaric has formed a Corona Crisis Task Force consisting of members of the Executive Board and of the Human Resources, Process Management and Administration departments, whose work continues unabated. The Task Force is responsible for managing and executing the preparation and updating of documents outlining/containing instructions, business continuity measures, information sourcing policies, employee communications and risk analyses pertaining to business travel and external visitors. The Task Force was assigned critical responsibilities regarding the Company hygiene plan and prompt implementation of diverse remote working options and flexible work hours. Their efforts ensured that business activities were able to continue in a responsible fashion with as little disruption as possible.

Other risks related to the impact of the COVID-19 pandemic on supply chains are described under Procurement risks.

Ukraine-war-risks

It is not yet possible to assess the full impact of the war in Ukraine, as the situation remains highly volatile, making it difficult to forecast macroeconomic developments and the impacts on Mynaric's business. Global commodity prices, especially for energy-related commodities, have increased as sanctions imposed on Russia have resulted in many countries looking to other sources for key commodity inputs including oil and gas. This increase in prices has led to higher inflation across many input costs. Global supply chains have also been disrupted as some supply routes have been adjusted due to the on-going conflict. The war in Ukraine is considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit.

d) Operational risks

Production risks

Mynaric manufactures laser communication products utilizing internal manufacturing capacity. Once ordered, products must be delivered to the customer on the mutually agreed upon delivery date. To be able to meet these obligations Mynaric must effectively manage its order processing, ensuring that internal logistical and production-related processes are adequate and that project-specific risks are contained.

Mynaric only has limited experience at this time with order processing and serial production of optical communications terminals, thus there is a risk that unexpected or sudden product demand could lead to delays in internal logistical and production-related processes, so that the contractual delivery deadlines are not met. Given these deadlines are based on specific customer program deadlines involving the receipt of critical subsystems such as those manufactured by Mynaric, were we to miss contractual delivery deadlines this could have a negative impact on both existing as well as future business. Issues related to production are considered as a critical risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Work continued in fiscal 2021 to enhance the production line in a specially rented hall as part of a major investment being made to significantly increase production capacity. Furthermore, Mynaric successfully implemented SAP as their new ERP-system in 2021 to optimize organization of all operational processes. We have recruited additional personnel to Mynaric who have extensive experience and know-how in designing and implementing logistical and production-related processes at tech firms.

Procurement risks

To manufacture its products Mynaric depends on the availability of specific goods and components. These include optical components, special electronics and structural components among others. If these goods or components are not available from suppliers on the free market at economical prices, individual products could become more difficult or unfeasible to manufacture.

The loss of individual suppliers could furthermore lead to production problems or halts. Certain goods and components required by Mynaric can only be sourced from a handful of specialized suppliers worldwide—in some cases only from one single supplier. It is thus not always possible to adhere to the strategic policy in place of having at least two qualified suppliers for every component. Accordingly, there is risk that Mynaric may be unable to promptly procure components required to manufacture its products at economically viable prices, and that Mynaric may be unable to manufacture and deliver products. Issues related to procurement are considered as a critical risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

The Company conducts active supplier management to contain risks associated with rising procurement costs and potential shortages of key materials. Mynaric qualifies suppliers for long-term partnerships that ensure the Group’s ability to source necessary materials and upstream products. Supply chain disruptions may still occur, causing production delays.

There was limited availability of certain essential components in 2021 due to temporary supplier production halts and the deterioration of global supply chains caused by effects related to the global COVID-19 pandemic.

Corporate strategy risk

Our business strategy is about scale and growth. All decisions regarding capital expenditures and investments in the company are made on this basis. Corporate strategy risks may result from projects and strategic decisions which fail to meet expectations. Return on investment from these may not be reached.

The corporate strategy of the Mynaric Group is to realize serial production of standardized laser communication solutions for aerospace, thus capturing economies of scale affording lower development and production cost. The deployment of serially manufactured products yielding lower prices for laser communication is projected to stimulate demand, enabling cost-efficient usage of wireless laser communication in large-scale constellations.

Currently, however, there is no high-volume market for laser communication systems in existence. The Mynaric approach of developing standardized products for a large number of customers could thus prove unsuccessful if certain customers demand widely varying product specifications or units in significantly lower quantities. This would require project-specific production instead of serial production, meaning that the envisioned economies of scale fail to fully materialize, if at all.

The success of Mynaric as an enterprise depends in large part on the correctness of our projections regarding the growth of the laser communication market. Market growth and/or demand for Mynaric products may well fall short of estimates. Failure of our corporate strategy to result in business success is considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Customer acquisition risk

Given the technological challenges and the high capital expenditures required for the development and deployment of our products, as well as government-imposed export restrictions, we believe that our potential customer base is limited. There is a small number of potential customers who represent potentially significant initial customers for the deployment of our laser communication equipment. Successful customer acquisition and retention of significant initial customers is therefore critical to generate follow-on business such as the implementation and maintenance of complementary products resulting in increased optical communications terminal backlog and cash-in from customer contracts. As a result, our ability to sell laser communication products at scale is dependent on our ability to successfully acquire and retain significant initial customers by winning their business at an early stage.

Due to our limited potential customer base, we anticipate that sales to initial customers will be, individually, material to our future business success. Accordingly, any change in the relationship with any customer, the strength of any customer's business or their demand for our products is considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

In fiscal year 2021 Mynaric successfully recruited experienced sales personnel with excellent contacts in the aerospace industry who will play a key role in building up the US business and have already acquired initial customers.

Technology risks

Mynaric products have never been operationally deployed or used on a large scale. Although we have developed, produced and tested prototypes of our products and are currently finalizing our products for serial production, there is no assurance that our products will perform as expected under daily operating conditions or that we will be able to detect and fix any potential weaknesses in our technology or products prior to commencing serial production and, ultimately, product deliveries to customers.

Products developed by Mynaric could evidence technical defects or fail to meet customers' quality requirements for other reasons. To date, we have only delivered pre-serial and individual prototype versions of our products for demonstration purposes. Although we have implemented stringent quality controls, our products may contain undetected technical errors or defects, especially when first introduced, or may otherwise fail to meet our cus-tomers' quality requirements. These technical errors, defects, product failures or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the performance of the product.

Any actual or perceived errors, defects or poor performance in our products could result in the replacement or rejection of our products, damage to our reputation, lost business, reduced optical communications terminal back-log, delays in receipt of cash-in from customer contracts, diversion of our engineering personnel from our product development efforts, increases in customer service and support costs or liability claims resulting in greater than expected operating losses.

A successful rollout of Mynaric products to certain first-time customers could be taken as generally indicative of the future performance of Company products. Conversely, delivery delays, technical performance or quality issues or other problems regarding the fulfillment of obligations under contracts with first-time customers could result in the loss of the customer directly affected and of other existing or potential customers.

As a result, any technical failure of our products is considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit.

Staffing risks

Our staff members are crucial to the success of Mynaric as an enterprise. Due to the nature of our business, the Group is dependent to a large degree on highly skilled labor in order to successfully operate. Staffing-related risks for Mynaric include departures of key personnel and the existence of only a small pool of potential replacement individuals with adequate competency and know-how, among other retention-related issues. Competition for highly skilled labor is and has long been fierce in the region where Mynaric is located, posing challenges in terms of both recruitment and personnel costs. Being unable to recruit and retain enough qualified staff is considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Nonetheless, we successfully recruited a large number of highly qualified staff to join Mynaric in fiscal year 2021. The number of Company employees rose accordingly from 186 to 240 as of December 31, 2021.

IT risk

Our ability to execute our business strategy depends, in part, on the continued and uninterrupted performance of our IT systems, which support our operations. Generally, our IT systems, and those of third parties on which we rely, are vulnerable to damage from, among other things, computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization or similar disruptive problems.

A failure of our IT security policies, programs and systems to fully protect our IT systems, existing and prospective customers is considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Mynaric has responded to these risks by implementing a multi-level security concept that provides for protective measures at the interface point between the Company's internal network and the public internet and for precautionary security technology on servers and client devices. These include, but are not limited to firewalls, network segmentation, user-specific access rights to data and applications, data encryption and daily backup to external as well as internal storage locations. These measures are flanked by IT monitoring and a systematic IT change management process. All employees are obligated to comply with Company IT security policies. Company management ensures compliance with requirements under the latest amended data protection laws and regulations, in part through the agency of the Company's Data Protection Officer.

Sales cycle risks

Additionally, the timing of our revenue is difficult to predict because of the length of our sales cycle, particularly with respect to sales of our products in the government market. The sales cycle for our products from initial contact with a potential customer in the government market varies widely, ranging from a few months to well over a year. The sales process for our products for commercial applications depends on the individual customer and the size and structure of a project. Our sales team often engages in detailed discussions with potential customers to define the customer's needs and budget. Moreover, we may in the future enter into agreements under which we will not receive any cash-in from customer contracts or recognize any revenue until we complete a lengthy implementation cycle.

If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient revenue to justify our investments it could have an adverse effect on our business. Sales cycle issues are considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Product liability risk

Any actual or perceived errors, defects or poor performance in products delivered to customers could result in liability claims or claimed consequential damages. Defective components may give rise to warranty, indemnity or product liability claims against us that could significantly exceed any revenue or operating profit we receive from such products. Mynaric is insured against certain but not all potential claims and the occurrence of a significant uninsured claim, or a claim in excess of the insurance coverage limits maintained by us, could harm our business.

Product liability issues are considered as a minor risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

e) Financial risks

Liquidity risk

For the year ended December 31, 2021, the Company recognized a net loss of €45.5 million. The Company's net current assets as of 31 December 2021 were €48.3 million. As of May 24, 2022, the Company has €34.2 million in available liquidity primarily consisting of cash and cash equivalents and unused credit lines available as well as other highly liquid assets.

Liquidity risk is the risk that the Group might not be able to settle its financial liabilities as contractually agreed by delivering cash or other financial assets. The Group's objective for liquidity management is to ensure that, to the extent possible, sufficient cash funds are available at all times are always available in order to meet its payment obligations when due under both normal and stress scenarios, without having to bear any unsustainable losses or damage to the Group's reputation.

The Group uses activity-based cost accounting to calculate the costs of its products and services. This enables the Group to monitor cash requirements and to optimize cash inflows against capital deployed. Prudent liquidity risk management means being able to meet obligations when due at any time and, beyond that, maintaining sufficient cash and cash equivalents for unplanned expenditures. Management applies rolling forecasts to monitor cash and cash equivalents based upon expected cash flows. This is generally done centrally for the Group.

The successful US initial public offering in November 2021 with total gross proceeds of $75.9 million resulted in an improvement of liquidity. Nevertheless, the liquidity risk exposure is to be estimated at the same level as in the previous year, as the additional funds from the US initial public offering and expected increase in cash-in from customer contracts is offset by the increased costs related to the planned growth of the company.

On May 2, 2022, after the date of these financial statements, we entered into a credit agreement with Formue Nord Fokus A/S, Modelio Equity AB (publ) and Munkekullen 5 förvaltning AB as lenders for a credit line of €25 million until June 30, 2023. A loan in a nominal amount of €10 million is to be disbursed hereunder within five business days from the date of the agreement. The remaining credit line can be drawn in several tranches (each tranche not to exceed €5 million) from October 1, 2022 onwards, if and to the extent that the outstanding loan amount immediately following the requested utilization would not exceed 10% of the Company's market capi-tali-zation (based on the volume-weighted average price (VWAP) of the Company's share on the ten trading days preceding the delivery of the utilization request). We may therefore not be able to fully draw down the remaining loan amount under the credit agreement.

Management has planned for significant increases in revenue and cash-in from customer contracts in fiscal 2022 and 2023 as it ramps up its commercial production of CONDOR and HAWK terminals. While a part of the revenues planned for fiscal 2022 are subject to firm contractual commitments, significant amounts are not contractually committed or are based on management's expectations regarding the outcome of major public project tenders or negotiations with potential or existing customers. Management is actively pursuing multiple commercial opportu-nities to sell its CONDOR and HAWK terminals to a strongly expanding customer base. However, this also results in uncertainties in realizing its operational plan - on the one hand, due to the technical challenges of a series produc-tion and on the other hand due to possible supply chain shortage in certain components. Furthermore, the com-pany is planning to continue its strong growth with additional investments in property, plant and equipment and development and refinement of its products which, if the operational plan is achieved, will lead to further financing needs for the company.

Based on the Company's liquidity position as at the date of authorization of the consolidated financial statements, management estimates that it will need additional financing to meet its financial obligations in the first quarter 2023. Management is in continuous discussion with potential financial and strategic investors as well as various providers of debt capital which are in varying stages. However, none of these have yet been firmly committed to as of the date of these consolidated financial statements.

There can be no assurance that financing in the amounts needed to meet its current operational planning can be obtained in the first quarter 2023. If the Group is unable to obtain financing or take other actions in response to these circumstances within that time, such as significantly curtailing its current operational budget in 2022 and 2023, it may be unable to continue as a going concern. While management believes it will be successful in obtain-ing additional financing in a timely manner to fund its operational and financial obligations, the factors described above represent material uncertainties that may cast significant doubt on the Group's ability to continue as a go-ing concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. The severity of potential liquidity issues is, therefore, assessed to be very high. Management assesses the likelihood, however, as low because processes have been established and repeatedly proven to be successful mitigating liquidity risks by means of securing additional financing in a timely manner to fund the com-pany's operational and financial obligations as recently demonstrated by our successful US initial public offering in November 2021 and the secured credit agreement from May 2022 and due to continuous discussions with poten-tial financial and strategic investors as well as various providers of debt capital.

Overall, liquidity issues are considered as a material risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit.

Currency risk

Mynaric conducts business transactions in foreign currencies with risks arising for example from purchases and sales transacted by an operating unit in currencies other than the unit's functional currency. Currency issues are considered as a minor risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit.

Credit risk

The Company may be exposed to credit risk due to the possibility of deleterious economic circumstances abruptly occurring that lead to defaults or business partners' inability to oblige with their financial duties towards us. No Group companies insure their receivables. Current information and projections are taken into account in light of Group estimates of credit risk within its customer base, including public-sector clients in particular. Credit issues are considered as a minor risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

f) Legal risks

Regulatory risks

Mynaric is subject to a variety of regulatory risks, particularly regarding changing sanction laws and government export controls to a number of countries. These can limit the potential customer base and increase compliance costs.

The Company's business is subject to export controls and other special regulations including product, machine, laser safety and conformity standards.

Of particular note are the complex export control and economic sanction laws Mynaric is subject to in some jurisdictions where the Company operates, including the US and the EU. The Company is subject to controls, export license requirements, and export restrictions for certain items and technologies under export control laws.

In addition, some countries require import permits and have implemented laws regulating specific products that may restrict Mynaric's product distribution ability.

In July 2020 the German government issued a ban on the supplying of laser communication products to a Chinese customer. Decisions of this nature increase the likelihood that laser communications will be classified as dual-use by at least some countries, potentially limiting Mynaric's ability to sell products in certain markets.

There is a risk in the United States that Mynaric products could be restricted under International Traffic in Arms Regulations (ITAR) or similar regulatory regimes. The approval process thereby required could negatively impact demand from prospective customers and restrict the customer base to companies allowed to import and buy arms under the applicable regulations.

Mynaric is expanding its Export Control & Compliance department in an effort to address these risks. Mynaric is furthermore in regular close contact with outside legal counsel and advisors specializing in these areas of law.

Additionally, laser communication could become subject to more stringent regulation in the future. Laser communication utilizes infrared waves of the electromagnetic spectrum which is unregulated and can be used without any licenses or permissions. This is in contrast to typical radio communication technologies which can only be operated with a respective centrally issued license that governs frequency coordination between different users. Any newly introduced license requirements or regulation for laser communications could lower the attractiveness for prospective customers as it would increase the costs, complexity and timeline of deploying laser communication systems.

Since our US IPO in November 2021, Mynaric has been a dual listed company with shares traded on both the NASDAQ and the Frankfurt Stock Exchange. This results in a high number of reporting obligations and regulations that the company must comply with. There is a fundamental risk of inadvertent omissions due to the complexity of the regulations. The Company attempts to avoid this risk by constantly developing and expanding its internal processes, by strengthening its internal resources and by engaging external legal counsel, each of whom specializes in the respective reporting requirements. This results in higher costs, as reflected in our current expectations, but were we required to make investments over and above our current expectations that would result in a higher-than-expected operating loss.

Regulatory issues are considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Political risk

Growth of the wireless laser communication market could attract further political interest, lead to increasing influence being imposed on Mynaric's business. Communication infrastructure is seen as critical, and the reliable provision and expansion of critical infrastructure is of core national interest.

Such influence could be of an implicit or explicit nature, the effects of which could be beyond Mynaric's control.

This is a particularly relevant consideration in the wake of the German government's move to prohibit Mynaric from supplying laser terminals to a Chinese customer in July 2020. This decision directly led to the Company abruptly exiting the entire Chinese market, thereby losing out on that market's potential without receiving any compensation for the lost business. Mynaric has filed suit with the Administrative Court in Berlin and retained counsel specializing in this field of law in connection with the federal government intervention.

Political influence is considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Intellectual property risk

The success and competitiveness of Mynaric as an enterprise depends largely on protection of its intellectual property and know-how for designing and manufacturing laser communication products. Mynaric utilizes a combination of measures and methods to protect its intellectual property including confidentiality procedures and contractual provisions among others.

Mynaric has deliberately opted against filing patents, in part because these do not afford sufficient protection against the unlawful exploitation of their know-how by third parties. Filing for a patent would require disclosing Mynaric's know-how, and it would be difficult to enforce patent infringement claims on the international level.

As general policy, Mynaric concludes confidentiality or licensing agreements with employees, consultants, suppliers, partners and customers, and generally restricts access to and the distribution of proprietary information/data. However, Mynaric cannot guarantee that such agreements will not be violated. There is also a risk of employees leaving Mynaric and going to competitors, bringing certain know-how with them.

Intellectual property issues are considered as a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

Litigation risks

Third parties could claim infringement of intellectual property by Mynaric, and Mynaric could face significant litigation or licensing costs or face obstacles to selling products or services.

Mynaric will review any such claims on a case-by-case basis and then take steps as appropriate. Any intellectual property rights dispute or litigation could be costly and time consuming, particularly in the United States, due to the complexity of Mynaric technology and the uncertainties as to whether intellectual property rights may be infringed. This is a highly relevant risk, for in the laser communication equipment market the Company competes against large firms that have much greater financial resources to pursue legal claims, and in many cases have well-developed patenting and property rights strategies in place.

Claims of infringement of third-party intellectual property rights could force Mynaric to find alternative product technologies to develop, or to cease using certain technologies, thereby disrupting the development, manufacturing or marketing of certain products or causing such to be discontinued. Mynaric could furthermore be forced in such a case to abruptly change the focus of its development efforts in order to avoid infringing the rights of third parties.

Litigations are considered a tolerable risk that could have a material adverse impact on our optical communications terminal backlog, anticipated cash-in received from customer contracts, revenue or operating profit/loss.

g) Summary findings and comments

The management considers the Group's risk profile to be typical for a company at this stage of maturity and considers the mitigation of risks and, hence, continued risk reduction as a key task. Significant effort is invested in continued risk monitoring, control, and mitigation. The remaining net risks for the business that includes the impact of such risk mitigation measures include

- critical risks regarding the ability to produce our products at scale and procure the needed materials for such production,
- material risks regarding the ability to fund operational and financial obligations, the success of the corporate strategy, the development of the market for the company's products, the technology, customer acquisition, IT and staffing, and
- a series of other tolerable and minor risks.

Since our foundation, Mynaric has made steady progress in containing various risks and optimizing risk management. While management believes it has appropriate risk monitoring, control, and mitigation mechanisms to manage the Group's risk exposure, the factors described above represent material uncertainties. If the Group is unable to obtain financing or take other actions in response to these circumstances within that time, such as signif-icantly curtailing its current operational budget in 2022 and 2023, it may be unable to continue as a going concern. To mitigate these uncertainties and considering the planned continuation of strong growth, management is active-ly pursuing various additional funding options including both equity and debt financing.

Mynaric's goal is to develop laser communication from a niche technology into a mass-use industrial application, and accordingly has a risk exposure typical for development-stage companies seeking to establish new high-tech products in cutting-edge markets with all risks inherent to the establishment of new business enterprises. Going forward, management expects a gradual overall reduction of net residual risk over time as the company is ex-pected to mature from the development-stage and establish its business operations.

5.2. Opportunities

Alongside risk factors, we also identify opportunities related to our business, which we analyze in order to leverage them most efficiently as they materialize. The opportunities outlined below are the most relevant but not necessarily the only ones perceived. Also, the estimated impact of these opportunities is subject to regular change due to the rapid developments constantly taking place within the Company and our markets as well as to technology in general. New opportunities may arise from such changes, and existing opportunities may become more or less relevant. It is also possible that opportunities perceived today could prove to be unrealizable.

Customer pipeline presents significant upside potential

Mynaric is actively bidding, in continued discussions and contractually involved in the early stages of many customer programs which the company believes may evolve into significant size and demand for the company's products over the coming years. Multiple already existing and contracted customer relationships present the opportunity to grow by orders of magnitude in business volume contingent on successful program milestones, customer funding and other aspects. Additionally, we have close working relationships with many prospective target customers in our key markets who want to deploy laser communications at scale but have not yet committed contractually. We believe we have significant upside potential to increase our optical communications terminal backlog based on our visible pipeline of opportunities depending on our customer's speed of advancing their programs. Our forecast (see Section 7) is based on our current optical communications terminal backlog and selected customer opportunities and does not include all upside from these additional customer opportunities in our pipeline.

Lighthouse government programs trailblaze technology adoption

The government sector has historically been a first mover in deploying next generation technologies and has been an early adopter of laser communication in the space market. In the United States, recent government efforts to develop and deploy laser communication are driven by the U.S. government's vision of Combined Joint All-Domain Command & Control (CJADC2), with the ultimate goal to digitally connect all elements of the U.S. military across all five warfighting domains: air, land, sea, space and cyberspace.

The most prominent government projects currently deploying laser communication are the SDA's National Defense Space Architecture (NDSA), a proposed multi-layered network of small satellite constellations primarily in LEO, and DARPA's Blackjack program, which aims to develop and validate the critical elements for a global high-speed network in LEO providing for highly connected and resilient coverage, both of which are part of the CJADC2 program. DARPA's Space-BACN is another important program that aims to develop an optical communications terminal that could be reconfigured to work with most of today's optical intersatellite link standards allowing seamless communication among government and private-sector proprietary satellites. There are numerous additional government programs in the airborne market focusing on the development of connected systems and shared networks based on different communication technologies, including laser communication. New programs are regularly introduced as the importance of information supremacy in the defense context and the reliance on data for civil purposes continues to grow. [8]

We believe that these government programs are only the start of the widespread deployment of aerospace communication networks in general, and laser communication systems by government agencies specifically as the latter are key components for the deployment of the former. Mynaric is already contributing to multiple trailblazing government programs (see Forecast in section 7) and believes its early involvement creates the opportunity for continued business wins with future government programs in its target markets.

Commercial mega-constellations expected to deploy laser communications at scale

While the initial development and implementation of aerospace communication networks is driven by government programs, in recent years large commercial companies have emerged seeking to build satellite mega-constellations for establishing alternative communication networks. For example, well-funded aerospace companies such as Starlink (SpaceX), OneWeb, Telesat and Kuiper (Amazon) have committed substantial resources to deploying satellite mega-constellations, which are expected to be connected to each other through optical-inter satellite links. Starlink has already deployed hundreds of LEO satellites equipped with optical-inter satellite links in orbit. OneWeb announced in March 2021 that its second generation of satellites will use laser communication for interconnection. Starlink and OneWeb combined account for over 70% of small satellites launched into orbit over the last two years creating significant momentum for satellite constellations.[9] Canada-based Telesat, an established satellite operator, and Kuiper (Amazon), have also announced that they are working on high-speed, low-latency broadband satellite networks in low Earth orbit. While a few of these companies may develop laser communication capabilities in-house, we believe that most will rely fully or partly on third party suppliers, such as us, capable of providing laser communication products that are affordable, scalable and interoperable. We regularly engage in discussions with key players in the market, whether or not they seek to rely on third-party suppliers, aiming to strengthen our network of potential industry partners.

We believe that by establishing strong relationships with these market participants and by successfully executing on existing customer programs (see Forecast in section 7), we can develop significant potential for future partnerships or collaborations with commercial mega-constellations intending to utilize our products or components at large scale creating a significant market opportunity.

Diversified markets to follow

Following the government and commercial beachhead markets we are involved with already today we believe

8 https://crsreports.congress.gov/product/pdf/IF/IF11493

9 https://brycetech.com/reports/report-documents/Bryce_Smallsats_2022.pdf

that laser communication will eventually be attractive to a wide range of diversified markets across a number of industries. For example, we believe that laser communication will offer significant advantages for high quantity IoT connectivity involving significant volumes of devices and for private optical mesh networks and backbone connectivity for industries such as aviation and shipping. In addition, laser-enabled quantum key distribution (QKD) from space to on premise optical ground stations may offer widely accessible data security. Laser communication may also play a key role for broadband connectivity through high-altitude platforms (including balloons and drones) functioning as semi-permanent telecommunication platforms in the stratosphere providing regionally limited and/or temporary broadband services comparable to Facebook's Project Aquila or Google's Project Loon.

We believe Mynaric's involvement in the laser communications market (see Forecast in section 7) will position the company favorably to also gain market shares in these upcoming diversified markets once they materialize.

Geopolitical realities accelerate roll-out of strategic capabilities

Russia's invasion of Ukraine has created a watershed moment for European defense policy, strengthened NATO and provoked a reconsideration of security priorities in the United States. Multiple European countries including Germany, Belgium, Romania, Italy, Poland, Norway, and Sweden will increase their defense spending going forward in response to the war in Ukraine.[10] Globalization has come under threat following heavy sanctions on Russia following its invasion of Ukraine and the "decoupling" of the global economy into Chinese and Western portions that has been gathering pace for some time.[11] Conflicting interests in the Indo-Pacific increase tensions between China and the West.[12]

We believe these geopolitical realities will accelerate government and commercial programs to create secure, resilient, and sovereign satellite capabilities for industry, civil-protection, defense globally and particularly in Europe. The United States recently accelerated its efforts to create a satellite-based system to defend against hypersonic missile threats.[13] The European Union agreed on the need to build their own satellite constellation before the outbreak of war on the continent due to concerns over industrial sovereignty.[14]

The capability of our products to ensure the secure, unhindered, and rapid flow of information makes them an invaluable tool particularly for strategic purposes. New geopolitical realities may accelerate the roll-out of strategically relevant communication and information infrastructure in the countries we operate in and create additional business opportunities.

5.3. Forecast

a) Economic Forecast

Since the widespread closures in the last two years, global industrial production has been only marginally dependent on the cyclical nature of the infectious event. The rapid and strong recovery in global demand for goods resulted in tightened supply chains, which led to sharp price increases for raw materials, intermediary- and finished goods. In addition to this, shortages in global shipping worsened the situation.

Against this backdrop, the Association of German Chambers of Industry and Commerce (DIHK) is lowering its growth forecast for 2022, now expecting gross domestic product (GDP) growth of 3.0 % instead of the previous 3.6 %. In addition to the Coronavirus pandemic and supply bottlenecks, the biggest negative factors are the sharp rise in energy and raw material prices and the shortage of skilled workers. In addition, there are further expected cost increases due to the change in climate protection. Many companies feared a deterioration of their position on the world markets. Since the end of February, economic developments in 2022 have been dominated by the Russian war of aggression in Ukraine. The effect of the war is not yet visible in most economic indicators. Still,

10 https://breakingdefense.com/2022/03/seven-european-nations-have-increased-defense-budgets-in-one-month-who-will-be-next/

11 https://www.bloomberg.com/opinion/articles/2022-03-24/ukraine-war-has-russia-s-putin-xi-jinping-exposing-capitalism-s-great-illusion

12 https://www.ft.com/content/98529d12-6cd6-40dc-a242-3ca907f20a73

13 https://spacenews.com/space-development-agency-to-accelerate-deployment-of-missile-tracking-satellites/

14 https://www.reuters.com/world/europe/eu-states-agree-need-build-own-satellite-constellation-2022-02-16/

since the beginning of the military invasion, there have been extreme price increases for energy and raw materials. Trade flows and supply chain relationships are also affected. Uncertainty about further economic development remains correspondingly high.[15] Overall, the business community assesses the outlook for 2022 more negatively than before the turn of the year.

The European Central Bank sees an increase in growth resulting from weakened Covid-19 effects. Still, the Euro Zone expects this growth to be dampened, as all sectors see an increased impact of supply-chain constraints and labor shortages. Especially the conflict in the Ukraine is expected to negatively impact the European Union mainly in trade through bans on imports from and exports to the Russian Union. Although effects through direct trade are limited, there are certain second order-effects to be expected through trade with countries that have stronger trade relationships to Russia. On the energy markets on the other hand, the impact on the European Union is sizeable as Russia is its main energy provider, accounting for 20% of its oil and 35% of its gas imports in 2020. This resulted in a reduced estimated GDP-growth in the Euro area of 3.7% in 2022 in comparison to 5.4% in 2021.[16]

Accounting for more than 15% of US-Exports, the development of the EU might also affect the U.S. economy. This in combination with expected higher oil prices due to the sanctions imposed on Russian Oil exports may have an impact on the overall positive development of U.S. economy's recovery. As the impact of Covid-19 on most relevant indicators decreases, the estimated growth of the GDP is expected to reach 2.9% in 2022.[17]

b) Forecast industry environment

We believe that the increasing need for fast, secure and ubiquitous network connectivity opens up significant growth potential for laser communication in the near- to medium-term. Current demand for laser communication is predominantly driven by government needs, with the U.S. government spearheading the adoption of laser communication technology. MarketsandMarkets estimates that the military communications market, one of the fastest growing defense segments, is expected to account for approximately \$40.6 billion in spending by 2025 up from \$33.4 billion in 2020,[18] with total global defense spending reaching more than \$2.1 trillion by 2025 from \$2 trillion in 2020 according to the Stockholm International Peace Research Institute.[19] Both figures are expected to grow considering Russia's unprovoked invasion of Ukraine that led to a watershed moment for European defense policy. [20] [21]

While government funding is currently driving laser communication demand, we see increasing activity in the commercial market. We expect the space segment to grow, as space-enabled broadband connectivity becomes central to businesses and individuals worldwide. To keep pace with growing demand from underserved regions and an increasing number of applications, network operators will need to look beyond terrestrial infrastructure. The inherent capabilities of laser communication technology can help network operators address these key challenges. For example, by establishing laser-enabled optical mesh networks through satellites in LEO or medium Earth orbit (MEO), laser communication may enable such satellites to perform as virtual cell towers connecting various devices, such as ships, aircraft, cars, satellites, trains and even terrestrial cell towers that may be too difficult or costly to connect via existing terrestrial network connections, providing hundreds of kilometers of coverage radius per network node compared to only a few kilometers provided by terrestrial cell towers.

According to Grand View Research, the aggregate telecommunication services market is expected to increase to approximately \$2.2 trillion by 2025 up from \$1.7 trillion in 2020.[22] According to investment manager ARK Invest – a current shareholder of Mynaric as per the latest filings –, the satellite broadband market is expected to reach \$50 to \$100 billion in the medium term.[23] Analysts from Credit Suisse predict the total addressable market for already announced satellite constellations to approach close to \$30 billion volume annually.[24] Experts from Northern Sky

15 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2022/20220413-die-wirtschaftliche-lage-in-deutschland-im-april-2022.html

16 https://www.ecb.europa.eu/pub/projections/html/ecb.projections202203_ecbstaff~44f998dfd7.en.html#toc4

17 https://www2.deloitte.com/us/en/insights/economy/us-economic-forecast/united-states-outlook-analysis.html

18 https://www.marketsandmarkets.com/Market-Reports/military-communications-market-66198542.html

19 Based on our assumption of a compound annual growth rate of 2%, based on historical growth rates published by the Stockholm International Peace Research Institute, https://www.sipri.org/media/press-release/2021/world-military-spending-rises-almost-2-trillion-2020

20 https://www.politico.eu/article/germany-to-ramp-up-defense-spending-in-response-to-russias-war-on-ukraine/

21 https://www.reuters.com/world/europe/poland-ramp-up-defence-spending-army-ukraine-war-rages-2022-03-03/

22 https://www.grandviewresearch.com/industry-analysis/global-telecom-services-market

23 https://research.ark-invest.com/hubfs/1_Download_Files_ARK-Invest/White_Papers/ARK%E2%80%93Invest_BigIdeas_2021.pdf

24 https://www.satellitetoday.com/broadband/2022/01/31/credit-suisse-report-says-leo-constellations-will-be-challenged-by-increasing-data-use/

Research calculate a $2 billion market potential for optical satellite communication equipment and demand for 6,000+ units over the next decade for already announced projects not accounting for potentially unannounced constellations or system extensions.[25]

Key market participants like Starlink, Amazon and OneWeb are already actively expanding constellation projects into thousands or tens of thousands of satellites per constellation, or soon will be. Laser communication technology is critical for constellation operators with each satellite typically hosting four or more optical communications terminals. Mynaric expects the market growth to significantly exceed the figures estimated by the Northern Sky Report considering the number of already proposed satellites multiplied by the typical number of needed terminals per satellite and demand from other applications and has announced a mid-term production capacity target of two thousand units per year. Following Mynaric's announcement from 2021 multiple notable competitors, recently, have also announced a sharp ramp-up of their planned production capabilities which highlights the industry's optimistic outlook.[26 27 28]

c) Forecast Mynaric Group

Mynaric generally anticipates a significant rise in demand for laser communication products over the next few years and believes the Group is well-positioned to capture significant business and secure a defendable market share in the expanding market.

The market for air- and space-based laser communication products is still relatively nascent, and no historical benchmarks or relevant referenceable trends for it exist. In view of the dynamic market changes currently taking place, financial projections and estimates are subject to considerable uncertainty at this time. Given this nascent stage of the market as well as the extended timeline from customer order acknowledgement to product delivery and revenue recognition, Mynaric introduces two new business metrics going forward: cash-in from customer contracts in Euros and optical communications terminal backlog in units. Mynaric believes these two metrics provide the most useful forward-looking predictor of the future performance of the Company at this stage of our development.

Optical communications terminal backlog represents the quantity of all open optical communications terminal deliverables in the context of signed customer programs at the end of a reporting period. Optical communications terminals are defined as the individual devices responsible for directing the laser beam in a particular direction and capable of establishing a singular optical link between two terminals. The optical communications terminal backlog particularly includes (i) optical communications terminal deliverables related to customer purchase orders; and (ii) optical communications terminal deliverables in the context of other signed agreements. Accordingly, backlog is calculated as the order backlog at the beginning of a reporting period plus the order intake within the reporting period minus terminal deliveries recognized as revenue within the reporting period and as adjusted for canceled orders, changes in scope and adjustments. If there are multiple options for deliveries under a particular purchase order or binding agreement, backlog only considers the most likely contract option based on management assessment and customer discussions.

Cash-in from customer contracts includes payments from customers under purchase orders and other signed agreements, including accrued payment milestones under customer programs. We often accrue meaningful payment milestones already during the integration phase that precedes customer deliveries, and we believe cash-in from customer contracts is a meaningful indicator of upcoming revenues to be recognized during the product delivery phase of customer programs.

Mynaric is currently involved in multiple customer programs with a considerable optical communications terminal backlog in the space segment. We believe Mynaric's involvement in these already secured space programs and upcoming milestones towards the respective program's deliveries position the company well to place its products with additional government and commercial space programs that we actively track in our sales pipeline.

Regarding the air segment, Mynaric is currently involved with an unnamed major U.S. aerospace and defense customer interested in optical communications terminals to which we shipped two of our HAWK terminals in 2020. In 2021, successful flight tests were conducted. Further joint demonstrations and tests with increasing mission scope are planned for 2022. We believe Mynaric's ongoing involvement with this customer and upcoming

25 https://www.nsr.com/nsrs-latest-report-projects-2-billion-optical-satcom-market-driven-by-non-geo-constellations/

26 https://spacenews.com/caci-ramping-up-production-of-optical-terminals-for-low-earth-orbit-satellites/

27 https://spacenews.com/tesat-spacecom-to-establish-u-s-manufacturing-facility/

28 https://spacenews.com/space-development-agency-general-atomics-eye-options-after-setback-in-laser-comms-experiment/

milestones as part of product demonstrations, position the company well to place its air products with certain customers predominantly in the U.S. government market.

Additionally, we see the potential for sizeable demand for laser communication capabilities by customers focusing on maritime applications and mobility platforms on the ground for which the HAWK terminal, while primarily developed for airborne applicants and accounted for in the air segment, may function as a satisfactory demonstration system to evaluate our technology's performance and define upcoming product needs.

Mynaric does generally anticipate a robust rise in demand for laser communication products over the next few years and believes the Group is well-positioned in the market for business growth. In view of current market developments Mynaric anticipates a substantial rise in optical communications terminal backlog in FY22 compared to FY21, and substantial increase of cash-in from customer contracts in FY22 compared to FY21, which is expected to exceed €20 million.

	2020 Actual	2021 Actual	2022 Forecast
Optical Communications Terminal Backlog (Units)	3	40	Substantial increase to>220
Cash-in from Customer Contracts (€ million)	1.9	3.9	Substantial increase to >20
Revenue (€ million)	0.7	2.4	significant increase
Operating profit/loss (€ million)	-20.1	-42.4	moderate decrease

Besides these newly introduced and in management's view most relevant business metrics increasing revenues and achieving positive operating profit are further goals of the company. Our main strategy to increase revenue is to increase the number of shipped products to customers by pursuit of processing our optical communications terminal backlog. Our main strategy to achieve profitability is to increase the volumes of product shipments while reducing the material and assembly cost of their production. By realizing learning curve benefits as we have scaled from singular prototype production to pre-serial production, we have already reduced our material costs per unit significantly. We expect to be able to further reduce both material costs and assembly costs in connection with the commencement of serial production at scale along with further optimization of our products, processes and supply chain. We believe that by focusing on cost-efficient solutions and by improving our superior production capabilities, we will be able to achieve highly attractive economics for existing and future customers intending to deploy laser communication capabilities at scale. Revenue is expected to increase significantly at the group level for FY22 compared to FY21 as we ramp up product shipments. Operating profit/loss is expected to decrease moderately at the group level for FY22 compared to FY21 as we continue to invest in our technology, product portfolio and production capabilities and incur costs related to the ramp-up of our business model of producing optical communications terminals at scale with the mid-term goal of achieving positive operating profits.

Gilching, May 25, 2022

The Management Board

Bulent Altan	Stefan Berndt-von Bülow	Joachim Horwath
CEO	CFO	CTO

2b. Remuneration Report

Remuneration report for the financial year 2021

The following remuneration report provides an explanation and a clear and comprehensible presentation of the remuneration individually awarded and due to the current and former members of the Management Board and the Supervisory Board of Mynaric AG (also the "**Company**") during the financial year 2021. The remuneration report complies with the provisions in Section 162 of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**").

Beyond the requirements of Section 162 para. 3 sentence 1 and 2 AktG, the Management Board and the Supervisory Board have further decided to have the Remuneration Report audited not only formally but also materially by the appointed auditor.

1. OVERVIEW ON THE FINANCIAL YEAR 2021

1.1. Economic environment in the financial year 2021

Mynaric attained its operational objectives for the fiscal year 2021, including particularly the inauguration of its serial production facility, expansion of its footprint in the United States and scoring successes with existing and new customers. The Management Board is thus content with the results of Company operations.

The Management Board has a favorable view of the Company's positioning, supported by the following key competitive factors:

Serial production

Mynaric celebrated the opening of its first dedicated serial production facility designed to produce laser communication equipment for the aerospace sector at scale. The facility is located in the immediate vicinity of Mynaric's headquarters at the special research airport Oberpfaffenhofen near Munich, Germany. Its size, layout and processes have been set up with a specific focus on scalable production adaptable to the dynamic development expected from the laser communications market and demand across distinct market verticals. With the opening of the new production facility Mynaric continues to execute its strategy to build industrial capabilities required for the large volume deployment of laser communication products in proliferated aerospace networks.

U.S. expansion

Mynaric also expanded its footprint in the U.S. by opening an office in the Washington D.C. area to place its team closer to U.S. government organizations driving the adoption of laser communication. The office is in the immediate proximity of decision makers of the U.S. government and the Department of Defense and provides us with improved market intelligence about upcoming programs as well as allows us to assist customers with their business development efforts.

Mynaric pursued a capital transaction and subsequent listing on the Nasdaq Stock Market in the United States under the ticker symbol "MYNA". In total, Mynaric received gross proceeds through the transaction in an amount of USD 75.9 million comprising the base offering of 4,000,000 American Depository Shares (ADSs) (USD 66.0 million) and the exercised Option to purchase 600,000 additional ADSs (USD 9.9 million), before deducting underwriting commissions and estimated offering expenses payable by Mynaric.

Successes with new and existing customers

Mynaric and SpaceLink agreed on the framework of a partnership to expand Mynaric's laser communication product portfolio for use in SpaceLink's data relay network and the sale of laser communication products. The partnership will help drive forward the SpaceLink satellite relay service, which provides secure, continuous, high-capacity communications between low Earth orbit spacecraft and the ground.

Mynaric has been selected as Capella Space's supplier for optical inter-satellite links (OISL). Capella Space is the first commercial Synthetic Aperture Radar (SAR) company to demonstrate compatibility with the U.S. Space

Development Agency's (SDA) National Defense Space Architecture, a large-scale satellite constellation providing a range of capabilities to U.S. warfighters. Mynaric will be delivering its next generation optical communications terminal, CONDOR Mk3, to Capella Space to ensure this compatibility.

Mynaric has signed a multi-year, strategic agreement with Northrop Grumman that identifies the company as a strategic supplier for laser communications in the space domain. Mynaric will exclusively develop and sell custom products to Northrop Grumman for this specific market segment. Separately, Northrop Grumman issued a purchase order for a set of CONDOR Mk3 terminals to kick-start the relationship.

Mynaric has been selected to work on the architectural design of a next-generation optical communications terminal as part of the phase 0 of the Space Based Adaptive Communications Node (Space-BACN) program of the Defense Advanced Research Projects Agency (DARPA). The selection for the phase 0 of the program is yet another win for Mynaric in the US government market that represents a driving force for the deployment of space-based, laser communication capabilities.

Financial Targets

Mynaric could achieve the most of its financial targets:

kEUR	2020 Actual	2021 Actual	2021 Forecast
Revenue	679	2,355	"significant increase"
Investment in tangible assets	7,125	8,594	"same level"
Investment in intangible assets	9,319	3,360	"slightly lower"

Mynaric achieved a significant revenue increase of EUR 1,676 thousand to EUR 2,355 thousand compared to 2020.

Investments made in fixed assets increased from EUR 7,125 thousand in 2020 to EUR 8,594 thousand in 2021. This was slightly higher than originally planned due to additional investments made for the production facility in Oberpfaffenhofen near Munich, Germany and as well in Mynaric USA. The significant reduction of investments in intangible assets from EUR 9,319 thousand in 2020 to EUR 3,360 thousand in 2021 was due to the completion of the development of our capitalized Air-technology in June 2020 and Space-technology in March 2021. Further development expenses were not capitalized to the intangible assets but treated as development expenses in the income statement and therefore not reported as investment. The completion of the base technology development and the associated change in accounting treatment of the development costs was not reflected in the 2021 budget, which is the main reason for the difference relative to the forecast.

Optical communications terminal backlog increased significantly, primarily from customers in the USA, namely from 3 units at the end of 2020 to 40 units at the end of 2021, while cash in from customer contracts increased to EUR 3.9 million in 2021 from EUR 1.9 million in 2020. The operating profit/loss declined from EUR -20.1 million to EUR -42.4 million due to the expansion of development, production and IT capacities and the hiring of additional employees in 2021.

Overall, Mynaric achieved most of its financial objectives for 2021.

1.2. Changes in the composition of the Management Board and the Supervisory Board

In the financial year 2021, the following change occurred in the composition of the Management Board:

By resolution of the Supervisory Board dated February 17, 2021, Joachim Horwath has been appointed as member of the Management Board with effect as of February 17, 2021.

The following changes in the composition of the Supervisory Board occurred in the financial year 2021:

The member of the Supervisory Board Dr. Thomas Billeter has resigned from his office as member of the Management Board with effect as of the end of the Annual General Meeting 2021. The Annual General Meeting 2021 has subsequently elected Steve Geskos, MBA, as new member of the Supervisory Board until the end of the Annual General Meeting 2023. In addition, the member of the Supervisory Board Thomas Hanke has resigned from office with effect as of June 24, 2021. With effect as of July 30,2021, the local court (*Amtsgericht*) of Munich has appointed Vincent Wobbe as member of the Supervisory Board until the end of the Annual General Meeting 2022. Further, the member of the Supervisory Board Gerd Gruppe has resigned from office with effect as of October 5, 2021. With effect as of October 13, 2021, the local court (*Amtsgericht*) of Munich has appointed Hans Königsmann as member of the Supervisory Board until the end of the Annual General Meeting 2022.

2. REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD OF MYNARIC AG

2.1. Overview of the main remuneration components

The remuneration of the members of the Management Board is governed by the respective service agreements and comprises of a fixed non-performance related remuneration, the annual base salary and fringe benefits, as well as the variable performance-related remuneration consisting of the annual bonus and a stock option program.

The amount of the remuneration for the members of the Management Board largely depends on the Management Board member's area of responsibility, the member's individual performance and the performance of the Management Board as a whole. In the view of the Supervisory Board, it also takes into account the economic and financial success of Mynaric AG and is intended to provide an incentive for long-term and sustainable corporate governance, while linking the interests of the Management Board members to those of the Company's shareholders.

The Supervisory Board, with the support of its Compensation Committee and with the assistance of an external remuneration expert, regularly revises the appropriateness of the remuneration of the Management Board members.

The Supervisory Board of Mynaric AG has resolved upon a remuneration system for the members of the Management Board and will submit such remuneration system to the Annual General Meeting 2022 for approval. Since currently, no remuneration system for the members of the Management Board is in place, this remuneration report will generally not address any information required under Section 162 AktG insofar it relates to a remuneration system for the Management Board.

2.2. Non-performance related remuneration components

a) Annual base salary

The members of the Management Board receive a fixed annual base salary, which is generally paid out in equal instalments. The annual base salary for the financial year 2021 for the individual members of the Management Board was as follows:

Management board member	**2021** in kEUR	**2020** in kEUR
Bulent Altan	248	260
Stefan Berndt-von Bülow[1]	200	58
Joachim Horwath[2]	174	0
Total	**622**	**318**

The fixed annual salary of the chairman of the Management Board, Bulent Altan, includes fixed remuneration which he receives for his position as Chief Executive Officer (CEO) of the 100% subsidiary of the Company Mynaric USA Inc. in the amount of EUR 123 thousand[3] (for the financial year 2020: EUR 187 thousand[4]). The other Management Board members did not receive any remuneration for activities in subsidiaries of Mynaric AG.

1 Member of the Management Board since September 16, 2020.
2 Member of the Management Board since February 17, 2021.
3 USD 145 thousand based on an average exchange rate 2021 USD/EUR: 0.848188.
4 USD 177 thousand based on an average exchange rate 2020 USD/EUR: 0.873213.

b) Fringe benefits

In addition to their annual base salary, the members of the Management Board receive fringe benefits which mainly consist of contribution payments to a private pension plan, subsidies for health and care insurance, rent subsidies and other remuneration in kind.

The fringe benefits may vary each year depending on the respective Management Board member and the occasion.

2.3. Performance related remuneration components

a) Annual bonus (short-term incentive, STI)

The members of the Management Board receive a short-term variable remuneration in the form of an annual bonus, which rewards the operational implementation of the Company’s corporate strategy in the respective financial year.

The amount of the annual bonus is generally calculated on the basis of the achievement of certain performance targets as defined by the Supervisory Board. For this purpose, the Supervisory Board has defined a target amount that determines the amount of the bonus payment in the event of a 100% target achievement and which corresponds to 50% of the annual (gross) base salary of each Management Board member, in case of Bulent Altan, to 50% of the total annual (gross) base salary paid both by Mynaric AG and Mynaric USA Inc.

At the beginning of the subsequent financial year, the Supervisory Board assesses the degree of target achievement of the defined performance targets and, based on the defined weighting for each performance target, determines the amount of the annual bonus, whereby the payout amount is limited to 200% of the target amount (i.e., 50% of the annual (gross) base salary of each Management Board member and in case of Bulent Altan to 50% of the total annual (gross) base salary paid both by Mynaric AG and Mynaric USA Inc.).

As the annual bonus 2020 was not paid out to the members of the Management Board until April 2021, the annual bonus 2020 is allocated to the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG in the financial year 2021 and is consequently disclosed in this remuneration report. The amount of the annual bonus for the financial year 2021 will be determined and paid out in the financial year 2022 and is therefore allocated to the remuneration awarded and due within the meaning of Section 162 section 1 sentence 1 AktG in the financial year 2022. The annual bonus 2021 will thus be disclosed in the remuneration report for the financial year 2022.

The Supervisory Board had the possibility to take into account extraordinary circumstances, which have not been foreseen when defining the performance targets for the annual bonus, by way of an additional payout amount of up to 30% of the respective target amount. In the financial year 2021, the Supervisory Board did not make use of this possibility.

Annual bonus 2020

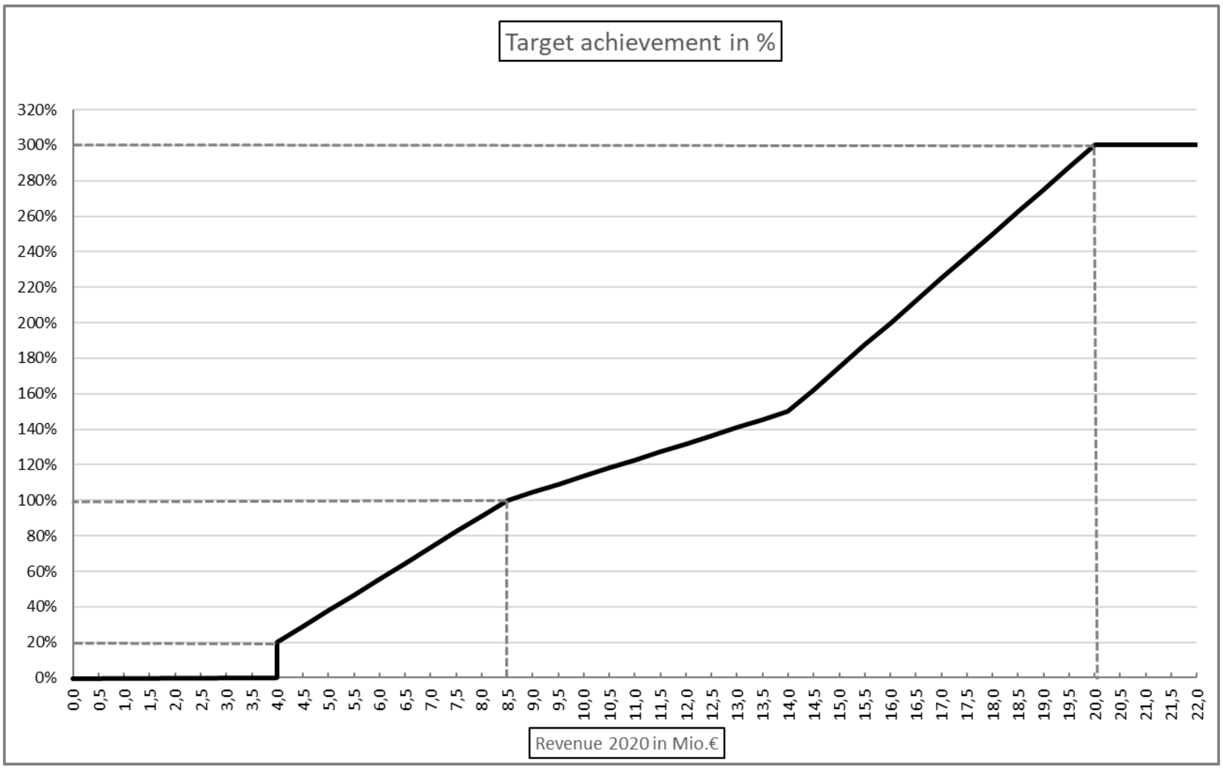
Performance targets for the annual bonus 2020

For the annual bonus 2020, the Supervisory Board has defined two financial performance targets, a revenue target (the “**Revenue Target**”) and a financing target (the “**Financing Target**”), whereby both the Revenue Target and the Financial Target are weighted with 50% within the overall target achievement.

Revenue Target

The target achievement of the Revenue Target is evaluated as follows:

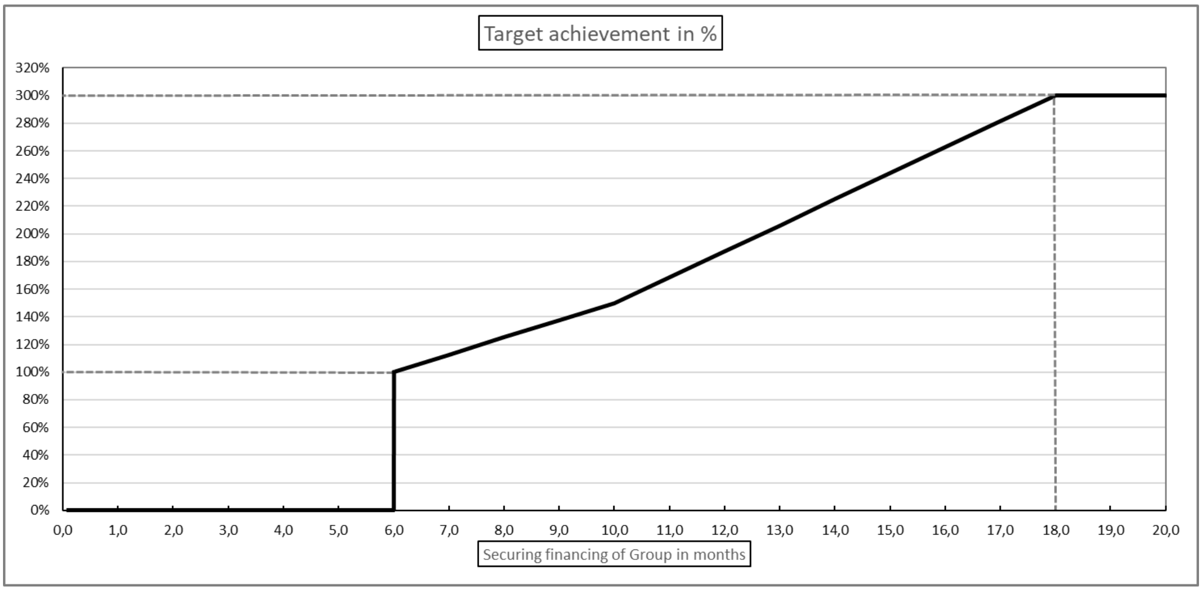
For the Revenue Target, the Supervisory Board measured the revenue of Mynaric-Group during the financial year 2020 as reported in the consolidated statement of income or loss for the financial year 2020. For this purpose, the Supervisory Board has defined a target value for the Revenue Target, which amounts to Mio. EUR 8.5 and which corresponds to a target achievement for the Revenue Target of 100%. Further, the Supervisory Board has defined a minimum value, which results in a target achievement of 20%, and a maximum value, which results in a target achievement of 300%. Below 20%, the target achievement for the Revenue Target will be 0%. Any increase of the target achievement beyond 300% is not possible (cap). Between the percentage levels, the target achievement increases as follows:



Financing Target

The target achievement of the Financing Target is evaluated as follows:

For the Financing Target, the Supervisory Board evaluates the degree of securing the financing of Mynaric-Group, which can be achieved by, e.g., equity, debt or advance payments, measured on the basis of the budget for the financial year 2021 as approved by the Supervisory Board, with the cash flow of the last three budget months being extrapolated for the financial year 2022. For this purpose, the Supervisory Board has defined a target value (in months) for the Financing Target, which amounts to six months and which corresponds to a target achievement for the Financing Target of 100%. The target value is at the same time the minimum value to be achieved for the Financing Target, otherwise the target achievement will be 0%. Further, the Supervisory Board has defined a maximum value, which results in a target achievement of 300%. Any increase of the target achievement beyond 300% is not possible (cap). Between the percentage levels, the target achievement increases as follows:



Target achievement for the annual bonus 2020

The target achievement of the Revenue Target and the Financing Target was evaluated as follows:

The actual revenue of Mynaric-Group of the financial year 2020 amounted to EUR 679 thousand, resulting in a target achievement of the Revenue Target of 0%. The financing of Mynaric-Group at the end of the financial year 2020 was secured for 18 months, resulting in a target achievement of the Financing Target of 300%. Based on the target achievement of the Revenue Target and the Financing Target and the defined weighting, the overall target achievement of the annual bonus 2020 amounted to 150%, which resulted in the following payout amounts:

Management board member	Target amount[5]	Maximum payout amount	Overall target achievement 2020	Payout amount
	in kEUR	in kEUR	in %	in kEUR
Bulent Altan	140	280	150%	167[6]
Stefan Berndt-von Bülow	29	58	150%	43
Dr. Wolfram Peschko[7]	43	43	100%	43

The annual bonus 2020 was paid out to the members of the Management Board in March 2021 and is therefore allocated to the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG in the financial year 2021. Joachim Horwath was not a member of the Management Board of Mynaric AG in the financial year 2020 and thus, has not received an annual bonus for the financial year 2020.

b) IPO Special Bonus

On the occasion of the IPO of Mynaric AG in November 2021, the Supervisory Board has also granted the members of the Management Board the option of payment of a special bonus depending on the amount of the gross issue proceeds raised as follows (“**IPO Special Bonus**”):

5 Based on 100% target achievement.

6 From the bonus claim of EUR 167 thousand, an amount of EUR 138 thousand was paid out after offsetting against claims of the Company against Mr. Altan from overpayments of EUR 29 thousand.

7 Following his resignation as of May 27, 2020, Dr. Wolfram Peschko was entitled to a pro rata bonus payment for the financial year 2020 based on a (assumed) 100% target achievement.

In the event of gross issue proceeds (taking into account proceeds from the underwriters' option to purchase additional ADSs) of USD 150 million or more, the IPO Special Bonus of Bulent Altan, Stefan Berndt-von Bülow and Joachim Horwath should be 0.7%, 0.5% and 0.3% of the gross issue proceeds, respectively.

For gross issue proceeds (taking into account proceeds from the underwriters' option to purchase additional ADSs) of between USD 80 million and USD 150 million, the IPO Special Bonus should be calculated on a linear basis, with the IPO Special Bonus for Bulent Altan, Stefan Berndt-von Bülow and Joachim Horwath being 0.35%, 0.25% and 0.15% of the gross issue proceeds, respectively, for gross issue proceeds of USD 80 million. In each case, 50% of the bonus payment of the Management Board members was to be reinvested in shares or ADSs of the Company and the shares or ADSs were to be held for a period of at least 12 months after the offer.

As the defined thresholds for the IPO Special Bonus were not reached, an IPO Special Bonus was not granted.

c) Long-term variable remuneration (LTI)

The members of the Management Board also receive a long-term variable remuneration in the form of the participation in the Company's stock option plan, which provides an incentive to the Management Board members to contribute to the long-term sustainable development of the Company and links the interests of the Management Board members to those of the shareholders.

In the financial year 2021, the current members of the Management Board have been granted in total 100,000 stock options under the Stock Option Plan 2021. Upon the expiry of the mandatory four-year waiting period, one stock option entitles the members of the Management Board to subscribe for one share in the Company against payment of an exercise price. At the discretion of the Company, stock options may also be settled in cash.

Stock options may be exercised within a period of three years after the expiration of the four-year waiting period beginning on June 30, 2021, provided that the performance target has been achieved. The performance target is linked to the absolute share price performance of the Company's shares during the waiting period as follows:

Stock options may be exercised if the six-months volume-weighted average share price of the Company's share or the six-months volume-weighted average price, to be converted into amounts per share, of the right or certificate representing the share in the trading system with the highest total trading volume in shares of the Company or in rights or certificates representing such shares (currently ADSs) on the ten last days prior to the expiry date of the waiting period on which this trading system has been open for general stock exchange trading is at least 20% above the exercise price at the end of the waiting period.

The following table presents the stock options granted to the members of the Management Board under the stock option plan 2021 and the main conditions for their exercise in accordance with Section 162 para. 1 sentence 1 no. 3 AktG:

Management board member	Grant date and beginning of the waiting period	End of the waiting period	Number of stock options granted	Execise price in in EUR	Fair value per stock option at grant date in EUR	Total in kEUR
Bulent Altan	June 30, 2021	June 30, 2025	40,000	71.15	25.17	1,007
Stefan Berndt-von Bülow	June 30, 2021	June 30, 2025	30,000	71.15	25.17	755
Joachim Horwath	June 30, 2021	June 30, 2025	30,000	71.15	25.17	755
Total			**100.000**			**2,517**

The target achievement under the Stock Option Plan as well as any change in the value of the stock options will be disclosed in the remuneration report for the financial year 2025.

2.4. Further provisions

a) Maximum remuneration

Currently, no remuneration system for the members of the Management Board of Mynaric AG is implemented. As a consequence, a maximum remuneration for the current members of the Management Board currently does not apply. The Supervisory Board of Mynaric AG has resolved upon a remuneration system for the members of the Management Board and will submit such remuneration system to the Annual General Meeting 2022 for approval. This remuneration system will also define a maximum remuneration for the members of the Management Board, which will apply to all service agreements to be concluded or extended following the Annual General Meeting 2022.

b) Malus and clawback provisions

Currently, the service agreements of the current Management Board members (except for the new service agreement of Bulent Altan as concluded in the financial year 2022) and the plan conditions of the stock option plan do not provide for malus and clawback provisions. The new service agreement of Bulent Altan includes malus and clawback provisions, pursuant to which the Company is entitled to retain or reclaim variable remuneration in the event of intentional or grossly negligent violations by a Management Board member of legal obligations or internal conduct guidelines of the Company or a subsidiary.

The remuneration system, which will be submitted to the Annual General Meeting 2022 for approval, will however provide for malus and clawback provisions, which will also be included into all service agreements to be concluded or extended following the Annual General Meeting 2022 as well as into all plan conditions of future long-term incentive programs of the Company.

c) Benefits upon termination of the service agreements

Severance provisions

The service agreements of the members of the Management Board contain severance provisions that comply with the recommendations of the German Corporate Governance Code.

In the event of a premature termination of a Management Board member's service agreement, payments by the Company to the Management Board member, including fringe benefits, shall not exceed the value of two years' annual remuneration (severance payment cap) and shall compensate no more than the remaining term of the service agreement. If the service agreement is terminated for good cause for which the Management Board member is responsible, no payments will be made to the Management Board member.

The severance payment cap is calculated on the basis of the total remuneration for the previous full financial year and, where appropriate, also the expected total remuneration for the current financial year.

Hubertus Edler von Janecek received a severance payment in the amount of EUR 365,630 on the occasion of his departure from the Management Board of Mynaric AG with effect from July 10, 2020. A total of EUR 160,733 thereof was paid to him in the 2021 financial year and is therefore attributable to the remuneration awarded and due in the 2021 financial year within the meaning of section 162 para. 1 sentence 1 AktG and consists of monthly salary continuation payments of EUR 17,067 and a one-off payment of EUR 58,333. Wolfram Peschko will receive a severance payment in the amount of EUR 690,939 on the occasion of his departure with effect from 5 May 2020. An amount of EUR 305,344 was paid out in the 2021 financial year and is therefore attributable to the remuneration awarded and due in the 2021 financial year within the meaning of section 162 para. 1 sentence 1 AktG. EUR 20,070 thereof are attributable to monthly salary continuation payments and EUR 64,504 to a pro rata bonus payment. A further EUR 244,707 will be paid out in the 2022 financial year and will be reported in the remuneration report for the financial year 2022.

Change of control

Except for the current service agreement of Bulent Altan, the service agreements of the members of the Management Board do not provide for change of control provisions. Pursuant to the current service agreement of Bulent Altan, Bulent Altan and the Company, respectively, have a termination right against payment of a severance payment in the amount of the value of half a years' remuneration (whereby no more than the remaining term of the service agreement shall be compensated) in case of a change of control, whereby "change of control" is defined as the resignation of office by at least three members of the Management Board.

In addition, the plan conditions of the stock option program provide for the following provisions for the event of a change of control:

If the waiting period has not yet expired at the time the change of control becomes effective, or if the waiting period has expired but the exercise conditions of the stock option program are not fulfilled, the members of the Management Board are entitled to waive the subscription rights by way of a unilateral declaration to the Company within two weeks following the publication of the change of control. In such case, the Management Board members are entitled to a compensation payment in the amount of the purchase price per share of Mynaric AG that has been paid in the course of the change of control minus the exercise price. "Change of Control" within this meaning is the acquisition of more than 50% of the shares in Mynaric AG by a new shareholder.

Non-compete clauses

The service agreements of the members of the Management Board currently do not provide for non-competition clauses.

2.5. Individual disclosure of the remuneration of the members of the Management Board for the financial year 2021

a) Target remuneration of the current Management Board members for the financial year 2021

The following table shows the respective target remuneration for Management Board members for the financial years 2021 and 2020 based on an assumed 100% target achievement.

Management board member		Annual base salary		Fringe benefits		Short-term variable remuneration		Long-term variable remuneration[8]		Total
	Year	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR
Bulent Altan	2021	248	16.7%	104	7.0%	124	8.4%	1,007	67.9%	1,483
	2020	260	29.4%	49	5.5%	140	15.9%	434	49.2%	883
Stefan Berndt-von Bülow[9]	2021	200	18.9%	6	0.5%	100	9.4%	755	71.2%	1,061
	2020	58	16.6%	2	0.6%	29	8.3%	261	74.6%	350
Joachim Horwath[10]	2021	174	16.8%	5	0.5%	100	9.7%	755	73.0%	1,034
	2020	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0

b) Remuneration awarded and due to the current members of the Management Board pursuant to Section 162 para. 1 sentence 1 AktG

The following table presents the fixed and variable remuneration components awarded and due to the current Management Board members in the financial years 2020 and 2021 in accordance with Section 162 para. 1 sentence 1 AktG. The tables include all remuneration amounts received by the individual Management Board members in these financial years ("**awarded**") and all remuneration legally due but not yet received ("**due**") to the extent relevant in the reporting year.

8 Number of granted stock options multiplied by the fair value of one stock option at the grant date.

9 Member of the Management Board since September 16, 2020.

10 Member of the Management Board since February 17, 2021.

The amount of the annual bonus (STI) for the financial year 2021 will be determined and paid out during the financial year 2022 and will therefore be included in the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG in the financial year 2022, whereby the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG in the financial year 2021 also includes the annual bonus for the financial year 2020 which was paid out in March 2021. The share-based remuneration in the form of stock options granted in the 2021 financial year is disclosed with its value, i.e. the number of stock options granted, multiplied by the fair value at the time of granting.

In addition to the remuneration components, the relative percentage share of total remuneration of all fixed and variable remuneration components is also disclosed in accordance with Section 162 para. 1 sentence 2 no. 1 AktG. These relative percentage shares relate to the remuneration components awarded and due within the meaning of Sec. 162 para. 1 sentence 1 AktG in the respective financial year.

Management board member		**Annual base salary**		**Fringe benefits**		**Short-term variable remuneration**		**Long-term variable remuneration**		**Total**
	Year	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR
Bulent Altan	2021	248	16.6%	104	6.9%	138	9.2%	1,007	67.3%	1,497
	2020	260	33.2%	49	6.3%	39	5.0%	434	55.5%	782
Stefan Berndt-von Bülow[11]	2021	200	19.9%	6	0.6%	43	4.3%	755	75.2%	1,004
	2020	58	18.1%	2	0.6%	0	0.0%	261	81.3%	321
Joachim Horwath[12]	2021	174	18.6%	5	0.5%	0	0.0%	755	80.9%	934
	2020	0	0.0%	0	0.0%	18	100.0%	0	0.0%	18

11 Member of the Management Board since September 16, 2020.

12 Member of the Management Board since February 17, 2021.

c) Remuneration awarded and due to the former members of the Management Board pursuant to Section 162 para. 1 sentence 1 AktG

The following table shows the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG to the former members of the Management Board.

Management board member		Annual base salary		Fringe benefits		Short-term variable remuneration		Long-term variable remuneration		Severance		Total
	Year	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR
Hubertus Edler von Janecek [13]	2021	0	0,0%	0	0,0%	0	0,0%	0	0,0%	161	100,0%	161
	2020	100	24,4%	3	0,7%	42	10,3%	59	14,4%	205	50,1%	409
Dr. Wolfram Peschko[14]	2021	0	0,0%	0	0,0%	43	12,4%	0	0,0%	305	87,6%	348
	2020	87	31,4%	6	2,2%	43	15,5%	0	0,0%	141	50,9%	277
Dr. Markus Knapek[15]	2021	0	n/a	0	n/a	0	n/a	0	n/a	0	n/a	0
	2020	0	0,0%	0	0,0%	18	100,0%	0	0,0%	0	0,0%	18

2.6. Individual disclosure of the remuneration of the members of the Supervisory Board for the financial year 2021

The following table shows the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG of the current and former members of the Supervisory Board, whereby the remuneration awarded and due comprises the remuneration for which the activity on which the remuneration is based was fully performed in the 2021 financial year.

The remuneration of the members of the Supervisory Board for the 2021 financial year was determined by resolution of the Annual General Meeting on 14 May 2021 (agenda item 6). According to this resolution, the members of the Supervisory Board receive a remuneration in the amount of EUR 30 thousand for each full financial year of their membership on the Supervisory Board. The Chairman receives double the remuneration, the Deputy Chairman one and a half times the remuneration. Since the listing of the company's shares on NASDAQ on 12 November 2021, the members of the Supervisory Board receive remuneration of EUR 60 thousand for each full financial year of their membership of the Supervisory Board. The Chairman receives double and the Deputy Chairman one and a half times the remuneration. Supervisory Board members who are also members of the Audit Committee also receive, since the listing of the Company's shares on NASDAQ on 12 November 2021, remuneration of EUR 20 thousand for each full financial year of their membership of the Audit Committee in addition to the remuneration for their work on the Supervisory Board as member, Chairman or Deputy Chairman. The Chairman of the Audit Committee receives one and a half times the remuneration.

Each member of the Supervisory Board receives an additional attendance fee of EUR 500.00 per meeting for participating in a meeting or a resolution passed by telephone by the Supervisory Board. Remuneration and attendance fees shall be payable after the end of the respective financial year. Supervisory Board members who have not belonged to the Supervisory Board for a full financial year shall receive the remuneration pro rata temporis according to the duration of their membership of the Supervisory Board.

13 Member of the Management Board until July 10, 2020. Following his resignation as of July 10, 2020, Hubertus Edler von Janecek was entitled to his bonus for the financial year 2020 based on a (assumed) 100% target achievement in the amount of kEUR 100. This bonus has been paid out in December 2020 and is therefore not allocated to the remuneration awarded and due in the financial year 2021.

14 Member of the Management Board until May 5, 2020.

15 Member of the Management Board until March 3, 2019.

Supervisory Board member	year	Fixed remuneration in kEUR	Fixed remuneration in %	Attendance fees in kEUR	Attendance fees in %	Total in kEUR
Dr. Manfred Krischke	2021	71	88.8%	9	11.3%	80
	2020	40	100.0%	0	0.0%	40
Peter Müller-Brühl	2021	42	84.0%	8	16.0%	50
(since October 5, 2021)	2020	20	100.0%	0	0.0%	20
Hans Koenigsmann	2021	11	91.7%	1	8.3%	12
(since October 13, 2021)	2020	0	n/a	0	n/a	0
Steve Geskos	2021	27	84.4%	5	15.6%	32
(since May 14, 2021)	2020	0	n/a	0	n/a	0
Vincent Wobbe	2021	16	84.2%	3	15.8%	19
(since July 30, 2021)	2020	0	n/a	0	n/a	0
Former Supervisory Board member						
Thomas Hanke	2021	14	87.5%	2	12.5%	16
(since June 12, 2020 and until June 24, 2021)	2020	11	100.0%	0	0.0%	11
Dr. Thomas Billeter	2021	12	80.0%	3	20.0%	15
(until May 14, 2021)	2020	20	100.0%	0	0.0%	20
Dr. Gerd Gruppe	2021	35	89.7%	4	10.3%	39
(until October 5, 2021)	2020	30	100.0%	0	0.0%	30
Thomas Mayrhofer	2021	0	n/a	0	n/a	0
(until June 12, 2020)	2020	9	100.0%	0	0.0%	9

The Management Board and the Supervisory Board will further propose a remuneration system for the members of the Supervisory Board to the Annual General Meeting 2022 for approval.

2.7. Comparative table of changes in remuneration and company performance

The following tables show the annual change in remuneration awarded and due to current and former Management Board and Supervisory Board members, the company's earnings performance and the remuneration awarded to employees on a full-time equivalent basis with the latter based on the average wages and salaries of the employees of all group companies in Germany and abroad.

For the members of the Management Board and Supervisory Board, the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG of the financial year 2021 and 2020 is taken into account.

The presentation of average employee remuneration is based on the average remuneration of all employees of Mynaric-Group on a full-time equivalent basis. The components of the average employee remuneration presented are generally in line with the remuneration granted and owed to the members of the Board of Management and the Supervisory Board according to Section 162 para. 1 sentence 1 AktG, except for the long-term remuneration consisting of the Stock Option Plan and a Restricted Stock Unit Program, which have been measured as equity-settled share-based payment in accordance with IFRS 2.

The presentation of the annual changes and company performance will be built up successively over a five-year period.

Comparative presentation	2021 in kEUR	2020 in kEUR	Change 2021/2020 in %
Earnings development			
Consolidated net profit/loss for the period	-45,975	-20,275	-127%
Net profit of Mynaric AG pursuant to the German Commercial Code	-13,178	-9,602	-37%
Employees			
Remuneration of employees of Mynaric Group	90	87	4%
Members of the Board of Management active in the financial year			
Bulent Altan	1,497	782	91%
Stefan Berndt-von Bülow (since September 16, 2020)	1,004	321	213%
Joachim Horwath (since February 17, 2021)[16]	934	18	5,087%
Average	**1,145**	**374**	**206%**
Former members of the Board of Management			
Hubertus Edler von Janecek (until July 10, 2020)	161	409	-61%
Dr. Wolfram Peschko (until May 5, 2020)	348	277	26%
Dr. Markus Knapek (until March 3, 2019)	0	18	-100%
Average	**170**	**235**	**-28%**
Members of the Supervisory Board active in the financial year			
Dr. Manfred Krischke	80	40	100%
Peter Müller-Brühl (Deputy Chairman since October 5, 2021)	50	20	150%
Dr. Gerd Gruppe (until October 5, 2021)	39	30	30%
Steve Geskos (since May 14, 2021)	32	0	n/a
Vincent Wobbe (since July 30, 2021)	19	0	n/a
Thomas Hanke (since June 12, 2020 and until June 24, 2021)	16	11	100%
Dr. Thomas Billeter (until May 14, 2021)	15	20	-25%
Hans Koenigsmann (since October 13, 2021)	12	0	n/a
Average	**33**	**15**	**117%**
Former Members of Supervisory Board			
Thomas Mayrhofer (since March 7, 2019 and until June 12, 2020)	0	9	-100%
Average	**0**	**9**	**-100%**

16 The disclosed remuneration for 2020 for Joachim Horwath relates to the payment of a bonus as member of the Board of Management (until March 13, 2019) for the financial year 2019, which has been paid out in the financial year 2020.

3. OTHER

Mynaric maintains directors and officer’s liability insurance for Management Board members, which includes a deductible for Management Board members that complies with the requirements of the German Stock Corporation Act.

4. SUPPLEMENTARY NOTES

This report is also available in German. In the event of any discrepancies, the German version shall be authoritative.

Management Board Supervisory Board

Auditor's Report

To Mynaric AG, Gilching

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the attached remuneration report of Mynaric AG, Gilching, pursuant to section 162 of the German Stock Corporation Act (*Aktiengesetz, AktG*) for the financial year from 1 January to 31 December 2021, including the related disclosures.

Mynaric AG is not a listed company within the meaning of Section 162 para. 1 AktG in conjunction with Section 3 para. 2 AktG, as the shares of Mynaric AG are not admitted to trading on a German regulated market or a comparable market. The company is not obliged to prepare the remuneration report. The Management Board and the Supervisory Board have voluntarily prepared the remuneration report in accordance with the requirements of § 162 AktG.

Responsibility of the legal representatives and the Supervisory Board

The legal representatives and the Supervisory Board of Mynaric AG are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of § 162 AktG. The legal representatives and the Supervisory Board are also responsible for the internal controls as they deem necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (*IDW*). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the remuneration report. The procedures selected depend on the auditor's judgement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the remuneration report and related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the remuneration report and related disclosures. The objective of the audit is to design and perform procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting principles used and the reasonableness of accounting estimates made by management and the supervisory board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from 1 January to 31 December 2021, including the related disclosures, complies in all material respects with the accounting provisions of section 162 AktG.

Other matters - Formal audit of the remuneration report

The material audit of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by section 162 para. 3 of the AktG, including the issuance of an opinion on such audit. As we express an unqualified opinion on the content of the remuneration report, this opinion includes an opinion on whether the disclosures pursuant to section 162 para. 1 and para. 2 AktG have been made in all material respects in the remuneration report.

Note on limitation of liability

The engagement, in the performance of which we have rendered the aforementioned services to Mynaric AG, was based on the General Engagement Terms and Conditions for German Public Auditors and Public Audit Firms as amended on 1 January 2017. By taking note of and using the information contained in this audit opinion, each recipient confirms that it has taken note of the provisions made therein (including the limitation of liability to EUR 4 million for negligence in clause 9 of the AAB) and acknowledges their validity in its relationship with us.

Munich, 31 May 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

Hutzler
German Public Auditor

Vedernykova
German Public Auditor

2c. Corporate Governance Report

Corporate Governance Statement, Group Corporate Governance Statement and Corporate Governance Report

The Corporate Governance Statement, the Group Corporate Governance Statement and the Corporate Governance Report are also published on our website under "Investor Relations - Corporate Governance".

Corporate Governance Statement pursuant to Section 289f HGB and Group Corporate Governance Statement pursuant to Section 315d HGB for the financial year 2021

In the Corporate Governance Statement pursuant to Section 289f of the German Commercial Code (HGB) and the Group Corporate Governance Statement pursuant to Section 315d of the HGB, the Executive Board and Supervisory Board provide information on the most important elements of our corporate governance. In addition to the annual Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act (AktG), they include relevant disclosures on corporate governance practices as well as other aspects of corporate governance such as, in particular, a description of the working methods of the Executive Board and Supervisory Board.

Declaration of the Management Board and the Supervisory Board of Mynaric AG on the recommendations of the "Government Commission on the German Corporate Governance Code" ("Code") pursuant to § 161 AktG

The Management Board and Supervisory Board of Mynaric AG adopted the following Declaration of Conformity on April 26, 2022:

The Management Board and Supervisory Board of Mynaric AG declare that Mynaric AG complies and will continue to comply with the recommendations of the German Corporate Governance Code as amended on December 16, 2019 ("GCGC"), with the following exceptions:

1. The Company does not comply with Recommendation G.17 of the GCGC, according to which the higher time expenditure of the Chairman and members of Supervisory Board committees is appropriately taken into account in the compensation. The Company's Annual General Meeting 2021 has set a higher compensation for the Chairman and the members of the Audit Committee. The activities of the Chairman and the members of the Compensation Committee and the Corporate Governance and Nomination Committee do not result in a significantly higher time commitment, so that the Company is of the opinion that higher compensation is not necessary.
2. The Company does not comply with Recommendation F.2 of the GCGC, according to which the consolidated financial statements and the group management report should be publicly accessible within 90 days of the end of the financial year. The Company considers the statutory requirements for publication of the consolidated financial statements and the Group management report to be sufficient to ensure proper accounting.
3. Mynaric AG currently does not yet comply with the recommendations of section G.I. of the GCGC regarding the remuneration of the members of the Management Board. The Executive Board and Supervisory Board of Mynaric AG will submit a compensation system for the members of the Executive Board to the Annual General Meeting 2022 for resolution, which will apply to all employment contracts with members of the Executive Board of Mynaric AG that are concluded or extended after the Annual General Meeting 2022.

For the Board of Directors:	For the Supervisory Board:
Bulent Altan	**Dr. Manfred Krischke** **Chairman of the Supervisory Board**

Corporate governance practices that go beyond legal requirements

Compliance

Compliance with rules of conduct and laws is ensured at our company in particular by the following documents enforced throughout the Group: a Groupwide Compliance Guideline including a Code of Conduct and a Code of Business Conduct and Ethics, as well as other internal processes and policies. Our Compliance Guideline sets out the fundamental principles and the most important guidelines and courses of action for conduct in business. Particularly in business, legal or ethical conflict situations, it serves as a valuable aid for our employees and managers. In addition, the Code of Conduct contained in the aforementioned policy reinforces our transparent and coherent management principles as well as the trust of the public, business partners, employees and financial markets. Adherence to the compliance directive is carefully monitored. Groupwide implementation of the Code of Conduct is monitored by the global Compliance Committee. The policy itself is also regularly reviewed and adapted. This also applies to the compliance management program implemented at our company, which on the one hand is designed to ensure compliance with all legal requirements, but on the other hand also implements high ethical standards that are mandatory for both management and every employee. Overall responsibility for the compliance management program lies with the Executive Board, which reports regularly on this to the Supervisory Board. In fulfilling its compliance responsibility, the Management Board has delegated the relevant tasks to various functions at Mynaric.

Working methods of the Executive Board and Supervisory Board and of the Ex ecutive Management Team, and composition and working methods of the committees

To ensure good corporate governance, open, comprehensive and regular communication is the guiding principle for cooperation between our Executive Board and Supervisory Board. The dual management system prescribed by the German Stock Corporation Act explicitly separates the management and supervision of a company. The responsibilities of both bodies are clearly defined by law and by the Articles of Association and the bylaws of the bodies. The Executive Board and Supervisory Board work closely together and act and make decisions for the benefit of the Company. Their declared aim is to sustainably increase the value of the Company.

Each Executive Board member is responsible for his or her own area of responsibility, which is defined in the schedule of responsibilities and about which he or she keeps his or her Executive Board colleagues informed on an ongoing basis. Cooperation between the members of the Board of Management is governed by rules of procedure. Both the schedule of responsibilities and the rules of procedure have been approved by the Supervisory Board.

The Company has also established the so-called Executive Management Team. Under the leadership of the Chairman of the Executive Board, the Executive Management Team is responsible for strategy development, the operational management of the Company and the achievement of its goals and results. The Executive Management Team prepares decisions for the Board of Management's resolutions and adopts resolutions jointly with the Board of Management, unless these are the sole responsibility of the Board of Management by law or by resolution of the Supervisory Board. The Executive Management Team consists of the members of the Management Board and senior executives from the Company's core areas such as Business Development & Sales, Chief Engineering and Quality, Operations, Engineering, Information Technology, Communications and Investor Relations, Human Resources, and Legal & Compliance. In addition to the members of the Executive Board, current members of the Executive Management Team are Tina Ghataore, CCO, Tino Schuldt, COO, Stefan Bindl, Head of Engineering, Sven Meyer-Brunswick, C3PO, and Luis Martin-Navajas, Chief Engineer. In the case of specific issues, representatives from other specialist departments are consulted accordingly.

Meetings of the Board of Management shall be held regularly, but at least every two weeks. They must take place when the best interests of the Company so require. In addition, meetings of the Executive Management Team shall generally be held weekly and when required in the interests of the Company.

Resolutions of the full Board of Management are adopted by a simple majority. In the event of a tie, the Chairman of the Board of Management shall have the casting vote. In the event of significant events, any member of the Board of Management or Supervisory Board may convene an extraordinary meeting of the full Board of Management. Resolutions of the Board of Management may also be adopted outside meetings by fax, e-mail or in writing or by other customary means of communication. Written minutes shall be prepared for each meeting of the Board of Management. A copy of these minutes shall be made available to each member of the Board of Management without delay. The minutes shall be deemed approved if no member of the Board of Management objects at the subsequent meeting.

The Executive Board maintains regular contact with the Chairman of the Supervisory Board, informs him of the course of business and the current situation of the Group, and discusses with him the strategy, planning and business development and risk management of the Company. In the case of significant events and business matters which could have a major impact on the assessment of the situation and development as well as on the management of the Company, the Executive Board reports immediately to the Chairman of the Supervisory Board. The Rules of Procedure of the Executive Board provide for reservations of approval in favor of the Supervisory Board for significant business transactions. More information on the cooperation between the Executive Board and the Supervisory Board and on important topics of discussion in the fiscal year 2021 can be found in the Report of the Supervisory Board.

The Supervisory Board holds at least two meetings per calendar half-year. In addition to the provisions of the Articles of Association, the Supervisory Board has adopted rules of procedure for its work: According to these rules, the Chairman of the Supervisory Board coordinates the work of the Supervisory Board and the cooperation between the Supervisory Board and the Executive Board, chairs the meetings of the Supervisory Board and represents the interests of the Supervisory Board externally. The Supervisory Board generally adopts its resolutions at meetings. However, resolutions may also be adopted outside a meeting in writing (including by e-mail) or by telephone or video conference.

Resolutions of the Supervisory Board are generally adopted by a simple majority of the votes cast. The Supervisory Board meetings are minuted. Resolutions adopted outside meetings are also recorded in writing. A copy of the Supervisory Board minutes is made available to all members of the Supervisory Board.

In accordance with the recommendation in D.13 of the Code, the Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and its committees perform their duties. The most recent review was carried out by the Supervisory Board in January 2022. The review was carried out on the basis of a questionnaire completed by each member of the Supervisory Board. The results were then discussed and evaluated at a subsequent Supervisory Board meeting.

Composition and working methods of the committees of the Executive Board and Supervisory Board

The Board of Management has not established any committees.

The Supervisory Board has three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. These three committees formed by the Supervisory Board are each staffed with professionally qualified members.

Audit Committee

The central task of the Audit Committee is to support the Supervisory Board in fulfilling its monitoring duty, in particular with regard to the accuracy of the annual and consolidated financial statements, the activities of the auditor, and the internal control functions, especially risk management and compliance. In addition, the Audit Committee submits a recommendation to the Supervisory Board for its proposal to the Annual General Meeting for the election of the independent auditor. The members of the Audit Committee are Steve Geskos (Chairman), Dr. Manfred Krischke and Peter Müller-Brühl. Steve Geskos has expertise in the field of accounting. Dr. Manfred Krischke has expertise in the field of auditing.

Compensation Committee

The Compensation Committee prepares the resolution of the full Supervisory Board on the compensation system for the Executive Board and its implementation in the Executive Board employment contracts and the review of the appropriateness of Executive Board compensation. Furthermore, the Compensation Committee prepares the regular review of the compensation system and the approval of the annual compensation report. Finally, the Committee prepares employment contracts with Executive Board members. The members of the Compensation Committee are Dr. Manfred Krischke (Chairman), Peter Müller-Brühl and Vincent Wobbe.

Corporate Governance and Nominating Committee

If necessary, the Corporate Governance and Nominations Committee supports the search for suitable candidates for appointment as members of the Executive Board or Supervisory Board and submits proposals in this regard to the full Supervisory Board. The committee also deals with corporate governance issues in the Group and prepares in particular the resolutions of the Supervisory Board on the annual Declaration of Conformity, corporate governance reporting and the Supervisory Board report. The members of the Corporate Governance and Nominating Committee are Dr. Manfred Krischke (Chairman), Peter Müller-Brühl and Vincent Wobbe.

In accordance with Section C.14 of the Code, the curricula vitae of the members of the Supervisory Board are published on our website under “Company - Management - Supervisory Board”.

Competency profile, diversity concept and goals for composition

The Supervisory Board of the Company has revised its competence profile and the objectives for its composition and prepared a diversity concept in accordance with Section 289f (2) No. 6 HGB.

Accordingly, the Supervisory Board of Mynaric AG is to be composed in such a way that the Supervisory Board as a whole possesses the knowledge, skills and professional experience required for the proper performance of its duties and that appropriate supervision and advice of the Executive Board of Mynaric AG is ensured, taking into account the principle of *diversity.*

For the election of Supervisory Board members, candidates are proposed to the Annual General Meeting who meet the overall competence profile of expertise, experience, integrity, commitment, independence and character. The proposals to the Annual General Meeting also take into account the objectives for the composition of the Supervisory Board.

Competency profile for the Supervisory Board of Mynaric AG

The members of the Supervisory Board as a whole should have the professional competence and experience to fulfill the tasks of the Supervisory Board of Mynaric AG as an internationally active laser communications company.

For the composition of the Supervisory Board of Mynaric AG, the Supervisory Board considers the following skills and knowledge in particular to be decisive:

- General knowledge of the industry in which the Company operates in order to make sufficient and substantive contributions at Board meetings;
- At least one member must have experience or knowledge in the aerospace, transportation and/or communications industries.
- At least one member must have experience or knowledge of manufacturing
- At least one member must have expertise in the field of accounting or auditing (Section 100 (5) AktG);
- At least one member must have experience or knowledge in personnel matters with respect to Board matters.

Diversity concept for the Supervisory Board of Mynaric AG

The Supervisory Board strives for an appropriate level of diversity in terms of age, gender, internationality and professional background as well as technical expertise, experience and personality in order to achieve a diverse composition of the Supervisory Board and to enable the Supervisory Board as a whole to base its decisions on different cultural and professional perspectives and a broad range of experience.

In particular, the Supervisory Board will consider the following criteria:

- At least two members of the Supervisory Board must have extensive international experience or an international background;
- At least one member of the Supervisory Board is under 60 years of age at the time of appointment;
- At least two members of the Supervisory Board have different professional backgrounds and experience.

With regard to the proportion of women on the Supervisory Board, the Supervisory Board has set targets and deadlines for their achievement in accordance with Section 111 (5) AktG, to which reference is made.

Further objectives for the composition of the Supervisory Board

AGE LIMIT

As a rule, the members of the Supervisory Board of Mynaric AG shall not be older than 70 years at the time of their appointment by the Annual General Meeting. However, the Supervisory Board may resolve an exception to this rule in certain cases.

DURATION OF THE TERM OF OFFICE

The uninterrupted term of office of a member of the Supervisory Board shall generally not exceed twelve years. However, the Supervisory Board may resolve to make an exception to this provision in certain cases.

INDEPENDENCE

The Supervisory Board of Mynaric AG considers a number of at least three independent members to be appropriate, taking into account the shareholder structure. According to the Code, a Supervisory Board member is independent of Mynaric AG, its Executive Board or a controlling shareholder if he or she has no personal or business relationship with the Company, the Executive Board or a controlling shareholder. In assessing the independence of Supervisory Board members, the Supervisory Board is guided by the recommendations of the Code, among others. This means, among other things, that a Supervisory Board member is generally not to be regarded as independent if the member or a close family member of the member is

- was a member of the Management Board of Mynaric AG in the two years prior to his appointment to the Supervisory Board of Mynaric AG;
- has or had a material business relationship (directly or indirectly) with Mynaric AG or a group company of Mynaric AG in the year preceding his appointment;
- Is a close family member of a member of the Board of Directors; or
- has been a member of the Supervisory Board for more than twelve years.

Significant and lasting conflicts of interest, in particular due to activities at major competitors, are to be avoided. However, it must be taken into account that conflicts of interest cannot generally be ruled out in individual cases. Possible conflicts of interest are to be disclosed to the Chairman of the Supervisory Board and will be eliminated by appropriate measures. In the event of a conflict of interest that is not merely temporary, this may lead to the termination of the Supervisory Board mandate of the member concerned.

AVAILABILITY

All members of the Supervisory Board must ensure that they can devote sufficient time to properly perform the duties associated with their Supervisory Board mandate at Mynaric AG. As a rule, this requires that

- the Supervisory Board member is able to attend at least four ordinary Supervisory Board meetings per year in person or by video conference, for each of which adequate preparation time is required;
- the Supervisory Board member may attend extraordinary meetings of the Supervisory Board if this is necessary to deal with specific issues;
- the Supervisory Board member can attend the Annual General Meeting;
- the Supervisory Board member has sufficient time to review the annual financial statements and the consolidated financial statements; and
- the Supervisory Board member, depending on his or her membership of one or more of the Supervisory Board's currently three standing committees, allocates additional time to prepare for and attend committee meetings.

Current composition of the Supervisory Board

The Supervisory Board of Mynaric AG is composed in accordance with the above objectives. It is composed of an appropriate number of independent members with an international background.

Target figures for the proportion of women

On the Supervisory Board

The Supervisory Board of Mynaric AG currently consists of five members, none of them women, which corresponds to a share of 0%.

The Supervisory Board of Mynaric AG has set the target for the proportion of women on the Supervisory Board at 20.00%, i.e., at least one in five members should be a woman. This target figure is to be achieved by March 31, 2027.

On the board

The Executive Board of Mynaric AG currently consists of three male members. The current proportion of women on the company's Management Board is therefore 0%.

The Supervisory Board of Mynaric AG has set the target for the proportion of women on the Executive Board at 33.33%, i.e., at least one in three members should be a woman. This target figure is to be achieved by March 31, 2027.

In the first and second management levels below the Executive Board

1. Target for the first management level below the Executive Board
   The Executive Board set a target of 25% women in the first management level below the Executive Board in April 2022 and intends to achieve a minimum proportion of 25% women in the first management level below the Executive Board by March 31, 2027. The first management level below the Executive Board of Mynaric AG (department heads reporting directly to the Executive Board) consisted of 15 members at the time the resolution on the target size was passed, 3 of whom were women, which corresponds to a 20% share of women.
2. Target figure for the second management level below the Executive Board
   The Executive Board set a target of 25% women in the second management level below the Executive Board in April 2022 and intends to achieve a minimum proportion of 25% women in the second management level below the Executive Board by March 31, 2027. The second management level below the Executive Board of Mynaric AG (department heads reporting directly to the first management level below the Executive Board) consisted of 26 members at the time of the resolution on the target figure, 4 of whom were women, which corresponds to a share of women of 15%.

Diversity concept for the Management Board of Mynaric AG

In accordance with Section 289f (2) No. 6 of the German Commercial Code (HGB), the Supervisory Board has defined the following diversity concept for the composition of the Management Board of Mynaric AG. The aim of the diversity concept for the Management Board is to use the aspect of diversity in a targeted manner for the further success of the company. The Supervisory Board believes that diversity in the sense of different perspectives, competencies and backgrounds of experience is an important prerequisite for competitiveness and sustainable corporate success. Together with the Management Board, the Supervisory Board ensures long-term succession planning for the Management Board. In the search for candidates for the position of a member of the Management Board of Mynaric AG, the decisive selection criteria include professional qualifications for the department to be taken over, leadership qualities, past performance, and acquired skills and knowledge of the business of Mynaric AG.

In determining the composition of the Management Board, the Supervisory Board also takes particular account of the following aspects:

- The members of the Management Board as a whole should have the knowledge, skills and professional experience required to perform their duties.
- If possible, the members of the Management Board should have different educational and professional experience.
- The members of the Management Board should be familiar in their entirety with the market environment, the individual business areas and the market segment in which Mynaric AG operates.
- The members of the Management Board shall, as a whole, have relevant experience in the management of listed companies.
- The members of the Management Board should have a balanced age structure.
- With regard to the proportion of women on the Management Board, the Supervisory Board has set targets and deadlines for their achievement in accordance with Section 111 (5) AktG, to which reference is made. The above criteria have already been taken into account in the appointment of Management Board members.

Further objectives for the composition of the Board of Management

Age limit

At the time of their appointment, Management Board members shall not be older than 67. However, the Supervisory Board may resolve an exception to this in individual cases. The age limit of 67 is currently complied with.

2d. Consolidated Financial Statements

Consolidated statements of profit/loss and other comprehensive income/loss for the years ended December 31, 2021 and 2020

in € thousand	Note	2021	2020*) (restated)
Revenue	7.	2.355	679
Change in inventories of finished goods and work in progress	8.	568	-497
Own work capitalized	9.	4.615	9.375
Other operating income	10.	435	538
Cost of materials	11.	-10.624	-6.221
Personnel costs	12.	-23.365	-16.816
Depreciation and amortisation	13.	-4.518	-1.843
Other operating costs	14.	-11.830	-5.344
Operating profit/loss		**-42.364**	**-20.129**
Interest and similar income	15.	0	18
Interest and similar expenses	15.	-2.148	0
Net foreign exchange gain / (loss)	15.	826	-531
Net finance costs		**-1.322**	**-513**
Profit/Loss before tax		**-43.686**	**-20.642**
Income tax expense	16.	-1.791	0
Consolidated net profit/loss		**-45.477**	**-20.642**
Other comprehensive income/loss			
Items which may be subsequently reclassified to profit and loss			
Foreign operations – foreign currency translation differences		-498	367
Total		**-498**	**367**
Other comprehensive income/loss for the period after tax		**-498**	**367**
Total comprehensive income/loss for the period		**-45.975**	**-20.275**
Weighted average ordinary shares outstanding (basic and diluted)	17.	4.250.134	3.349.403
Basic and diluted loss per share in EUR	17.	-10,70	-6,16

*) The comparative information is restated to correct the errors. See Notes 34.

Consolidated statements of financial position as of December 31, 2021, 2020 and 2019

ASSETS in € thousand	Note	12/31/2021	12/31/2020*) (restated)	12/31/2019*) (restated)
Assets				
Intangible assets	18.	19.969	17.884	8.780
Right-of-use assets	20.	8.827	7.942	6.810
Property, plant and equipment	19.	16.768	10.075	3.840
Other non-current financial assets	23.	411	359	196
Non-current assets		**45.975**	**36.260**	**19.626**
Inventories	21.	8.399	5.230	2.399
Trade receivables	22.	0	550	0
Other financial and non-financial assets	23.	5.512	1.338	1.769
Cash and cash equivalents	24.	48.143	43.198	8.914
Current assets		**62.054**	**50.316**	**13.082**
TOTAL ASSETS		**108.029**	**86.576**	**32.708**

EQUITY AND LIABILITIES in € thousand	Note	12/31/2021	12/31/2020*) (restated)	12/31/2019*) (restated)
Equity				
Share capital	25.	5.243	3.995	2.904
Capital reserve	25.	172.622	108.189	46.409
Prepaid share reserve	25.	0	5.500	0
Accumulated deficit		-92.767	-47.290	-26.648
Accumulated other comprehensive income/loss	25.	-184	314	-53
TOTAL EQUITY		**84.914**	**70.708**	**22.612**
Liabilities				
Provisions	26.	211	172	118
Non-current lease liabilities	30.	7.389	6.800	5.971
Deferred tax liability	16.	1.791	0	0
Non-current liabilities		**9.391**	**6.972**	**6.089**
Provisions	26.	1.023	1.005	248
Current lease liabilities	30.	1.638	1.156	790
Trade and other payables	28.	8.396	5.128	2.461
Contract liabilities	27.	307	1.196	330
Other financial and non-financial liabilities	29.	2.360	411	178
Current liabilities		**13.724**	**8.896**	**4.007**
Total liabilities		**23.115**	**15.868**	**10.096**
TOTAL EQUITY AND LIABILITIES		**108.029**	**86.576**	**32.708**

*) The comparative information is restated to correct the errors. See Notes 34.

Consolidated statements of changes in equity for the years ended December 31, 2021 and 2020

in € thousand	Share capital	Capital reserve	Prepaid share reserve	Accumu-lated deficit	Foreign currency translation differences	Total
Balance at 1 January 2020, as previously reported	**2.904**	**45.368**	**0**	**-23.369**	**-53**	**24.851**
Impact of correction of errors	0	1.041	0	-3.279	0	-2.239
Balance at January 1, 2020, restated	**2.904**	**46.409**	**0**	**-26.648**	**-53**	**22.612**
Issue of ordinary shares	1.091	64.052	5.500			70.643
Share issue costs		-3.397				-3.397
Equity-settled share-based payments		1.125				1.125
Consolidated net profit/loss				-20.642		-20.642
Other comprehensive income/loss					367	367
Balance at December 31, 2020, restated	**3.995**	**108.189**	**5.500**	**-47.290**	**314**	**70.708**
Balance at 1 January 2021, as previously reported	**4.093**	**112.417**	**0**	**-46.113**	**314**	**70.710**
Impact of correction of errors	-98	-4.228	5.500	-1.177	0	-2
Balance at January 1, 2021, restated	**3.995**	**108.189**	**5.500**	**-47.290**	**314**	**70.708**
Issue of ordinary shares	1.248	70.794	-5.500			66.542
Share issue costs		-8.303				-8.303
Equity-settled share-based payments		1.942				1.942
Consolidated net profit/loss				-45.477		-45.477
Other comprehensive income/loss					-498	-498
Balance at December 31, 2021	**5.243**	**172.622**	**0**	**-92.767**	**-184**	**84.914**

Consolidated statements of cash flows for the years ended December 31, 2021 and 2020

in € thousand	Note	2021	2020*) (restated)
Cash flows from operating activities			
Consolidated net profit/loss for the year		**-45.477**	**-20.642**
Adjustments for:			
Income tax expense	16.	1.791	0
Depreciation and amortization	13.	4.518	1.840
Loss from disposals of non-current assets		20	51
Interest and similar (income) and expenses, net	15.	2.148	-18
Equity-settled share-based payment transactions	12.	1.942	1.125
Net foreign exchange gain / (loss)	15.	-826	531
Changes in:			
Inventories	21.	-3.167	-2.898
Trade receivables	22.	572	-589
Other financial and non-financial assets	23.	-4.209	-600
Provisions	26.	14	751
Trade and other payables	28.	2.320	2.422
Contract liabilities	27.	-1.013	879
Other financial and non-financial liabilities	29.	1.941	213
Net cash from operating activities		**-39.426**	**-16.935**
Cash flows from investing activities			
Acquisition of intangible assets	18.	-3.346	-8.286
Acquisition of property, plant and equipment	19.	-7.612	-6.724
Interests received	15.	0	83
Net cash used in investing activities		**-10.958**	**-14.927**
Cash flows from financing activities			
Proceeds from issue of share capital	25.	58.239	61.746
Proceeds from issue of convertible notes	25.	0	5.000
Proceeds from short-term loans	30.	7.500	2.500
Repayment of short-term loans	30.	-7.500	-2.500
Payments of lease liabilities	30.	-1.056	-675
Interest expenses paid	15.	-2.381	-555
Proceeds from other financial assets	23.	0	741
Net cash from financing activities		**54.802**	**66.257**
Net increase/decrease in cash and cash equivalents	**24.**	**4.418**	**34.395**
Cash and cash equivalents at January 1		43.198	8.914
Effects of movements in exchange rates on cash and cash equivalents		527	-111
Cash and cash equivalents at December 31	**24.**	**48.143**	**43.198**

*) The comparative information is restated to correct the errors. See Notes 34.

2e. Notes to the Consolidated Financial Statements

Mynaric AG, Gilching

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mynaric AG registered in Commercial Register at Munich Local Court (Reg. No. HRB 232763), has its registered office at Dornierstraße 19 in 82205 Gilching, Germany, and together with its consolidated subsidiaries is referred to herein as the "Company" or "Group". The objective of the Company is the development, manufacture, sale, and operation of laser communication network equipment, software, systems, and solutions, particularly for aerospace applications and related products. The Company engages primarily in the manufacturing and sale of products and projects, and in the provision of services related to laser technology, particularly for applications in aerospace, and satellite services.

2. BASIS OF ACCOUNTING

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as endorsed by the European Union ("IFRS-EU") taking into account the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the supplementary requirements of § 315e of the German Commercial Code (HGB). These consolidated financial statements have been authorized for issue by the Company's supervisory board on May 25, 2022.

The consolidated financial statements are presented in euro (€). All amounts are stated in thousands of euros (€ thousand) unless otherwise stated. Rounding differences may result in differences in amounts and percentages.

The consolidated statement of profit and loss was prepared using the nature of expense method.

In accordance with IAS 1 (Presentation of Financial Statements), a distinction is made in the statement of financial position between non-current and current assets and liabilities. Assets, provisions, and liabilities are classified as current if they are realizable or due within a period of one year.

The consolidated financial statements were prepared on a going concern basis; however, management has identified material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

For the year ended December 31, 2021, the Company recognized a net loss of €45.5 million. The Company's net current assets as of 31 December 2021 were €48.3 million. As of May 24, 2022, the Company has €34,2 million in available liquidity primarily consisting of cash and cash equivalents.

Management has planned for significant increases in revenue and cash-inflows by customer in fiscal 2022 and 2023 as it ramps up its commercial production of CONDOR and HAWK terminals. While a portion of the revenue planned for fiscal 2022 is subject to firm contractual commitments, significant amounts are not contractually committed or are based on management's expectations regarding the outcome of major public project tenders or negotiations with potential or existing customers. Management is actively pursuing multiple commercial opportunities to sell its CONDOR and HAWK terminals to a strongly expanding customer base. Additionally, the Company is planning to continue its strong growth with additional investments in property, plant and equipment and development and refinement of its products which will lead to further financing needs for the company. Based on the Company's liquidity position as at the date of authorization of these consolidated financial statements, management estimates that it will need additional financing to meet its financial obligations in the first quarter 2023. Management is currently in discussion with potential strategic investors as well as various providers of debt capital which are in varying stages. However, none of these have yet been firmly committed to as of the date of these financial statements. There can be no assurance that financing in the amounts needed to meet its current operational planning can be obtained in the first quarter 2023. If the Group is unable to obtain financing or take other actions in response to these circumstances within that time, such as significantly curtailing its current operational budget in 2022 and 2023, it may be unable to continue as a going concern. While management believes it will be successful in obtaining additional financing in a timely manner to fund its operational and financial obligations, the factors described above represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

3. IMPACTS TO THE CONSOLIDATED FINANCIAL STATEMENTS DUE TO COVID-19 PANDEMIC

The effects of the coronavirus pandemic on economic development in individual countries, and ultimately on Mynaric AG and its subsidiaries, will depend to a large extent on the further spread of the virus and on the speed and effectiveness of measures being taken to contain it.

We depend on third-party suppliers to provide us with components for our products, and any interruptions in supplies provided by these third-party suppliers, including due to the COVID-19 pandemic, may subject us to external procurement risks that negatively affect our business.

Any disruptions to our supply chain, significant increase in component costs, or shortages of critical components, could adversely affect our business and result in increased costs. Such a disruption could occur as a result of any slowdown at our supplier's plants or shipping delays due to efforts to limit the spread of COVID-19 or implementation of post-COVID-19 policies or practices. Further, the impact of the ongoing COVID-19 situation and broader inflationary environment has had, and may continue to have, adverse impacts on our supply chain, which could put pressure on our unit costs in the future and increased upfront payments to our suppliers and earlier phasing of those payments may put pressure on our non-recurring costs in future periods.

Further, the currently prevalent global supply chain disruptions have had, and may continue to have, adverse impacts on our supply chain, particularly for our HAWK product, that result in lower production volumes for the current HAWK product version and earlier introduction of the subsequent product version than initially planned. The broader inflationary environment could put pressure on our unit costs in the future. In addition, any future updates or modifications to the anticipated design of our products may increase the number of parts and components we would be required to source and increase the complexity of our supply chain management. Failure to effectively manage the supply of parts and components could materially and adversely affect our results of operations, financial condition and prospects.

4. BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

4.1. Basis of Consolidation

The consolidated financial statements include the financial statements of Mynaric AG and its subsidiaries as of and for years ended December 31, 2021 and were prepared using accounting policies applied consistently. Subsidiaries are the entities directly or indirectly controlled by Mynaric AG. An entity is controlled when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Any intragroup balances, income and expenses, unrealized gains and losses, and dividends from intragroup transactions are eliminated.

Set out below is the list of consolidated subsidiaries:

Company namew	Shareholding in %	Consolidation
Mynaric Lasercom GmbH, Gilching	100.0	fully consolidated
Mynaric Systems GmbH, Gilching1	100.0	fully consolidated
Mynaric USA, Inc., Los Angeles	100.0	fully consolidated

1 Mynaric Systems GmbH was founded on March 15, 2019.

Joint operations

Mynaric Lasercom GmbH has made a joint offer with two other external companies to the European Union to prepare a study in the field of space-based connectivity. The joint offer was successful, and the companies have been granted with the preparation of this study. It will be jointly carried out with two other companies by a co-led consortium named UN:IO in the first half of 2022. Mynaric expects future business opportunities from a successful preparation of the study and further pursuit of the topic.

4.2. Accounting Policies

a) Transactions in Foreign Currency and Translation into Foreign Currency

The consolidated financial statements are prepared in euro, the functional currency of the Mynaric AG. The functional currency of each entity is determined by the primary economic environment in which these entities independently operate with respect to financial, economic and organizational considerations, and in which they predominantly generate and expend cash. The functional currency of each subsidiary corresponds to its respective local currency. Foreign currency transactions are remeasured into the respective functional currency of the respective entity at the exchange rates at the date such transactions occur.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Any resulting exchange rate differences are recorded in profit or loss. Non-monetary assets and liabilities in foreign currency are carried at historical exchange rates. To determine the exchange rate applied for initial recognition of the associated asset, expense or income when derecognizing a non-monetary asset or liability arising from prepaid considerations, the date of the transaction is the date of initial recognition of the non-monetary asset or liability.

The assets and liabilities of entities with a functional currency other than the Euro, are translated into Euro at the exchange rates at the reporting date. The income and expenses of such companies are translated into Euro at the average exchange rates of the reporting period. Currency translation differences are recognized in other comprehensive income and presented as a reserve for exchange rate differences in equity.

b) Revenue Recognition

In accordance with IFRS 15 (Revenue from Contracts with Customers), revenue is recognized when control over distinct goods or services are transferred to a customer, i.e. when the customer has the ability to direct the use of, and obtains substantially all of the remaining benefits from, the transferred goods or services. A prerequisite for this is that a contract exists with enforceable rights and obligations and that, among other things, it is probable that the entity will collect the consideration, taking into account the customer's credit standing.

Revenue is generally recognized with a customer at the level of the individual contract unless the prerequisites for combining contracts are met. The rules set out in IFRS 15 are applied consistently to similarly structured contracts and under similar circumstances. The Group generated revenue exclusively from the sale of goods and services.

If a contract involves multiple distinct goods or services, the transaction price is allocated across the performance obligations on the basis of the relative stand-alone selling prices. If stand-alone selling prices are not directly observable, they are estimated using the amounts that depicts the amount of consideration to which the Company expects to be entitled in the exchange for the goods or services promised to the customer. For each performance obligation, revenue is recognized either at a point in time or over time.

Revenue recognition over time is required if the customer simultaneously receives and consumes the benefits provided by the Company's performance, the Company creates or enhances an asset that is controlled by the customer, or the Company creates an asset without an alternative use to the Company and simultaneously has an enforceable right to payment for performance completed.

The Company generates revenue from:

- the sale of laser communication terminals
- the provision of services (training- support and other services)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligation including significant payment terms	Revenue recognition policies
Sale of products	Customers obtain control of the laser terminals when the goods are delivered. Invoices are generated at that point in time. Invoices are usually payable within 30 days.	Revenue is recognized when the goods are delivered and have been accepted by customers at their premises. Advances received are included in contract liabilities.
Training-, support and other services	The Company provided training-, support- and other services to its customers. The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. Invoices for these services are either issued based on the agreed milestone payment plan of the respective contract or after the completion of the services. Invoices are usually payable within 30 days.	Revenue is recognized over time based on the cost-to-cost method, unless they are not relevant for satisfaction of performance obligation. Advances received are included in contract liabilities.

c) Research Expenses and Non-capitalized Research and Development Expenses

Research costs are expensed in period in which they have been incurred. Unless they must be capitalized in accordance with IAS 38, development expenses are recognized in profit or loss when incurred.

d) Government Grants

The Company has received various government grants related to innovation projects encouraged by governmental authorities which generally reimburse a specified amount or proportion of the costs related to such projects. As these grants are not received in the course of the normal trading transactions but is an assistance by government in return for past or future compliance with certain conditions relating to the activity of the company, they are treated as government grants in accordance with IAS 20. Government grants related to assets are recognized on the date on which the conditions for receipt of the grant are met and are deducted from the carrying amount of the asset.

Government grants related to costs incurred by the Group are recognized in profit or loss as other operating income on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable.

e) Financial Result

The financial result includes the net income/expense from other financial expenses arising from liabilities, interest income from receivables, and the result from remeasurement of foreign currency transactions in their respective functional currencies. Interest income and interest expenses are recognized in profit or loss, using the effective interest method.

Borrowing costs are expensed directly when incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and therefore form part of the cost of that asset.

f) Intangible Assets

Intangible assets are measured at cost upon initial recognition. In subsequent periods, intangible assets are recognized at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis. The estimated (remaining) useful lives as well as the amortization method are subject to annual reviews. If necessary, the remaining useful lives are adjusted prospectively when assumptions change. Such adjustments due to changes of the expected useful life or of the amortization method are accounted for as changes in accounting estimates. Intangible assets with indefinite useful lives or intangible assets not yet available for use are not amortized; however, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired on the basis of the individual asset or on the level of the related cash-generating unit.

Intangible assets include purchased software and licenses as well as capitalized development expenses. Purchased software and licenses are amortized on a straight-line basis over their expected useful life of three to eight years.

In accordance with IAS 38 (Intangible Assets), expenses incurred during the research and development phase must be accounted for separately. Research is defined as original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is defined as the technical and commercial implementation of research findings.

In accordance with IAS 38, development costs must be capitalized if the criteria set out in IAS 38.57 are fulfilled, while research costs must be expensed in the period in which they are incurred. The Company starts to capitalize costs when management board approval is obtained. The approval is only provided when it is ensured that adequate technical, financial and other resources are available to complete the project and that the Company intends to complete and use the intangible asset. Furthermore, prior to approval, the development project leader provides the management board with an overview of the future economic benefits based on external market studies and internal analysis, as well as the documentation of technical feasibility. The Company has an R&D controlling system in place which enables management to determine expenditures attributable to specific technologies during their development.

The Company capitalizes costs for the development of a technology until the time that development of such technology is completed. The capitalized development costs are amortized on a straight-line basis over the future economic useful life of 15 years based on the expected useful life of such technology. The useful life is determined on the basis of the length of the expected marketability of the products, customer requirements regarding the ability to deliver the corresponding products, which in the current contracts is up to 12 years, and the relatively high market entry barriers for competitors In addition, parts of satellite constellations that will be put into orbit over the next few years will have to be replaced, for which the same technology will still be used. The amortization starting upon completion of the development project (technology). The Company defines such point in time as the time of final development of a technology, followed by delivery of products based on such final technology to customers. Expenses from amortization of development projects that are capitalized as intangible assets are reported in the statement of profit or loss under depreciation and amortization.

g) Property, Plant and Equipment

Property, plant, and equipment are recognized at cost, (which includes capitalized borrowing costs), less any accumulated depreciation and impairment losses, if any. Depreciation is recognized on a straight-line basis. The depreciation period is based on the expected useful life of each respective asset. The underlying useful life is three years for computer hardware, and ranges between three and 14 years for machinery, furniture, fixtures, and office equipment, as well as leasehold improvements.

The useful lives, residual values, and depreciation methods for property, plant, and equipment are reviewed periodically and adjusted if necessary, to ensure that the depreciation method and depreciation period reflect the expected economic benefit of the assets.

h) Impairment of Non-current Non-financial Assets

As of each reporting date, management reviews whether any indication exists that non-financial assets may be subject to impairment losses or reversals of impairment losses. If such indications exist, management estimates the recoverable amount of the non-financial asset. The recoverable amount is determined for each individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets (cash-generating units).

Intangible assets not yet available for use are tested for impairment at least once per year.

If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, an impairment loss is recognized in the amount of the difference. The recoverable amount is the higher of fair value less costs of disposal (FVLCOD) and value in use.

The FVLCOD and the value in use is based on the estimated future cash flows of the cash-generating unit, discounted to their present value using a risk-adjusted pre-tax interest rate. The future cash flows are determined based on the long-term planning approved by the management as applicable as of the date when the impairment test is conducted.

As of each reporting date, the Company reviews whether an impairment loss recognized in previous periods no longer exists or may have decreased. In these cases, the Company recognizes a partial or full reversal of the impairment loss, with the carrying amount being increased to the recoverable amount. The increased carrying amount, however, may not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

i) Inventories

Inventories are recognized at the lower of cost or net realizable value. The cost (including costs of purchase and manufacturing costs) is determined based on the moving average price of the item.

Apart from directly attributable unit costs, production costs include appropriate portions of production overheads based on normal operating capacity. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Write-downs to the lower net realizable values primarily take into account inventory risks resulting from turnover period and reduced recoverability. Write-downs are reversed if the reasons that resulted in the impairment of inventories no longer exist.

j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. This includes both primary financial instruments (such as trade receivables and payables as well as other receivables and payables) and derivative financial instruments such as foreign exchange contracts.

j) (i) Other Financial Assets

The Company classifies its financial assets into the following measurement categories, based on the relevant business model:

- those that are measured subsequently at fair value (either through other comprehensive income - FVOCI - or through profit or loss - FVPL -); and
- those that are measured at amortized cost (AmC).

Currently, no financial assets are classified as either FVOCI or FVPL. The classification is made on initial recognition and the financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets held to collect contractual cash flows and whose contractual cash flows solely represent payment of principal and interest are measured at amortized cost. Interest income from these financial assets is reported under financial income applying the effective interest method. Gains or losses from derecognition are directly recorded in the consolidated statement of comprehensive income and, together with foreign exchange gains and losses, recorded under the result from foreign currency translation. Trade receivables, cash, and other financial assets are classified as measured at amortized costs.

Impairment of Financial Assets

The Company holds the following instruments as financial assets that are subject to the credit loss model in accordance with IFRS 9:

- Trade receivables
- Other financial assets
- Cash and cash equivalents

The Company also recognizes loss allowances for expected credit losses (“ECL”) on lease receivables, which are disclosed as part of trade and other receivables

The general impairment methodology follows a three-stage approach based on the change in credit quality of financial assets since initial recognition (general approach). At initial recognition, debt instruments are assumed to have a low credit risk, for which a loss allowance for 12-months ECL is recognized (Stage 1). When there has been a significant increase in credit risk, the loss allowance is measured using lifetime ECL (Stage 2). A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. If there is objective evidence of impairment (Stage 3), the Company also accounts for lifetime ECL and recognizes an impairment. Mynaric considers that there is objective evidence of impairment if any of the following indicators are present: significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization or default or delinquency in payments.

The Company applies this general approach for cash and cash equivalents as well as other assets. These assets are considered to have a low credit risk when the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents are only placed at banks with credit ratings of investment grade or higher. Rental deposits are trust assets that, in case of a default of the counterparty, are separated from insolvency estate and are paid back primarily. Considering that, the impairment for these assets is not material.

For trade and other receivables, Mynaric applies the simplified approach under which lifetime ECL is recognized without monitoring the change in customers' credit risk.

Impairment losses, including reversals of impairment losses or impairment gains, are presented as other income, net in the consolidated statement of profit and comprehensive income.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

j) (ii) Financial Liabilities

Financial liabilities are measured at fair value upon initial recognition, less any directly attributable transaction costs in the case of loans and liabilities.

The Company's financial liabilities comprise trade and other payables as well as liabilities to banks, including overdraft credits.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise financial liabilities held for trading as well as other financial liabilities classified upon initial recognition as measured at fair value through profit or loss.

A financial liability is classified as held for trading if it is acquired for the purpose of repurchasing it in the near term.

This category also comprises any concluded derivative financial instruments that are not designated as hedging instruments as part of hedging relationships in accordance with IFRS 9. Embedded derivatives that are separated from the host contract are also classified as held for trading, with the exception of derivatives that have been designated as hedging instruments and are determined to be effective as such.

Gains or losses on financial liabilities held for trading are recognized in profit or loss.

The classification of financial liabilities as measured at fair value through profit or loss is made upon initial recognition if the criteria pursuant to IFRS 9 are met. The Company does not have any financial liabilities that are measured at fair value through profit or loss.

Financial liabilities measured at amortized cost ("FLAC")

This category comprises trade payables, other liabilities, and loans taken out. Subsequent to initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and otherwise through the amortization process based on the effective interest method.

Financial liabilities are derecognized when the contractual obligations are discharged, canceled, or expire. Financial liabilities are classified as non-current liabilities unless settlement of the financial liabilities is due within 12 months after the end of the reporting period, in which case they are classified as current.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

k) Taxes

Income taxes are comprised of current and deferred taxes. Current and deferred taxes are recognized in profit or loss to the extent that they do not directly relate to items recorded in equity or other comprehensive income.

Current taxes

The expected tax liabilities or tax assets arising as a result of the respective local taxable profit generated in the year under review, taking into account local tax rules for the period, are recognized as current taxes. The tax rates applicable as of the reporting date are used for measurement. All necessary adjustments to tax liabilities or tax assets from prior periods are also considered.

Deferred taxes

In accordance with IAS 12, temporary differences between the tax base of assets and liabilities on the one hand and their carrying amount under IFRS, on the other hand, result in the recognition of deferred taxes. Deferred tax assets on deductible temporary differences are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The same applies to deferred tax assets on tax loss carryforwards. No deferred taxes have been recorded for temporary differences associated with investments in subsidiaries as the Group can determine the timing of the reversal of such temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred income taxes for 2021 were determined using varying specific tax rates. The Company applies a tax rate of 27.725% to calculate deferred taxes for Mynaric AG and its German subsidiaries. This combined income tax rate comprises 15% corporation tax plus 5.5% solidarity surcharge thereon as well as 11.9% trade tax. An income tax rate of 29.84% is used to calculate deferred taxes for the US subsidiary. This comprises the federal tax rate of 21% as well as the California state tax rate of 8.84%.

Deferred tax assets and liabilities are offset if the deferred taxes refer to income taxes levied by the same taxation authority and if the current taxes are offset against each other.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss, except for changes recognized in other comprehensive income or directly in equity.

l) Share issue costs

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from the capital reserve.

m) Share-based Payments

The grant-date fair value of equity-settled share-based compensation arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

n) Provisions

Provisions are recognized when either a legal or constructive obligation to a third party as a result of a past event exists as of the reporting date, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount of this obligation can be made. If the Company expects at least a partial reimbursement for a recognized provision (e.g., in the case of an insurance policy), the reimbursement is recognized as a separate asset when such reimbursement is virtually certain. The expense arising from the recognition of the provision is presented in the statement of profit or loss net of reimbursement. If the obligations fall due after more than one year and payment can be reliably estimated in terms of both amount and timing, the non-current portion of the obligation is measured at the respective present value in case the corresponding time value of money is material. The present value to be recognized is determined based on market interest rates that reflect the risk and the time period until the obligation is settled.

For long-term provisions with an interest portion the increase in the amount of a provision reflecting the time value of money is recognized as interest expense in the financial result.

Provisions are reviewed as of each reporting date and adjusted to the current best estimate.

o) Provisions for Onerous Contracts

Present obligations arising in connection with onerous contracts are recognized as provisions. The existence of an onerous contract is presumed when the Group is party to a contract that is expected to be settled by incur-ring costs that exceed the economic benefits available under the contract.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the full cost necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

p) Leases

At contract inception, the Company assesses whether the contract is or contains a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

r) i) The Company as lessee

The Company presents all leases on the face of its balance sheet, with the exception of short-term leases and leases for low-value assets. It recognizes liabilities for lease payments to be made and right-of-use assets for the right to use the underlying asset.

Right-of-use assets

The Company recognizes right-of-use assets as of the commencement date (i.e. the date on which the underlying leased asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets correspond to the associated lease liabilities, plus any restoration costs, less any initial direct costs as well as the lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and expected useful life of the leased asset, as follows:

- Real estate – three to 10 years
- Other leases – two to three years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the exercise of a purchase option is taken into account in the determination of the cost, depreciation is determined based on the expected useful life of the leased asset. In addition, right-of-use assets are tested for impairment.

Lease liabilities

On the commencement date, the Company recognizes the lease liability at the present value of the lease payments to be made over the lease term. The lease payments comprise fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable by the lessee under residual value guarantees. Lease payments also include the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, as well as payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Variable lease payments that do not depend on an index or rate are expensed in the period in which the event or condition triggering such payment occurs. The Company determines the lease term based on the non-cancelable period of a lease and any periods covered by an option to extend the lease if the lessee is reasonably certain to exercise such option.

The Company uses the interest rate implicit in the lease, if known to the Company, for the calculation of the present value of the lease payments. In the case of leases for which this interest rate is unknown, the Company applies its incremental borrowing rate as of the commencement date. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. After the commencement date, the lease payment is split into a principal and interest portion with the liability being reduced for the principal portion and the interest is recorded in the consolidated statement of profit and loss and other comprehensive income. In addition, the carrying amount of the lease liabilities is remeasured to reflect any modifications to the lease, changes in the lease term, changes in the lease payments (e.g. changes of future lease payments following a change in the index or rate used to determine these payments), or changes in the assessment of an option to purchase the underlying asset.

Short-term leases and leases for low-value assets

The Company applies the practical expedient for its short-term leases for real estate and other operating equipment (i.e. leases with a term of not more than 12 months from the commencement date and that do not include a purchase option). With respect to leases for office equipment deemed as being of low value, the Company also applies the exemption provided for leases for low-value assets. Lease payments for short-term leases and for leases for low-value assets are recognized as an expense on a straight-line basis over the lease term.

r) ii) The Company as a lessor

At inception or on modification of a contract with customer that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company recognizes payments received related to lease under operating leases as income on a straight-line basis over the lease term as part of other operating income.

4.3. Changes in accounting policies

a) Newly issued financial reporting standards and interpretations

The International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IC) amended the following standards and interpretations that must be applied for the fiscal year 2021 from January 1, 2021 – with the exception of the practical expedients set out in IFRS 16, which can be applied after June 30, 2021:

- Amendments to IFRS 9 and IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases, Reference Rate Reform (Phase 2).

  The amendments relate to the modification of financial assets and liabilities as well as liabilities, hedge accounting and disclosure requirements in accordance with IFRS 7, which accompany the effects of the IBOR reform.
- Amendments to IFRS 4, Insurance Contracts, Extension of the Temporary Exemption from the application of IFRS 9.
- Amendments to IFRS 16, Leases, Coronavirus Pandemic-Related Leases after June 30, 2021

  The amendment extended the application period of the lessee relief provision to account for lease concessions related to the COVID19 pandemic. Lessees may to assess whether a rental concession granted to them in the course of the COVID19 pandemic on or before June 30, 2022 constitutes a lease modification. Accordingly, any lease concessions in the scope of this amendment do not need to be reflected as a lease modification.

The Group has adopted all the foregoing amendments in 2021, none of which had a significant impact on the consolidated financial statements.

b) Newly issued financial reporting rules that have not yet been applied

The IASB has issued standards, interpretations, and amendments to existing standards whose application is not yet required, or which must be applied only in subsequent reporting periods, respectively, and which have not been applied early by the Company.

	Date of application
Amendments to IFRS 3, IAS 16 and IAS 37, IFRS 1, IFRS 9, IAS 41 an IFRS 16	Jan. 1, 2022
Amendments to IAS 8, Definition of accounting estimates	Jan. 1, 2023
Amendments to IAS 1 and IFRS- Guidance Doc. 2, Disclosure of accounting policies	Jan. 1, 2023
Amendments to IAS 1, Classification of liabilities as current or non-current	Jan. 1, 2023
Amendments to IAS 12, Deferred Tax related to assets and liabilities	Jan. 1, 2023
Insurance Contracts IFRS 17, Initial Applications of IFRS 17 and IFRS 9	Jan. 1, 2023
Amendments to IFRS 10 and IAS 28, Sale of assets between an investor and others	n/a

The Company is currently analyzing the effects of the new or revised financial reporting standards listed above but does not expect any material effects resulting from application of the revised standards to the Company.

5. MATERIAL JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the Management Board to make judgments and estimates that affect the application of accounting policies and the amounts reported for assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed. Revisions of estimates are accounted for on a prospective basis.

a) Management Judgments

Information on management judgments made in the application of accounting policies that most significantly affect the amounts recognized in the financial statements are set out in the following disclosures:

Leases

The Company determines the lease term based on the non-cancelable period, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Company has entered into several leases that include extension and makes judgments when assessing whether it is reasonably certain that the option to extend or terminate the lease will or will not be exercised. All relevant factors representing an economic incentive to exercise the extension or termination option are taken into consideration. After the commencement date, the Company reassesses the lease term if a significant event or a change of circumstances occurs. The extension option was not taken into account in the term of rental contracts for buildings. This assumption is based on current expectations of management, as extensions are currently not planned.

Please refer to Note 20. Right-of-use Assets for details on the potential future lease payments for periods after the exercise date of the extension and termination options that are not taken into consideration in the lease term.

Impairment of intangible assets and other non-financial assets

The measurement of intangible assets is based on long-term corporate planning using expected revenues, costs, expenditures as well as market- and company-specific discount rates and expected growth rates and exchange rates (please refer to the Note 18. for more information). The management expectations related to projected revenues for Hawk and Space technologies may be subject to changes, which in turn may result in impairment losses required to be recorded for these assets.

Litigation risks and governmental proceedings

Legal proceedings and government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises material judgment in determining the litigation risks, based on the assessment from internal and external lawyers.

In 2020 the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") initiated an investigation against the Company on the grounds of the alleged omission of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para. 1 of the European Market Abuse Regulation ("MAR"). Should an administrative offence be found, the amount of any fine would depend on BaFin's determination of the severity of the offence. Our best estimate is that a minimum fine of at least €225,000 will be imposed. The maximum possible amount of such fine is the highest of (i) €2.5 million, (ii) 2% of our total revenue in the financial year preceding the year in which BaFin imposes a fine, and (iii) three times the amount of any commercial advantage we may have had as a result of the alleged omission of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para.

b) Estimates and Assumptions

Information about assumptions and estimation uncertainty as of December 31, 2021 that might result in a significant risk that a material adjustment to the carrying amounts of the reported assets and liabilities is required, is set out in the following disclosures:

Recognition of deferred tax assets

The calculation of deferred taxes is based on the tax rates of the individual countries applicable as of the date when the assets are realized, or the liability is settled (using tax rates enacted or announced as of the reporting date) as well as on the assessment of the future taxable income of the Company companies. Any potential change in taxable income that differs from estimates may result in deferred tax assets not being recoverable.

Determining the amount of deferred tax assets is subject to estimation uncertainties as regards the availability of future taxable profit against which deductible temporary differences and the tax loss carryforwards may be utilized, which may also result from or be related to future tax planning strategies.

Uncertain tax positions

In cases for which it is probable that amounts declared as expenses in the tax returns might not be recognized (uncertain tax positions), a liability for income taxes is recognized. The amount is based on management´s best estimate of the expected tax payment (expected value or most likely amount). Tax refund claims from uncertain tax positions are recognized when it is probable that they can be realized. In the case of tax loss, no liability for taxes or tax claim is recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax loss carryforwards or tax credits are to be adjusted.

Inventories

Write-downs of inventories are measured based on the inventory days on hand and on the estimated net disposal proceeds (expected proceeds less estimated costs incurred until completion and the estimated selling expenses necessary to make the sale). Future utilizations, actual proceeds, and costs still to be incurred may deviate from anticipated amounts.

Share-based payment

The determination of the fair value of share-based payments considers the estimated volatility. The future development is dependent on factual fluctuations of personnel, which might vary from the expected ones used to estimate the amounts. Please refer to Note 9. a) Share-based payments for more information.

6. SEGMENT REPORTING AND INFORMATION ON GEOGRAPHICAL AREAS

In accordance with IFRS 8 (Operating Segments), the segments are created based on the management approach. Accordingly, segments must be classified and disclosures for these segments must be made based on the criteria used internally by the chief operating decision maker (CODM) for the allocation of resources and the evaluation of performance by the components of the entity. At Mynaric AG, the CODM is the Management Board collectively which allocates resources and evaluates segment performance based on the Management Board reports submitted to it. The segment reporting below was prepared in accordance with this definition. The CODM uses Operating profit/loss as the primary profitability measure to evaluate performance of the Company's operating segments.

The Air segment includes the Company's HAWK AIR terminals. The Space segment includes the Company's CONDOR terminals.

		Fiscal year 2021		
in € thousand	Air	Space	Not allocated	Consolidated
Revenue	0	2,355	0	2,355
Operating profit/loss	**-10,793**	**-30,082**	**-1,489** [1]	**-42,364**
Interest and similar expenses				-2,148
Net foreign exchange gain / (loss)				826
Net Finance costs				-1,322
Profit/loss before taxes				**-43,686**
Income tax expense				**-1,791**
Consolidated net profit/loss				**-45,477**

		Fiscal year 2020		
in € thousand	Air	Space	Not allocated	Consolidated
Revenue	589	90	0	679
Operating profit/loss	**-6,356**	**-12,196**	**-1,577** [2]	**-20,129**
Interest and similar income				18
Net foreign exchange gain / (loss)				-531
Net Finance costs				**-513**
Profit/loss before taxes				**-20,642**
Consolidated net profit/loss				**-20,642**

An amount of €2,132 thousand (Segment Space) (2020: €467 thousand (Segment Air)), corresponding to a share of 91% (2020: 69%) of total revenue, was attributable to one customer. For the fiscal year 2021 material expenses related to the write offs of inventories have been recognized for the Segment Space in the amount of €2,501 thousand (2020: €0 thousand). For the fiscal year 2021 material expenses related to the write offs of inventories have been recognized for the Segment Air in the amount of €0 thousand (2020: €120 thousand).

With respect to the information on geographical regions, revenue is allocated to the countries based on the country of destination of the respective customer; non-current assets are allocated to the location of the respective asset.

1 Including costs for audit of the financial statements as well as Supervisory Board remuneration and PO-related costs which are not directly incremental.

2 Including write-downs referred to the inventories for the GS-200 ground-terminal and the GS-400 ground-terminal, costs for preparation of the financial statements and for audit of the financial statements as well as Supervisory Board remuneration.

Revenue can be broken down by country as follows:

	For the years ended	
€ thousand	December 31, 2021	December 31, 2020
USA	2,355	467
Canada	0	122
Belgium	0	90
Total	**2,355**	**679**

Non-current assets can be broken down by country as follows:

€ thousand	December 31, 2021	December 31, 2020[3]
Germany		
Intangible assets	19,969	17,884
Property, plant, and equipment	14,490	9,849
Right-of-use assets	6,053	6,886
Germany, total	40,512	34,619
USA		
Property, plant, and equipment	2,278	226
Right-of-use assets	2,774	1,056
USA, total	5,112	1,282
Total	**45,504**	**35,901**

7. REVENUE

Revenues from contracts with customers refer to the delivery of goods or the provision of services. They are recognized both at a point in time and also, partially, over time. The deliveries comprise the sales of HAWK AIR and CONDOR terminals. Services mainly consist of the provision of development and training services relating to the laser terminals manufactured by the Company.

Revenue is broken down as follows:

Revenues	For the years ended	
€ thousand	December 31, 2021	December 31, 2020
Products	554	559
Services	1,801	120
Total	**2,355**	**679**

Revenue recognized from contract liabilities which existed as of December 31, 2020 amounts to €933 thousand in fiscal 2021. (2020: €0 thousand).

The Company makes use of the exemption according to IFRS 15.122 regarding the disclosure of the expected revenues for outstanding performance obligations as of December 31, 2021, as all revenues will take place within one year.

3 The information is restated to correct the errors. See Notes 34.

8. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

The increase in inventories of finished goods and work in progress primarily results from the Space terminals, and Air terminals currently in the production phase. Changes in inventories are as follows:

Changes in Inventories of Finished Goods and Work in Progress	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[4]
Increase in inventories of work in progress	414	757
Increase in inventories of finished goods	616	0
Write-downs	-462	-1,254
Total changes in inventories	**568**	**-497**

The write-downs presented refer to Condor Mark I and Condor Mark II terminals that were written down to their recoverable amount.

9. OWN WORK CAPITALIZED

Own work capitalized consists of costs that are used to construct property, plant and equipment or develop intangible assets.

The following table shows the breakdown of own work capitalized:

Own Work Capitalized	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[5]
Development costs	2,845	8,248
Property, plant and equipment	1,770	1,127
Total	**4,615**	**9,375**

10. OTHER OPERATING INCOME

The following table shows the breakdown of the other operating income:

Other operating income	For the years ended	
€ thousand	December 31, 2021	December 31, 2020
Income from grants	279	294
Income from the reversal of liabilities	90	244
Miscellaneous operating income	66	0
Total	**435**	**538**

4 The information is restated to correct the errors. See Notes 34.

5 The information is restated to correct the errors. See Notes 34.

11. COST OF MATERIALS

The following table shows the breakdown of the cost of materials:

Cost of materials	For the years ended	
€ thousand	December 31, 2021	December 31, 2020
Raw materials and consumables used	7,736	4,715
Costs for services purchased	2,888	1,506
Total	**10,624**	**6,221**

Included in the cost of materials are write downs for the year ended December 31, 2021 in the amount of €2,039 thousand (2020: €0 thousand).

The write-downs refer to materials relevant for production of Condor Mark I and Condor Mark II. The corresponding raw materials were written down to their recoverable amount.

12. PERSONNEL EXPENSES

The following table shows the breakdown of the personnel expenses:

Personnel costs	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[6]
Wages and salaries	18,185	13,567
Share based payments	1,942	1,125
Social security contributions, pensions, and other employee benefits	3,238	2,124
Total	**23,365**	**16,816**

Under defined contribution pension plans, the Company paid contributions to governmental pension schemes for the year ended December 31, 2021 in the amount of €1,301 thousand (2020: €872 thousand).

a) Share-based payments under Stock Option Plans

2017 Stock Option Plan

In fiscal year 2018, Mynaric AG granted stock options (hereinafter "options") to selected employees under the 2017 Stock Option Plan. A stock option entitles the holder to the right to purchase Company shares at the relevant exercise price. The vesting period for the exercise of the options is four years, starting on the grant date of such options. The options may be exercised within a period of two years after the expiration of the vesting period provided that the performance targets have been achieved. The performance targets are linked to the absolute price performance of the Company shares during the vesting period. One third of the granted stock options can be exercised when the volume-weighted six-month average price of the Company shares in Xetra trading (or a comparable successor system) at the Frankfurt Stock Exchange exceeds the exercise price by 20% or more upon the expiry of the vesting period; another third can be exercised when the share price exceeds the exercise price by 30% or more, and another third when the share price exceeds the exercise price by 50% or more.

2019 Stock Option Plan

In fiscal year 2019, Mynaric granted stock options to selected employees under the 2019 Stock Option Plan. A stock option entitles the holder to the right to purchase Company shares at the relevant exercise price. The vesting period for the exercise of the options is four years, starting on the grant date of such options. The options

6 The information is restated to correct the errors. See Notes 34.

may be exercised within a period of three years after the expiration of the vesting period provided that the performance target has been achieved. The performance target is linked to the absolute price performance of the Company shares during the vesting period. The stock options can be exercised only if the volume-weighted six-month average price of the Company shares in Xetra trading (or a comparable successor system) at the Frankfurt Stock Exchange exceeds the exercise price by 20% or more upon the expiry of the vesting period. Under the 2019 Stock Option Plan (Tranche 2019 I), in addition to options granted to new beneficiaries, options were also granted in replacement for waiving any claims from the options granted in 2018 from the 2017 Stock Option Plan. The incremental fair value of the options granted in replacement for waiving any claims from the 2017 option plan amounts to EUR 5.93 per option and was determined using a Monte Carlo simulation.

2020 Stock Option Plan

In fiscal year 2020, Mynaric granted stock options to selected employees under the 2020 Stock Option Plan. A stock option entitles the holder to the right to purchase Company shares at the relevant exercise price. The vesting period for the exercise of the options is four years, starting on the grant date of such options. The options may be exercised within a period of three years after the expiration of the vesting period provided that the performance target has been achieved. The performance target is linked to the absolute price performance of the Company shares during the vesting period. The stock options can be exercised only if the volume-weighted six-month average price of the Company shares in Xetra trading (or a comparable successor system) at the Frankfurt Stock Exchange exceeds the exercise price by 20% or more upon the expiry of the lock-up period.

Granting of stock options to Mr. Altan

In fiscal year 2019, a shareholder of Mynaric AG granted Mr. Altan, the Chief Executive Officer and a member of the management board of Mynaric AG, the right to acquire 56,700 shares of the Company from such shareholder at a price of €25.00 per share. The exercise of Mr. Altan's option right was subject to a number of conditions, including Mr. Altan's continued employment until December 31, 2019 with Mynaric AG and the successful exercise of option rights pursuant to separate option agreement under which the granting shareholder was an optionholder. All conditions under the option agreement with Mr. Altan were fulfilled in December 2020. Please refer to Note 31 a) Related party transactions for more information.

2021 Stock Option Plan

In fiscal year 2021, Mynaric granted stock options to selected employees under the 2021 Stock Option Plan. A stock option entitles the holder to the right to purchase Company shares at the relevant exercise price. The vesting period for the exercise of the options is four years, starting on the grant date of such options. The options may be exercised within a period of three years after the expiration of the vesting period provided that the performance target has been achieved. The performance target is linked to the absolute price performance of the Company shares during the vesting period. The stock options can be exercised only if the volume-weighted six-month average price of the Company shares in Xetra trading (or a comparable successor system) at the Frankfurt Stock Exchange exceeds the exercise price by 20% or more upon the expiry of the vesting period.

The stock option grants under the 2017, 2019 2020, 2021 Stock Option Plans, and the stock options granted to Mr. Altan by selected shareholders are classified and measured as equity-settled share-based payments in accordance with IFRS 2. Accordingly, the fair value is determined only once on the grant date. The determined expense must then be amortized over the vesting period.

The following table provides an overview of the outstanding, granted, forfeited, exercised, and expired options. The stock options granted in replacement for waiving claims from the stock options under the 2017 Stock Option Plan were accounted for in accordance with the IFRS 2 rules applicable for replacement plans.

The options changed as follows in fiscal year 2021:

	Tranche 2019 I	Tranche 2019 II	Tranche 2019 III	Tranche 2019 IV	Tranche 2019 V	Tranche 2019 VI	Tranche 2020 I	Tranche 2019 VII	Tranche 2019 VIII	Tranche 2019 IX	Tranche 2021 I	Tranche Mr. Altan
Options outstanding as of Jan. 1, 2021	107,100	20,000	14,550	53,000	26,600	13,500	14,000	-	-	-	-	56,700
Options granted	-	-	-	-	-	-	-	6,000	14,350	5,000	100,000	-
Options forfeited	13,300	-	2,050	-	-	6,500	-	-	2,000	-	-	-
Options exercised	-	-	-	-	-	-	-	-	-	-	-	-
Options expired	-	-	-	-	-	-	-	-	-	-	-	-
Options outstanding as of Dec. 31, 2021	93,800	20,000	12,500	53,000	26,600	7,000	14,000	6,000	12,350	5,000	100,000	56,700
Options exercisable as of Dec. 31, 2021	-	-	-	-	-	-	-	-	-	-	-	56,700

The options changed as follows in fiscal year 2020:

	Tranche 2018	Tranche 2019 I	Tranche 2019 II	Tranche 2019 III	Tranche 2019 IV	Tranche 2019 V	Tranche 2019 VI	Tranche 2020 I	Tranche Mr. Altan
Options outstanding as of Jan. 1, 2020	2,200	107,400	20,000	-	-	-	-	-	56,700
Options granted	-	-	-	19,850	53,000	26,600	13,500	14,000	-
Options forfeited	2,200	300	-	5,300	-	-	-	-	-
Options exercised	-	-	-	-	-	--	-	-	-
Options expired	-	-	-	-	-	-	-	-	-
Options outstanding as of Dec. 31, 2020	-	107,100	20,000	14,550	53,000	26,600	13,500	14,000	56,700
Options exercisable as of Dec. 31, 2020	-	-	-	-	-	-	-	-	56,700

No options were exercised in fiscal year 2021. The table below shows the contractual terms of the respective tranches outstanding as of December 31, 2021.

Measurement model and inputs

The measurement of the existing stock option plans was based on the Monte Carlo Simulation model or the Binomial model, considering the terms and conditions for the options. The table below shows the inputs used for the model as of December 31, 2021.

	Tranche 2019 I	Tranche 2019 II	Tranche 2019 III	Tranche 2019 IV	Tranche 2019 V	Tranche 2019 VI	Tranche 2020 I	Tranche 2019 VII	Tranche 2019 VIII	Tranche 2019 IX	Tranche 2021 I	Tranche Altan
Exercise price (in €)	42.46	41.03	46.50	47.25	61.27	66.49	61.27	68.97	71.15	70.31	71.15	25.00
Term in years	7	7	7	7	7	7	7	7	7	7	7	1.74
Remaining term in years	4.75	5.00	5.25	5.50	5.75	6.00	5.75	6.25	6.5	6.75	6.5	0.35
Share price as of the valuation date (in €)	38.00	38.50	35.20	51.00	75.46	73.20	75.46	64.20	80.20	64.80	80.20	43.39
Expected dividend yield (in %)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected volatility (in %)	45.91	45.66	48.32	48.45	36.39	36.63	36.39	36.67	36.90	37.56	36.90	51.31
Risk-free interest rate (in %)	-0.74	-0.39	-0.62	-0.60	-0.65	-0.69	-0.65	-0.53	-0.40	-0.40	-0.40	-0.82
Option value (in €)	11.53	12.42	9.43	19.55	26.14	23.25	26.14	14.18	25.17	16.28	25.17	20.40

The table below shows the inputs used for the model as of December 31, 2020.

	Tranche 2019 I	Tranche 2019 II	Tranche 2019 III	Tranche 2019 IV	Tranche 2019 V	Tranche 2019 VI	Tranche 2020 I	Tranche Altan
Exercise price (in €)	42.46	41.03	46.50	47.25	61.27	66.49	61.27	25.00
Term in years	7	7	7	7	7	7	7	1.74
Remaining term in years	5.75	6.00	6.25	6.50	6.75	7.00	6.75	0.35
Share price as of the valuation date (in €)	38.00	38.50	35.20	51.00	75.46	73.20	75.46	43.39
Expected dividend yield (in %)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected volatility (in %)	45.91	45.66	48.32	48.45	36.39	36.63	36.39	51.31
Risk-free interest rate (in %)	-0.74	-0.39	-0.62	-0.60	-0.65	-0.69	-0.65	-0.82
Option value (in €)	11.53	12.42	9.43	19.55	26.14	23.25	26.14	20.40

The term of the options as well as the possibility of early exercise were taken into account in the option model. Early exercise is assumed when the share price exceeds the exercise price by a factor of 1.2. The implied rate of return of German government bonds with matching maturities was used for determining the risk-free interest rate. Expected volatility has been based on an evaluation of the historical volatility for matching maturities of the Company´s peer group. The expected volatility considered is based on the assumption that it is possible to derive future trends from historic volatility, and thus the actual volatility may deviate from the assumptions made.

The total expense for share-based payments recognized in the year ended December 31, 2021 under the Stock Option Plans is €513 thousand (2020: €1,125 thousand)7. The share-based payments recognized in the capital reserve amount to €2,815 thousand as of December 31, 2021 (2020: €2,303 thousand)[8].

7 The information is restated to correct the errors. See Notes 34.

8 The information is restated to correct the errors. See Notes 34.

b) Share-based payments under Restricted Stock Unit Plan (RSUP)

RSUP 2021

In the financial year 2021, subscription rights in the form of restricted stock units (RSUs) were granted to selected employees. An RSU grants an entitlement to a cash settlement or shares in the company, whereby the choice of settlement form lies solely with the company. The value of an RSU corresponds to the value of the volume-weighted six-month average price of the Company shares on the primary stock exchange (XETRA).

The vesting period of the RSUs is four years after the grant date of the subscription rights. The vested entitlement is settled once a year within 40 trading days after publication of the annual financial statements of Mynaric AG.

The grant of RSUs under the RSUP 2021 has been classified and measured as equity-settled share-based payment in accordance with IFRS 2.

The table below provides an overview of outstanding, granted, forfeited, exercised and forfeited RSUs.

The RSUs developed as follows in the financial year 2021:

	Tranche 2021 I	Tranche 2021 II
RSUs outstanding as of Jan. 1, 2021	-	-
RSUs granted	68,631	32,476
RSUs forfeited	858	53
RSUs exercised	-	-
RSUs expired	-	-
RSUs outstanding as of Dec. 31, 2021	67,773	32,423
RSUs exercisable as of Dec. 31, 2021	-	-

Measurement model and inputs

The valuation of the present RSU program was performed using a binomial model taking into account the option terms. The following table shows the input parameters of the model as grant date.

	Tranche 2021 I	Tranche 2021 II
Exercise price (in €)	0.00	0.00
Term in years	4.77	4.52
Remaining term in years	4.27	4.27
Share price as of the valuation date (in €)	80.60	62.90
Expected dividend yield (in %)	0.00	0.00
Expected volatility (in %)	39.83	39.75
Risk-free interest rate (in %)	-0.60	-0.62
RSU-value (in €)	80.60	62.90

The implied yield of German government bonds with equivalent maturities was used to determine the risk-free interest rate. As the stock market history of Mynaric AG is shorter than the remaining term of the RSUs, the volatility was determined as maturity-equivalent historical volatility based on the peer group. The expected volatility taken into account is based on the assumption that future trends can be inferred from historical volatility, so that the volatility that actually occurs may differ from the assumptions made.

The total expense for share-based payments recognized in the year ended December 31, 2021 under the RSU-Program is €1,429 thousand. The share-based payments recognized in the capital reserve amount to €1,429 thousand as of December 31, 2021.

13. DEPRECIATION AND AMORTIZATION

Amortization and depreciation is summarized as follows:

Depreciation, and Amortization	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[9]
Amortization of intangible assets	1,267	215
Depreciation of property, plant, and equipment	1,994	823
Depreciation of right-of-use assets	1,257	805
Total	**4,518**	**1,843**

14. OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

Other Operating Costs	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[10]
Office and IT costs	3,282	790
Legal and consulting fees	2,477	2,378
Selling and travel costs	1,638	451
Other business supplies, equipment and services	1,396	382
Insurance	803	97
Incidental rental costs and maintenance	696	382
Onerous contracts provision	240	0
Other costs	1,298	864
Total	**11,830**	**5,344**

Other personnel costs mainly include recruiting expenses.

9 The information is restated to correct the errors. See Notes 34.
10 The information is restated to correct the errors. See Notes 34.

15. NET FINANCE COSTS

The financial result is calculated as follows:

	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[11]
FINANCIAL INCOME		
Other interest income from loans and receivables	0	18
Total	**0**	**18**
FINANCIAL EXPENSES		
Interest and similar expenses on loans	-2,196	-918
Interest on lease obligations	-185	-137
Borrowing costs capitalized in accordance with IAS 23	233	1,055
Total	**-2,148**	**0**
Net foreign exchange gain (loss)	826	-531
Net finance costs	**-1,322**	**-513**

Borrowing costs capitalized as the cost in accordance with IAS 23 are as follows:

	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[12]
Total finance expenses	2,381	1,055
Thereof capitalized as the cost of		
Development projects	79	1,010
Construction in progress	154	45
Capitalization rate p.a.	22,06%	10,69%

11 The information is restated to correct the errors. See Notes 34.
12 The information is restated to correct the errors. See Notes 34.

16. INCOME TAXES

in € thousand	Jan. 1 - Dec. 31, 2021	Jan. 1 - Dec. 31, 2020
Loss before taxes	-43,686	-20,642
Expected taxes applying the domestic tax rate of 27.725% (previous year: 27.725%)	-12,112	-5,723
Tax effect of foreign tax rates	-85	-35
Tax effect of expenses that are not deductible for tax purposes / tax adjustments	192	98
Tax effect from losses incurred in the current year and deductible temporary differences for which no deferred taxes were recognized	15,344	5,537
Write-down of deferred tax assets	-2.123	0
Other	575	123
Tax expense for the fiscal year	1,791	0

Due to the previous start-up losses, deferred tax assets were recognized, only to the extent of taxable temporary differences. Accordingly, no deferred taxes were recognized for corporation tax loss carryforwards in Germany in the amount of €97,469 thousand (previous year: €45,740 thousand) and for trade tax loss carryforwards in Germany in the amount of €96,320 thousand (previous year: €45,261 thousand). The same applies to foreign tax loss carryforwards in the amount of €6,843 thousand (previous year: €2,469 thousand). Deductible temporary differences were not recognized in the amount of €417 thousand (previous year: €1,940 thousand). The utilization of the tax loss carryforwards and deductible temporary differences is ensured to the extent that sufficient taxable temporary differences will be available after the deduction of amounts corresponding to minimum taxation legislation in Germany for each particular year of usage.

As of Dec. 31, 2021, domestic loss carryforwards totaled €109,662 thousand for corporation tax and €108,514 thousand for trade tax (previous year: €63,332 thousand and €62,853 thousand, respectively). These loss carryforwards do not expire. Foreign tax loss carryforwards in the amount of €648 thousand will expire in 2037 if not used. Foreign tax loss carryforwards in the amount of €6,195 thousand (previous year: €1,821 thousand) do not expire.

Balance of deferred tax assets and liabilities:

	Dec. 31, 2021		Dec. 31, 2020		Jan. 1 - Dec. 31, 2021	Jan. 1 - Dec. 31, 2020
in € thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Changes recognized in profit or loss	
Intangible assets	1	5,419	2	4,934	-486	-2,528
Leases	2	0	0	6	8	7
Property, plant, and equipment	101	0	42	0	59	41
Inventories	79	0	8	0	71	-44
Provisions	110	23	22	17	82	1
Other financial and non-financial liabilities	0	22	6	0	-28	46
Tax loss carryforwards and tax credits	3,380	0	4,877	0	-1,497	2,477
Offsetting	-3,673	-3,673	-4,957	-4,957	0	0
Total	0	1,791	0	0	-1,791	0

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing earnings after taxes attributable to the shares by the number of participating shares. Diluted earnings per share is calculated by taking into account the potential increase in the Group's ordinary shares as the result of granted stock options, restricted stock units and convertible bonds.

Earnings per share were as follows:

	For the years ended	
in € thousand	December 31, 2021	December 31, 2020
Consolidated net profit/loss	-45,477	-20,642
Weighted-average number of ordinary shares, basic and diluted	4,250,135	3,349,403
Basic and diluted earnings per share in €	-10.70	-6.16

As of December 31, 2021, 152,610 options and 4,289 RSU´s (2020: 104,831 options) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

18. INTANGIBLE ASSETS

Cost

in € thousand	Development costs	Software and licenses	Total
Balance as of Jan. 1, 2020[13]	8,695	286	8,981
Additions[14]	9,258	61	9,319
Balance as of Dec. 31, 2020[15]	17,953	347	18,300
Additions	2,924	436	3,360
Disposals	0	-9	-9
Balance as of Dec. 31, 2021	20,877	774	21,651

Amortization

in € thousand	Development costs	Software and licenses	Total
Balance as of Jan. 1, 2020[16]	0	201	201
Amortization for the year[17]	158	57	215
Balance as of Dec. 31, 2020[18]	158	258	416
Amortization for the year	1,174	93	1,267
Disposals	0	-1	-1
Balance as of Dec. 31, 2021	1,332	350	1,682

Carrying amount

in € thousand	Development costs	Software and licenses	Total
Carrying amount as of Dec. 31, 2020	17,795	89	17,884
Carrying amount as of Dec. 31, 2021	19,545	424	19,969

The development projects presented refer to capitalized costs for the development of the basic SPACE and AIR technologies, which represent the technological foundation for the HAWK AIR and CONDOR products. Furthermore, the Company started in 2021 with the capitalization of the new development project CONDOR MEO.

In fiscal year 2021, finance expenses in the amount of €79 thousand (2020: €1,010 thousand) were capitalized as the cost of the development projects in accordance with IAS 23.

The development activities for the basic technology Space were completed in March 2021. The amortization of the associated capitalized development costs for Space technology started on March 1, 2021 applying the useful life of 15 years.

13 The information is restated to correct the errors. See Notes 34.
14 The information is restated to correct the errors. See Notes 34.
15 The information is restated to correct the errors. See Notes 34.
16 The information is restated to correct the errors. See Notes 34.
17 The information is restated to correct the errors. See Notes 34.
18 The information is restated to correct the errors. See Notes 34.

The carrying amounts of the capitalized development projects were as follows:

in € thousand	Space	Air	Condor Meo	Total
Carrying amount as of Dec. 31, 2020	13,552	4,243	0	17,795
Carrying amount as of Dec. 31, 2021	15,072	3,965	508	19,545

The remaining useful life of the capitalized development projects were as follows:

in months	Space	Air	Condor Meo
Remaining useful life as of Dec. 31, 2020	n/a	174	n/a
Remaining useful life as of Dec. 31, 2021	170	162	n/a

In August 2021, the Company met the conditions, as set out in IAS 38.57, for CONDOR MEO and started to capitalize the costs incurred for the development. As of balance sheet date, CONDOR MEO was not yet available for use, therefore, the intangible asset was tested for impairment in accordance with IAS 36.10(a). Furthermore, management identified events that might trigger an impairment for the Space and Air base technology, mainly due to the fact that customer orders and thus the corresponding sales revenues have delayed to later years as compared to last year's planning.

The recoverable amount of the intangible assets was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions for determining the fair value less costs of disposal are the discount rates, expected number of sold terminals and the respective selling prices and direct costs during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years and extrapolates these budgets to the end of the expected economic useful life of the respective intangible assets. Management estimates the cash flows generated by the sale of terminal equipment on the basis of internal expectations, which in turn are based in part on external market studies, expected profits in tendered projects from private and public customers, and potential new business areas. The planned costs take into account the number of terminals expect to be sold and the general growth of other operating expenses and estimated price increases.

The Company uses a post-tax discount rate of 17.66% for both CGUs (prior year 17.25%) based on the historical industry weighted average cost of capital, with a possible debt leveraging of 20%, a market premium of 8% and a risk premium of 11%.

In fiscal year 2021, development costs in the amount of €17,830 thousand (2020: €6,203 thousand) were recognized as an expense since the criteria set out in IAS 38.57 were not met. Of the total amount of €20,675 thousand (2020: €14,449 thousand), development costs of €2,845 thousand (2020: €8,248 thousand) were capitalized.

19. PROPERTY, PLANT, AND EQUIPMENT

Cost

in € thousand	Land and buildings	Machinery	Other plant, furniture, fixtures, and office equipment	Construction in progress	Total[19]
Balance as of Jan. 1, 2020[20]	1,180	2,099	865	472	4,616
Exchange rate differences	-5	0	-12	0	-17
Additions[21]	81	1,790	1,977	3,277	7,125
Reclassifications	0	542	490	-1,032	0
Disposals[22]	0	-128	-169	0	-297
Balance as of Dec. 31, 2020[23]	1,256	4,303	3,151	2,717	11,427
Exchange rate differences	49	0	34	23	107
Additions	1,107	2,437	2,654	2,397	8,594
Reclassifications	562	2,014	311	-2,887	0
Disposals	-8	0	-283	0	-291
Balance as of Dec. 31, 2021	2,966	8,754	5,867	2,250	19,838

Depreciation

in € thousand	Land and buildings	Machinery	Other plant, furniture, fixtures, and office equipment	Construction in progress	Total[24]
Balance as of Jan. 1, 2020[25]	86	458	232	0	776
Depreciation for the year	120	288	415	0	823
Disposals[26]	0	-116	-131	0	-247
Balance as of Dec. 31, 2020[27]	206	630	516	0	1,352
Exchange rate differences	4	0	2	0	7
Depreciation for the year	304	773	916	0	1,994
Disposals	0	0	-283	0	-283
Balance as of Dec. 31, 2021	514	1,403	1,151	0	3,068

19 The information is restated to correct the errors. See Notes 34.
20 The information is restated to correct the errors. See Notes 34.
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25 The information is restated to correct the errors. See Notes 34.
26 The information is restated to correct the errors. See Notes 34.
27 The information is restated to correct the errors. See Notes 34.

Carrying amount

in € thousand	Land and buildings	Machinery	Other plant, furniture, fixtures, and office equipment	Construction in progress	Total[28]
Carrying amount as of Dec. 31, 2020[29]	1,050	3,673	2,635	2,717	10,075
Carrying amount as of Dec. 31, 2021	2,452	7,351	4,716	2,250	16,768

Investments in property, plant, and equipment made in fiscal year 2021 in the amount of €8,594 thousand (2020: €7,125 thousand)[30] referred primarily to the expansion of production capacities at the plants in Gilching and Oberpfaffenhofen in Germany. Among other things, this involved significant installations in a rented production hall and the setup of an additional production line. Investments were also made in laboratory and test equipment. A substantial amount was also invested for expansion of the Mynaric USA site in Los Angeles, USA.

In fiscal year 2021, finance expenses in the amount of €154 thousand (2020: €45 thousand) were recorded as the cost of property, plant, and equipment in accordance with IAS 23.

20. RIGHT-OF-USE ASSETS

Cost

in € thousand	Real estate leases	Other leases	Total
Balance as of Jan. 1, 2020[31]	7,289	11	7,300
Exchange rate differences	-77	0	-77
Additions[32]	2,004	8	2,012
Balance as of Dec. 31, 2020	9,216	19	9,235
Exchange rate differences	168	0	168
Additions	1,995	0	1,995
Disposals	-11	0	-11
Balance as of Dec. 31, 2021	11,368	19	11,387

28 The information is restated to correct the errors. See Notes 34.
29 The information is restated to correct the errors. See Notes 34.
30 The information is restated to correct the errors. See Notes 34.
31 The information is restated to correct the errors. See Notes 34.
32 The information is restated to correct the errors. See Notes 34.

Depreciation

in € thousand	Real estate leases	Other leases	Total
Balance as of Jan. 1, 2020[33]	488	2	490
Exchange rate differences	-2	0	-2
Depreciation and impairment for the year[34]	801	4	805
Balance as of Dec. 31, 2020	1,287	6	1,293
Exchange rate differences	17	0	17
Depreciation and impairment for the year	1,252	5	1,257
Disposals	-7	0	-7
Balance as of Dec. 31, 2021	2,549	11	2,560

Carrying amount

in € thousand	Real estate leases	Other leases	Total
Carrying amount as of Dec. 31, 2020	7,929	13	7,942
Carrying amount as of Dec. 31, 2021	8,819	8	8,827

The Company has entered into leases for properties as well as operating and office equipment that it uses for its operations. Rental contracts for properties have a term of between five and 10 years. The term for operating and office equipment ranges from three to five years. The obligations of the Company from its lease agreements are collateralized through the lessor's ownership of the leased assets. Several lease agreements contain extension and termination options that are described in more detail below.

The Company has also entered into lease agreements for properties and operating and office equipment with a term of not more than 12 months, as well as leases for low-value office equipment. For these leases, the Company applies the practical expedients applicable to short-term leases and leases for leases for low-value assets.

The additions presented in the fiscal year in the amount of €1,995 thousand (2020: €2,004 thousand)[35] relating to property leases mainly concern additional rented space at the site in Los Angeles, USA and a new office in Washington, DC, USA.

The following amounts were recognized in profit or loss:

	For the years ended	
in € thousand	December 31, 2021	December 31, 2020[36]
Interest expenses for lease liabilities	185	137
Expenses for current lease liabilities	13	0
Expenses for leases of low-value assets	6	5

33 The information is restated to correct the errors. See Notes 34.
34 The information is restated to correct the errors. See Notes 34.
35 The information is restated to correct the errors. See Notes 34.
36 The information is restated to correct the errors. See Notes 34.

The Company's cash outflows for leases amounted to €1,241 thousand in 2021 (2020: €816 thousand)[37]. In addition, the Company reported non-cash additions to right-of-use assets in the amount of €1,995 thousand in 2021 (2020: €2,012 thousand)[38] and to lease liabilities in the amount of €1,951 thousand (2020: €1,947 thousand).

The Company has entered into several leases that include extension or termination options. These options are negotiated by the management in order to manage the portfolio of leased assets flexibly and in line with the Company's respective operating requirements. The assessment of whether a lessee is reasonably certain to exercise an option to extend or terminate a lease is subject to material judgments by the management (see Note 5. Material judgments, estimates, and assumptions).

Several property leases include extension options. Wherever possible, the Company seeks to include extension options when entering into new leases in order to ensure operational flexibility. The extension options can be exercised only by the Company, not by the lessor. The Company assesses on the commencement date whether an exercise of the extension option is reasonably certain. If a significant event or a significant change in circumstances outside of the Company's control occurs, the Company reassesses whether the exercise of the extension option is reasonably certain.

The following table shows the undiscounted potential future lease payments from the exercise of extension options:

in € thousand	Within five years	Over five years	Total
Extension options that are not expected to be exercised	838	7,476	8,315

21. INVENTORIES

The break-down of inventories is presented in the table below:

€ thousand	December 31, 2021	December 31, 2020
Raw materials and supplies	6,665	4,061
Work in progress	1,183	1,169
Finished goods	551	0
Total	**8,399**	**5,230**

In 2021, inventories of €7,964 thousand (2020: €2,352 thousand) were recognized as a cost during the year. During the year ended December 31, 2021 the Company recognized the following write-downs of inventory:

	For the years ended	
€ thousand	December 31, 2021	December 31, 2020[39]
Write downs of raw material and supplies	-2,039	0
Write downs of work in progress	-397	-1,254
Write downs of finished goods	-65	0
Total	**-2,501**	**-1,254**

The write-downs for the year ended December 31, 2021 referred to the inventories which relate to Condor Mark I and Condor Mark II that were written down to their recoverable amount. The write-downs for the year ended December 31, 2020 referred to the inventories for the GS-200 ground-terminal, the GS-400 ground-terminal and the Hawk Air Terminals.

37 The information is restated to correct the errors. See Notes 34.

38 The information is restated to correct the errors. See Notes 34.

39 The information is restated to correct the errors. See Notes 34.

22. TRADE RECEIVABLES

As of December 31, 2020, all trade receivables are denominated in US dollars. The maximum default risk for receivables is their carrying amount. All receivables result from contracts with customers.

in € thousand	December 31, 2021	December 31, 2020
Trade receivables	0	550
Total	0	550

23. OTHER FINANCIAL AND NON-FINANCIAL ASSETS

Non-current and current financial and non-financial assets comprise the following:

	December 31, 2021		December 31, 2020	
in € thousand	Current	Non-current	Current	Non-current
NON-FINANCIAL ASSETS				
Tax receivables	2,175	0	543	0
Prepaid expenses	2,041	0	401	0
Advance payments	1,025	0	194	0
Other	116	0	123	0
Receivables from employees	12	0	1	0
Total	**5,369**	**0**	**1,262**	**0**
FINANCIAL ASSETS				
Security deposits	0	411	0	359
Receivables from suppliers	95	0	76	0
Other	48	0	0	0
Total	**143**	**411**	**76**	**359**
Total	**5,512**	**411**	**1,338**	**359**

The maximum default risk for financial assets is their carrying amount.

24. CASH AND CASH EQUIVALENTS

As of the reporting date, the balance of cash funds amounted to €48,143thousand (previous year: €43,198 thousand) [40] and comprises primarily balances held with banks.

40 The information is restated to correct the errors. See Notes 34.

25. EQUITY

a) Subscribed Capital

a) (i) Issued share capital

As of January 1, 2021, the Company's share capital amounted to €3,994,734[41], divided into €3,994,734[42] bearer shares with a nominal value of €1.00 per share.

During the year ended December 31, 2021, share capital was increased to €5,242,948 through the issuance of a total of 1,248,214 bearer shares with a nominal value of €1.00 per share. This was due to the following transactions:

IPO-capital increase

In connection with the Nasdaq listing in the United States, the Management Board and the Supervisory Board adopted a resolution on November 11, 2021, to increase the Company's share capital, subject to partial utilization of the 2021/I Authorized Capital, by €1,000,000.00 against cash contributions through the issue of 1,000,000 new no-par value bearer shares with a pro rata amount in the share capital of €1.00 per share. The price was set at USD 16,50 per American Depositary Shares (ADS), whereby four ADS represent one no-par value bearer share of the company.

Greenshoe-Option

In connection with the listing at the Nasdaq, USA the Management Board and the Supervisory Board adopted a resolution on November 14, 2021, to increase the Company's share capital, subject to partial utilization of the 2021/I Authorized Capital, by €150,000.00 against cash contributions through the issue of 150,000 new no-par value bearer shares with a pro rata amount in the share capital of €1.00 per share. The price was set at USD 16,50 per American Depositary Shares (ADS), whereby four ADS represent one no-par value bearer share of the company.

Convertible bond

On July 31, 2020, the Management Board adopted a resolution, based on the consent of the Supervisory Board, to issue a convertible bond in the amount of €5,000,000 on the basis of the 2020/II Contingent Capital. In accordance with the terms and conditions of the convertible bond, individual bonds with a nominal amount of €100,000.00 each, plus unpaid accrued interest, may be converted into no-par value bearer shares with a pro rata amount in the Company's share capital of €1.00 per share. The conversion right was exercised based on a conversion declaration dated December 22, 2020. On January 14, 2021, bonds in the amount of €5,000,000, plus interest in a total amount of €500,000, were converted into 98,214 new no-par value bearer shares in the Company's share capital of €1.00 per share based on a price of € 56.00 per share and with dividend entitlement beginning on January 1, 2020. As a result, the prepaid share reserve shown in the previous year's financial statements in the amount of € 5,500,000 was transferred to the subscribed capital and the capital reserve.

a) (ii) Conditional capital

On June 12, 2020, the Annual General Meeting resolved to create 2020/I Conditional Capital and an additional 2020/II Conditional Capital, and to reduce the 2017/I Conditional Capital.

2017/I Conditional Capital

After reduction, the 2017/I Conditional Capital dated September 8, 2017 amounts to €1,500.00 and is now used to grant stock option rights to employees of the Company or its affiliates.

41 The information is restated to correct the errors. See Notes 34.

42 The information is restated to correct the errors. See Notes 34.

2019 Conditional Capital

Based on an authorization of the Annual General Meeting on July 2, 2019, 2019 Conditional Capital was created in the amount of €270,000.00. The Management Board is authorized, subject to the consent of the Supervisory Board, to grant stock option rights for shares to members of the Management Board and to employees of the Company or its affiliates on one or more occasions until December 31, 2022.

2020/I Conditional Capital

Based on an authorization of the Annual General Meeting on June 12, 2020, 2020/I Conditional Capital was created in the amount of €34,473.00. The Management Board is authorized, subject to the consent of the Supervisory Board, to grant stock option rights for shares to members of the Management Board and to employees of the Company or its affiliates on one or more occasions until December 31, 2025.

2020/II Conditional Capital

Based on an authorization of the Annual General Meeting on June 12, 2020, 2020/II Conditional Capital was created, which led to a contingent increase in the Company's share capital by up to €1,277,893.00 through the issue of up to 1,277,893 new no-par value bearer shares.

The Management Board is authorized, subject to the consent of the Supervisory Board, to issue on one or more occasions until July 2, 2025 convertible bonds and/or bonds with warrants issued to the bearer in a total amount of up to €150 million with a term of not more than 20 years, and to grant to the bondholders conversion and/or option rights to new shares of the Company with a pro rata amount in the share capital of up to a total of €1,277,893.00 pursuant to the terms and conditions of the convertible bonds and/or bonds with warrants.

Due to the conversion of convertible bonds in fiscal year 2021, Conditional Capital 2020/II amounts to €1,179,679.00 as of December 31, 2021.

On May 14, 2021, the Annual General Meeting resolved to create 2021/I Conditional Capital and an additional 2021/II Conditional Capital.

2021/I Conditional Capital

Based on an authorization of the Annual General Meeting on May 14, 2021, 2021/I Conditional Capital was created, which led to a contingent increase in the Company's share capital by up to €457,501.00 through the issue of up to 457,501 new no-par value bearer shares.

The Management Board is authorized, subject to the consent of the Supervisory Board, to issue on one or more occasions until May 13, 2026 convertible bonds and/or bonds with warrants issued to the bearer with a term of not more than 20 years, and to grant to the bondholders conversion and/or option rights to new shares of the Company with a pro rata amount in the share capital of up to a total of €457,501.00 pursuant to the terms and conditions of the convertible bonds and/or bonds with warrants.

2021/II Conditional Capital

Based on an authorization of the Annual General Meeting on May 14, 2021, 2021/II Conditional Capital was created which led to a contingent increase in the Company's share capital by up to €103,321.00 through the issue of up to 103,321 new no-par value bearer shares.

The Supervisory Board is authorized, to grant stock option rights for shares to members of the Management Board of the Company on one or more occasions until May 13, 2026.

a) (iii) Authorized Capital

On May 14, 2021, the Annual General Meeting resolved to create 2021/I Authorized Capital and an additional 2021/II Authorized Capital and to rescind the Authorized Capital 2020.

2021/I Authorized Capital

The Management Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions until May 13, 2026 by up to a total amount of €1,841,827.00 through the issue of up to 1,841,827 new no-par-value bearer shares against cash contributions and/or contributions in kind.

As a result of the capital increases carried out in fiscal year 2021, Authorized Capital 2021/I amounts to €691,827.00 as of December 31, 2021.

2021/II Authorized Capital

The Management Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions until May 13, 2026 by up to a total amount of €204,647.00 through the issue of up to 204,647 new no-par-value bearer shares against cash contributions and/or contributions in kind.

Shareholders' subscription rights are excluded. Authorized Capital 2021/II serves to deliver shares of the Company to service restricted stock units (RSUs) granted under the Company's Restricted Stock Unit Program (RSUP) to selected employees of the Company and its affiliates in accordance with the RSUP in return for the contribution of the respective payment entitlements arising under the RSUs.

b) Capital Reserve

The capital reserve comprises the premiums received in connection with the issuance of new shares, share-based payments, and the costs of capital increases.

c) Prepaid Share Reserve[43]

The prepaid share reserve comprises of not refundable prepaid capital contributions for new shares which are not issued as of December 31, 2020.

The in the financial statements as of December 31, 2020 reported prepaid share reserve was due to the following transaction:

- On July 31, 2020, the Management Board adopted a resolution, based on the consent of the Supervisory Board, to issue a convertible bond in the amount of €5,000,000.00 on the basis of the 2020/II Contingent Capital. In accordance with the terms and conditions of the convertible bond, individual bonds with a nominal amount of €100,000.00 each, plus unpaid accrued interest, may be converted into no-par value bearer shares with a pro rata amount in the Company's share capital of €1.00 per share. The conversion right was exercised based on a conversion declaration dated December 22, 2020. On January 14, 2021, 50 individual bonds in the amount of €5,000,000, plus any unpaid interest accrued by December 31, 2020 and the special interest payment in a total amount of €500,000, were converted into 98,214 new no-par value bearer shares with a pro rata amount in the Company's share capital of €1.00 per share at a price of € 56.00 per share and with dividend entitlement beginning on January 1, 2020.

d) Exchange Rate Differences

The reserve for exchange rate differences comprises all currency translation differences arising due to the translation of the financial statements of foreign operations.

43 The information is restated to correct the errors. See Notes 34.

26. PROVISIONS

Current and non-current provisions changed as follows:

in € thousand	Jan. 1, 2021[44]	Utilization	Reversals	Additions	Dec. 31, 2021
Litigation	1,005	22	200	0	783
Asset retirement obligations	164	0	0	42	206
Onerous contracts	0	0	0	240	240
Other	8	0	6	3	5
Total	**1,177**	**22**	**206**	**285**	**1,234**
			thereof non-current		
Asset retirement obligations	164	0	0	42	206
Other	8	0	6	3	5
Total	**172**	**0**	**6**	**45**	**211**

27. CONTRACT LIABILITIES

The contract liabilities in the amount of €307 thousand (previous year: €1,196 thousand) [45] consist of payments made by customers in fiscal year 2021 and 2020 presented in accordance with IFRS 15.

28. TRADE AND OTHER PAYABLES

The following table shows the breakdown of the trade and other payables:

in € thousand	December 31, 2021	December 31, 2020[46]
Trade payables	4,377	1,710
Other accruals	4,019	3,418
Total	8,396	5,128

29. OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

Current financial and non-financial liabilities comprise the following:

in € thousand	December 31, 2021	December 31, 2020[47]
NON-FINANCIAL LIABILITIES		
Liabilities for, social security and payroll tax	435	382
Other	1,888	5
Total	**2,323**	**387**
FINANCIAL LIABILITIES		
Other financial liabilities	37	24
Total	**37**	**24**
Total	**2,360**	**411**

44 The information is restated to correct the errors. See Notes 34.
45 The information is restated to correct the errors. See Notes 34.
46 The information is restated to correct the errors. See Notes 34.
47 The information is restated to correct the errors. See Notes 34.

The Company received a payment from a customer in the amount of €1,888 thousand in the financial year 2021. However, the underlying agreement does not constitute a contract within the meaning of IFRS 15, as it is only a framework agreement regarding the future ordering of terminals. Thus, a presentation of the agreement based on the specific requirements of IFRS 15 for contracts is not appropriate. Mynaric has therefore recognized the payment received from the customer as other liability. The liability is recognized as other liabilities until a contract exists or the requirements of IFRS 15.15 for recognition in profit or loss are met.

30. STATEMENT OF CASH FLOWS

The cash funds correspond to cash and cash equivalents as of the reporting date, comprising primarily cash on hand and bank balances.

Reconciliation of movements in liabilities to cash flows from financing activities

The reconciliation of liabilities to the cash flows from financing activities required to be disclosed in accordance with IAS 7.44 is as follows:

		Cash changes		Non-cash changes					
€ thousand	Balance as of Jan. 1, 2021	Inflows	Outflows	Additions	Disposals	Unpaid interest	FX	Reclassifi-cations	Balance as of Dec. 31, 2021
Short-term loans	0	7,500	-7500	0	0	0	0	0	0
Lease liabilities	7,956	0	-1,056	1,951	0	0	176	0	9,027
Total	**7,956**	**7,500**	**8,556**	**1,951**	**0**	**0**	**176**	**0**	**9,027**

		Cash changes		Non-cash changes					
€ thousand	Balance as of Jan. 1, 2020	Inflows	Outflows	Additions	Disposals	Unpaid interest	FX	Reclassifi-cations	Balance as of Dec. 31, 2020
Convertible bonds	0	5,000	0	0	0	500	0	-5,500	0
Short-term loans	0	2,500	-2,500	0	0	0	0	0	0
Lease liabilities	6,762	0	-675	1,947	0	0	-78	0	7,956
Total	**6,762**	**7,500**	**-3,175**	**9,447**	**0**	**500**	**-78**	**-5,500**	**7,956**

The reclassification of the convertible bond refers to the non-cash conversion of the convertible bond into shares of Mynaric AG, which are shown as prepaid share reserve as of December 31, 2020.

31. RELATED PARTY DISCLOSURES

In accordance with IAS 24 (Related Party Disclosures), persons or companies which are influenced by the reporting entity or which can exert influence on the reporting entity must be disclosed unless such parties are already included in the consolidated financial statements as a consolidated company. Key management personnel consist of the members of the Management and the Supervisory boards.

a) Related party transactions

In addition to the members of the Management Board and the Supervisory Board, related persons include Ms. Knapek. Ms. Knapek is the spouse of Markus Knapek, a former member of the management board and a significant shareholder in Mynaric AG. Ms. Knapek was a part-time employee with the Mynaric AG from June 2016 to January 2021.

The following entities are deemed to be related parties of the Company:

- MCConsult Dr. Peschko, Gilching (previously: Adelanto management services s.I.)
- Pinsent Masons LLP, Munich

MCConsult Dr. Peschko is a company owned by Dr. Wolfram Peschko, a former Management Board member who resigned in fiscal year 2020, which provides advisory services for the Company. During the year ended December 31, 2020, related party expenses involving MCConsult Dr. Peschko amounted to €825 thousand. As of December 31, 2020, the Company had trade and other payables totaling €591 thousand, due to MCConsult Dr. Peschko.

Pinsent Masons LLP is a law firm in which Mr. Mayrhofer, a former member of the Supervisory Board who resigned in fiscal year 2020, is a partner which provides legal advisory services for the companies of the Mynaric Group. During the year ended December 31, 2020, related party expenses involving Pinsent Masons LLP amounted to €135 thousand. As of December 31, 2020, the Company had trade and other payables totaling €12 thousand, due to Pinsent Masons LLP.

Apeiron Investment Group Ltd. ("Apeiron"), a shareholder of Mynaric AG, and Bulent Altan, the Chief Executive Officer and a member of the management board of Mynaric AG, entered into an option agreement, dated August 13, 2019 (as amended), under which Apeiron granted Mr. Altan the right to acquire 56,700 no-par value bearer shares of the Company at a price of €25.00 per share (the "Altan Option Agreement"). Under the Altan Option Agreement, Mr. Altan was initially entitled to exercise the option during a four-week exercise period following written notice by Apeiron that certain conditions precedent under the agreement have been met (the "Initial Exercise Period"). While the Initial Exercise Period would have expired in December 2020, Apeiron and Mr. Altan agreed to extend the exercise period under the Altan Option Agreement to December 31, 2022. As of today, the option under the Altan Option Agreement has not been exercised.

b) Remuneration for members of the Management Board

The Supervisory Board determines the total remuneration for members of the Management Board. It also reviews and resolves upon the remuneration system as well as the appropriateness of the total compensation of the respective Management Board members, including the significant contractual elements.

The objective of the remuneration of the Management Board is to provide an adequate compensation for personal performance – considering the Company's economic performance – and to provide an incentive for successful corporate governance. In this context, the remuneration is in line with the Company's size as well as industry- and country-specific standards.

The remuneration for Management Board members consists of three components:

- a non-performance-related remuneration (fixed remuneration),
- performance-related bonuses,
- and stock options.

The overall remuneration for the members of the Management Board (excluding stock options and fringe benefits) comprises approximately 66% in fixed remuneration and 33% in performance-related remuneration in the event of 100% target achievement.

Non-performance-related remuneration

The fixed, non-performance-related remuneration comprises the basic remuneration and fringe benefits that may vary over the years, depending on the person involved or the occurrence of certain events.

The amount of the fixed remuneration depends on delegated functions and responsibilities as well as the general conditions customary to the industry and the market. These conditions relate primarily to other listed small- and medium-sized companies from the technology industry and related sectors. The fixed remuneration is paid in monthly installments.

Fringe benefits mainly include expenses for company housing for members of the Management Board. Members also receive taxable in-kind benefits.

Performance-related remuneration

The performance-related remuneration comprises two components: the first is agreed upon with the Supervisory Board on an annual basis, and the second is a strategic special component.

The component agreed upon with the Supervisory Board on an annual basis generally consists of two elements based on the Company's economic performance and achievement of the annual budget as approved by the Supervisory Board. The bonus can be a maximum of 200% in the case of overachievement.

The strategic special component is a reward for the Management Board member's performance in acquiring strategic investors for the Company.

Stock options

The third remuneration component comprises stock options granted to selected employees in the form of stock options from Stock Option Plans 2017, 2018, 2019, 2020 and 2021, in which the Management Board members also participate. A stock option right entitles the holder to the right to purchase Company shares at the respective exercise price. The vesting period for exercise of the options is four years, starting on the grant date of such options. The options may be exercised within a period of three years after the expiration of the vesting period, provided that the performance target has been achieved.

In the context of these plans, stock options were issued to the Management Board in 2019, 2020 and 2021, which entitle the holder to subscribe to Mynaric AG shares. Detailed information about the granted stock options are presented in Note 9. a) Share-based payments.

Remuneration granted

The remuneration granted to the Management Board in fiscal year 2021 is broken down as follows:

	Short-term employee benefits		Share-based payment		
Year	Basic remuneration in € thousand	Short-term variable remuneration in € thousand	Number of stock options granted	Recognized as expense in € thousand	Total in € thousand
2021	713	113	100,000	332	1,158
2020	525	357	30,000	549	1,431

In 2020 a severance payment of €691 thousand was granted to Dr. Peschko, a former member of the Management Board of Mynaric AG who resigned in fiscal year 2020. Mr. Edler von Janecek, who also resigned from the Management Board in 2020, was granted a severance payment in the amount of €263 thousand in last reporting period 2020.

The chairman of the Management Board, Bulent Altan, received remuneration for his activities as CEO of the subsidiary Mynaric USA Inc., which is already included in the remuneration granted and paid. The other Management Board members did not receive any remuneration during their term for their activities in a subsidiary.

c) Supervisory Board remuneration

The remuneration system of the Supervisory Board is based on the Company's size, the duties and responsibilities of the Supervisory Board members, and the Company's economic situation and expected future development. The remuneration of the Supervisory Board is governed by section 14 of the Company's Articles of Association, which was amended on the Annual General Meeting on May 14, 2021. Accordingly, the Supervisory Board members receive a fixed annual remuneration, payable after the end of the fiscal year. The remuneration amounts to €30,000 per year, with the chairman receiving twice that amount and the deputy chairman receiving one and a half times this amount. An attendance fee of €500 are paid for Supervisory Board meetings. Members of the Supervisory Board receive reimbursement for their out-of-pocket expenses, however, as well as reimbursement of the value-added tax on their remuneration and out-of-pocket expenses. In addition, the Company bears the costs of D&O liability insurance for the Supervisory Board members. The Company does not grant any loans to the Supervisory Board members.

The annual remuneration for the Supervisory Board in fiscal year 2021 is as follows:

	For the years ended	
€ thousand	December 31, 2021	December 31, 2020
Dr. Manfred Krischke	80	40
Peter Müller-Brühl	50	20
Dr. Gerd Gruppe	39	30
Steve Geskos	32	0
Vincent Wobbe	19	0
Thomas Hanke	16	11
Dr. Thomas Billeter	15	20
Hans Koenigsmann	12	0
Thomas Mayrhofer	0	9
Total	**263**	**130**

Shareholdings of management and supervisory board members

Based on available information, the board members have the following shareholdings:

Number of shares	December 31, 2021	December 31, 2020	Change
Peter Müller-Brühl	4,445	4,445	0
Joachim Horwath	220,527	396,940	-176,413
Bulent Altan	1,136	0	1,136
Stefan Berndt-von Bülow	174	0	174

d) Total Management Board and Supervisory Board compensation pursuant to Section 314 (1) No. 6 in conjunction with Section 315e HGB

Total remuneration for active members of the Management Board in 2021 was granted in the amount of €3,351 thousand (2020: €1,543 thousand). Total remuneration of the Management Board includes 100.000 stock-options granted in the reporting year (2020: 30.000) with a fair value of €2.517 thousand (2020: €754 thousand).

Payments in the amount of €466 thousand (2020: €346 thousand) were made to former members of the Management Board.

The annual remuneration for the Supervisory Board in fiscal year 2021 is €263 thousand (2020: €130 thousand).

No advances or loans were granted to members of the Executive Board or members of the Supervisory Board in 2021 or in 2020.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Financial instruments

The financial instruments were allocated to the following categories:

	December 31, 2021		December 31, 2020[48]	
€ thousand	Current	Non-current	Current	Non-current
Amortized cost (AmC)				
Other financial assets	143	411	76	359
Cash and cash equivalents	48,143	0	43,198	0
Trade receivables	0	0	550	0
Total	**48,286**	**411**	**43,824**	**359**
Cost (FLAC)				
Trade and other payables	8,396	0	5,128	0
Lease liabilities	1,638	7,389	1,156	6,800
Other financial liabilities	37	0	24	0
Total	**10,071**	**7,389**	**6,308**	**6,800**

For other financial assets, trade receivables, and cash and cash equivalents, it is assumed that their carrying amounts correspond to their fair values due to their short terms.

The carrying amount of non-current financial assets of the AmC category approximates the fair value. Any difference between carrying amount and fair value are immaterial due to the current low interest rate environment.

The carrying amount of current financial liabilities measured at amortized cost (FLAC), such as trade payables and other financial liabilities, corresponds to the fair value due to their short terms. The lease liabilities are discounted in accordance with the requirements set out in IFRS 16.

The net gains/losses by measurement category are as follows:

2021 in € thousand			Other income and expense items, or gain and loss items
Financial assets	AmC	Measured at amortized cost	0

2020 in € thousand			Other income and expense items, or gain and loss items
Financial assets	AmC	Measured at amortized cost	0

48 The information is restated to correct the errors. See Notes 34.

b) Financial risk management

The Group is exposed to the following risks from the use of financial instruments:

- Credit risk (see b)(i))
- Liquidity risk (see b)(ii))
- Market risk (see b)(iii))

Principles of risk management

The Management Board of the Company is responsible for the structure and control of the Group's risk management. For this purpose, the Management Board has appointed employees who are responsible for monitoring and developing the Group's risk management policies. The employees submit regular reports to the Management Board about their activities. The risk management policies and the risk management systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Capital risk management

The Group's primary financial objectives include increasing the enterprise value on a sustained basis, ensuring solvency at all times to safeguard the Company's viability as a going concern, and maintaining an optimal capital structure. Ensuring sufficient available liquidity is of key significance in this context. These objectives are managed by means of an integrated controlling concept, in which as part of the monthly closing process, management is provided with current indicators for various items of the financial statements and therefore also for changes in equity, and as the basis for necessary entrepreneurial decisions. The equity ratio as of December 31, 2021 was 78.6% (previous year: 81.7%). The equity ratio was positively affected by contributions to subscribed capital and the capital reserves from the capital increases made in fiscal year 2021. The equity ratio was calculated as the ratio of total equity to total assets. There have been no changes in the Group's overall strategy relative to 2020.

b) (i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's trade receivables and its cash and cash equivalents. The carrying amounts of the other financial assets and of contract assets correspond to the maximum credit risk exposure.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held) or the financial assets Is more than 90 days past due.

Impairments of financial assets are recognized in profit or loss as follows:

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Group's Management Board also considers the factors that may influence the credit risk of the customer base, including the credit risk associated with the industries, countries, and regions in which the customers are operating.

Detailed disclosures concerning the concentration of revenue in particular areas/regions can be found in Note 5. Segment reporting and information on geographical areas.

The Group has a receivables management system that facilitates initial and ongoing analysis of customer creditworthiness individually. This analysis comprises external ratings, information by credit agencies (if available), industry information, and, in some cases, information provided by banks. Before the Group enters a business relationship, a salesperson has to submit this opportunity into a Sales Triage with the purpose to analyze all facets of the opportunity. Prior to entering into business relationship with a customer, a member of the sales department enters the opportunity in a "sales triage" tool which analyzes key facets of the opportunity. The Group limits its credit risk from trade receivables by determining a maximum.

The overall credit risk exposure is considered low.

(ii) Other financial assets

As of the reporting date, other non-current financial assets primarily include security deposits for rental agreements of the Mynaric Group. Other current financial assets include mainly receivables from suppliers.

The credit risk exposure resulting from receivables from security deposits is considered low since the deposits are hold at separate accounts restricted from usage for other purposes.

(iii) Cash and cash equivalents

The estimated loss allowance for cash and cash equivalents was calculated based upon expected losses within 12 months and reflects the short terms to maturity. As of December 31, 2021, the expected credit loss is not material and therefore was not recorded.

b) (ii) Liquidity risk

Liquidity risk is the risk that the Group might not be able to settle its financial liabilities as contractually agreed by delivering cash or other financial assets. The Group's objective for liquidity management is to ensure that to the extent possible, sufficient cash funds are available at all times to be able to meet its payment obligations when due under both normal and stress scenarios, without having to bear any unsustainable losses or damage to the Group's reputation.

The Group uses activity-based cost accounting to calculate the costs of its product and services. This enables the Group to monitor cash requirements and to optimize cash inflows on capital employed.

Prudent liquidity risk management means being able to meet obligations when due at any time and, beyond that, maintaining sufficient cash and cash equivalents for unplanned expenditures. Management applies rolling forecasts to monitor cash and cash equivalents based upon expected cash flows. This is generally done centrally for the Group. To ensure the Group's solvency and its viability as a going concern, it is necessary to implement the adapted profit and liquidity planning for the years 2022 and 2023 and to ensure that financing is provided on an as-needed basis in the form of debt or equity capital. The successful US IPO in November 2021 with total gross proceeds of 75.9 Mio. $ resulted in an improvement of liquidity. Overall, the liquidity risk exposure is to be estimated at the same level as in the previous year, due to corresponding increase in the cost structure resulting to the strong growth of the company.

On May 02, 2022, we entered into a credit agreement with Formue Nord Fokus A/S, Modelio Equity AB (publ) and Munkekullen 5 förvaltning AB as lenders for a credit line of €25 million until June 30, 2023. A loan in a nominal amount of €10 million is to be disbursed hereunder on May 3, 2022. The remaining credit line can be drawn in several tranches from October 1, 2022 onwards, if and to the extent that the outstanding loan amount immediately following the requested utilization would not exceed 10% of the Company's market capitalization (based on the volume-weighted average price of the Company's share on the ten trading days preceding the delivery of the utilization request); a single utilization must not exceed €5 million. Outstanding loans under the credit agreement bear interest at a rate of 1% per beginning 30-day period commencing in 2022 and 1.25% on any outstanding loan amount per beginning 30-day period commencing in 2023. The credit agreement also requires us to pay a commitment fee totaling 6% of the aggregate commitments of €25 million. The commitment fee and interest on the drawn amount are due and payable together with the repayment of the loan amount(s). The availability of the credit line terminates prior to the final maturity on June 30, 2023, and all amounts outstanding thereunder become due, upon the completion of a capital increase by the Company of more than 10% of the currently outstanding registered capital (i.e., € 5,242,948.00).

The following table shows the remaining contractual terms of financial liabilities as of the reporting date, including estimated interest payments. The amounts presented are undiscounted gross amounts, including contractual interest payments but excluding the presentation of netting effects.

December 31, 2021						
in € thousand	Carrying amount	less than 1 year	between 1 and 2 years	between 3 and 5 years	more than 5 years	Total
Trade and other payables	8,396	8,396	0	0	0	8,396
Lease liabilities	9,027	1,640	1,605	3,148	3,328	9,721
Current other financial liabilities	37	37	0	0	0	37
Total	17,460	10,073	1,605	3,148	3,328	18,154

December 31, 2020						
in € thousand	Carrying amount	less than 1 year	between 1 and 2 years	between 3 and 5 years	More than 5 years	Total
Trade and other payables	5,128	5,128	0	0	0	5,128
Lease liabilities	7,956	1,168	1,191	2,392	3,849	8,600
Current other financial liabilities	24	24	0	0	0	24
Total	13,108	6,320	1,191	2,392	3,849	13,752

b) (iii) Market risk

Market risk is the risk that market prices, such as exchange rates, interest rates, or share prices, can change and thus can affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable ranges, while simultaneously optimizing yield.

Currency risk

The Group is exposed to transactional foreign currency risks to the extent that currencies in which sales and purchase transactions as well as receivables and lending transactions are denominated do not correspond to the functional currency of the Group companies. The functional currencies of the Group companies are the Euro and the US dollar. The transactions mentioned above are mainly denominated in Euro, USD, RMB, GBP and CHF.

Effects of currency risk

The following is a summary of quantitative information about the Group's currency risk exposure provided to Group management:

December 31, 2021		
in thousand	EUR	USD
Intercompany receivables	0	4,384
Other financial assets	0	33
Cash and cash equivalents	0	32,713
Intercompany payables	6,494	503
Trade payables	0	83
Other liabilities	0	185
Net statement of financial position exposure	**-6,494**	**36,359**

December 31, 2020		
in thousand	EUR	USD
Cash and cash equivalents	0	961
Intercompany-Loan	4,653	0
Trade payables	0	99
Net statement of financial position exposure	**-4,653**	**862**

Sensitivity analysis

A potential appreciation (depreciation) of EUR, USD against other currencies as of December 31 would have influenced the measurement of financial instruments denominated in foreign currency and would have affected equity and profit or loss in the amounts presented below. The analysis assumes that all other influencing factors, above all the interest rates, remain constant. The effects of the forecast sales and purchase transactions are ignored.

Effects on Group profit/loss				
	2021		2020	
	Changes in exchange rates		Changes in exchange rates	
in € thousand	Increase by 5%	Reduction by 5%	Increase by 5%	Reduction by 5%
EUR	-328	328	-262	262
USD	1,818	-1,818	35	-35
Total	**1,490**	**-1,490**	**-227**	**227**

Effects on Group equity				
	2021		2020	
	Changes in exchange rates		Changes in exchange rates	
in € thousand	Increase by 5%	Reduction by 5%	Increase by 5%	Reduction by 5%
EUR	-325	325	-233	233
USD	1,818	-1,818	35	-35
Total	**1,493**	**-1,493**	**-198**	**198**

The following exchange rates were used:

	Average ratew		Spot exchange rate as of the reporting date	
	2021	2020	2021	2020
EUR/USD	0.84819	0.87322	0.88292	0.81540

Interest rate risk

As of the reporting date, the Group does not have any interest-bearing financial assets or interest-bearing financial liabilities. As a result, there are no specific interest rate risks.

33. CONTINGENT LIABILITIES, COMMITMENTS, AND OTHER FINANCIAL OBLIGATIONS

a) Contingent liabilities

Within the course of its ordinary activities, the Group may be involved in legal disputes from time to time. Based on the assessment of the Management Board as well as legal counsel, there are no claims beyond the litigation risks reported in the provisions that may be significant with regard to the Company's business and its financial position and performance.

b) Commitments

As in the previous year, there are no commitments arising under guarantees.

c) Other financial obligations

Other financial obligations as of December 31, 2021 are as follows:

December 31, 2021				
in € thousand	**up to 1 year**	**1 to 5 years**	**>5 years**	**Total**
Incidental rental costs	161	641	373	1,176
Software and licenses	924	1,876	0	2,800
Other	256	6	0	263
Total	**1,342**	**2,523**	**373**	**4,239**

The significant amount in financial obligations from software and licenses includes an agreement for the use of SAP. The other obligations are primarily service contracts.

In addition, there are financial obligations from outstanding purchase orders for intangible assets and Property, plant and equipment in the following amounts:

€ thousand	December 31, 2021
Intangible assets	41
Property, plant and equipment	2,736
Total	**2,777**

34. CORRECTION OF ERRORS

During 2021, the Group discovered several errors in the financial statements since 2018, which resulted from mathematical errors and errors in applying accounting policies. The errors have been corrected by restating each of the affected financial statement line items for prior periods.

Partially these errors have already been corrected in the annual financial statements as of December 31, 2020. The company removed the non-GAAP measure "Output" from Statement of profit and loss and other comprehensive income.

The following tables summarize the impacts of the errors on the Group´s consolidated financial statements, which have not already been corrected in financial statements as of December 31, 2020.

Consolidated statements of financial position

January 01, 2020				
in € thousand	As previously reported[49]	Error-adjustments I and II	Classification errors	As restated
Assets				
Intangible assets	10,224	-1,444	0	8,780
Right-of-use assets	6,700	110	0	6,810
Property, plant and equipment	3,855	-15	0	3,840
Other non-current financial assets	226	0	-30	196
Non-current assets	**21,005**	**-1,349**	-30	**19,626**
Inventories	2.878	-479	0	2,399
Trade receivables	76	0	-76	0
Current tax assets	11	0	-11	0
Other financial and non-financial assets	1,652	0	117	1,769
Cash and cash equivalents	8,914	0	**0**	8,914
Current assets	**13,531**	**-479**	30	**13,082**
TOTAL ASSETS	**34,536**	**-1,828**	0	**32,708**
Equity				
Share capital	2,904	0	0	2,904
Capital reserve	45,368	1,041	0	46,409
Exchange rate differences	-53	0	0	-53
Accumulated deficit	-23,369	-3,280	0	-26,649
TOTAL EQUITY	**24,851**	**-2,239**	0	**22,612**
Liabilities				
Provisions	25	98	-6	117
Non-current lease liabilities	6,080	-108	0	5,972
Non-current liabilities	**6,105**	**-10**	-6	**6,089**
Provisions	1,531	-34	-1,248	249
Current lease liabilities	664	126	0	790
Trade and other payables	1,207	0	1,254	2,461
Contract liabilities	0	330	0	330
Other financial and non-financial liabilities	177	0	0	177
Current liabilities	**3,580**	**421**	6	**4,007**
Total liabilities	**9,685**	**411**	0	**10,096**
TOTAL EQUITY AND LIABILITIES	**34,536**	**-1,828**	0	**32,708**

49 The presentation “as previously reported” corresponds to the previously reported adjusted balances as of December 31, 2019 in the consolidated financial statements for the year ended December 31, 2020.

December 31, 2020				
in € thousand	As previously reported	Error-adjustments I and II	Classification errors	As restated
Assets				
Intangible assets	17,884	0	0	17,884
Right-of-use assets	7,942	0	0	7,942
Property, plant and equipment	10,078	-3	0	10,075
Other non-current financial assets	359	0	0	359
Non-current assets	**36,262**	**-3**	0	**36,259**
Inventories	5,230	0	0	5,230
Trade receivables	550	0	0	550
Other financial and non-financial assets	1,339	0	0	1,339
Cash and cash equivalents	43,198	0	**0**	43,198
Current assets	**50,317**	**0**	0	**50,317**
TOTAL ASSETS	**86,579**	**-3**	0	**86,576**
Equity				
Share capital	4,093	-98	0	3,995
Capital reserve	112,417	-4,228	0	108,189
Prepaid share reserve	0	5,500	0	5,500
Exchange rate differences	314	0	0	314
Accumulated deficit	-46,113	-1,177	0	-47,290
TOTAL EQUITY	**70,711**	**-3**	0	**70,708**
Liabilities				
Provisions	178	0	-6	172
Non-current lease liabilities	6,800	0	0	6,800
Non-current liabilities	**6,978**	**0**	-6	**6,972**
Provisions	4,417	0	-3,412	1,005
Current lease liabilities	1,156	0	0	1,156
Trade and other payables	1,710	0	3,418	5,128
Contract liabilities	299	0	897	1,196
Other financial and non-financial liabilities	1,308	0	-897	411
Current liabilities	**8,890**	**0**	6	**8,896**
Total liabilities	**15,868**	**0**	0	**15,868**
TOTAL EQUITY AND LIABILITIES	**86,579**	**-3**	0	**86,576**

Consolidated statements of profit or loss and other comprehensive income

For the year ended December 31, 2020				
in € thousand	**As previously reported**	**Error adjust-ments I and II**	**Classifica-tion errors**	**As restated**
Revenue	679	0	0	679
Change in inventories of finished goods and work in progress	-976	479	0	-497
Own work capitalized	9,137	1,293	-1,055	9,375
Other operating income	601	-36	-27	538
Cost of materials	-6,221	0	0	-6,221
Personnel expenses	-16,683	-133	0	-16,816
Depreciation and amortization	-2,017	174	0	-1,843
Other operating expenses	-6,227	326	558	-5,343
Operating profit/loss (EBIT)	**-21,707**	**2,104**	**-524**	**-20,129**
Interest and similar income	18	0	0	18
Interest and similar expenses	-1,055	0	1,055	0
Net foreign exchange gain / (loss)	0	0	-531	-531
Net Finance costs	**-1,037**	**0**	**524**	**-513**
Profit/loss before tax (EBT)	**-22,745**	**2,104**	**0**	**-20,642**
Income tax expense	1	-1	0	0
Consolidated net profit/loss for the year	**-22,744**	**2,103**	**0**	**-20,642**
Other comprehensive income/loss				
Items which may be subsequently reclassified to profit and loss				
Foreign operations – foreign currency translation differences	366	0	0	366
Total	**366**	**0**	**0**	**366**
Other comprehensive income/loss for the period after tax	**366**	**0**	**0**	**366**
Total comprehensive income/loss for the period	**-22,378**	**2,103**	**0**	**-20,275**

Basic number of shares	3,353,850	-4,447	0	3,349,403
Diluted number of shares	3,392,050	-42,647	0	3,349,403
Basic earnings per share in EUR	-6.78	0.62	0	-6.16
Diluted earnings per share in EUR	-6.71	0.55	0	-6.16

Consolidated Statements of Cash Flows

For the year ended December 31, 2020				
in € thousand	As previously reported	Error adjust-ments I and II	Classifica-tion errors	As restated
Cash flows from operating activities				
Consolidated net profit/loss for the year	**-22,744**	**2,103**	**0**	**-20,642**
Adjustments for:				
Income tax expense	-1	0	0	-1
Depreciation, amortization and impairments	2,018	-178	0	1,840
Gain from disposals of fixed assets	51	0	0	51
Interest and similar income	-17	0	0	-17
Equity-settled share-based payment transactions	992	133	0	1,125
Changes in:				
Inventories	-2,042	-856	0	-2,898
Trade receivables	-514	0	-76	-590
Other financial and non-financial assets	-988	312	76	-600
Provisions	2,880	35	-2,164	751
Trade and other payables	258	0	2,164	2,422
Contract liabilities	312	-330	897	879
Other financial and non-financial liabilities	1,110	0	-897	213
Net foreign exchange gain / (loss)	531	0	0	531
Net cash from operating activities	**-18,154**	**1,219**	**0**	**-16,935**
Cash flows from investing activities				
Acquisition of intangible assets	-7,005	-1,281	0	-8,286
Acquisition of property, plant and equipment	-6,716	-8	0	-6,724
Interests received	0	65	18	83
Net cash used in investing activities	**-13,721**	**-1,224**	**18**	**-14, 927**
Cash flows from financing activities				
Proceeds from issue of share capital	61,746	0	0	61,746
Proceeds from issue of convertible notes	5,000	0	0	5,000
Proceeds from short-term loans	2,500	0	0	2,500
Repayment of short-term loans	-2,500	0	0	-2,500
Payments of lease liabilities	-679	5	0	-674
Interests received	18	0	-18	0
Interests paid	-555	0	0	-555
Proceeds from other financial assets	740	0	0	741
Net cash from financing activities	**66,270**	**5**	**-18**	**66,257**
Net increase/decrease in cash and cash equivalents	**34,395**	**0**	**0**	**34,395**
Cash and cash equivalents at January 1	8,914	0	0	8,914
Effects of movements in exchange rates on cash held	-111	0	0	-111
Cash and cash equivalents at December 31	**43,198**	**0**	**0**	**43,198**

a) Classification errors

With regards to the Consolidated statement of financial position as of January 01, 2020 the Group did the following reclassifications due to erroneous presentation:

Classification error	Description
1	Reclassification of a security deposit with an amount of €30 thousand from other non-current financial assets to other financial and non-financial assets.
2	Reclassification of a receivable for breach of contract with an amount of €76 thousand from trade receivables to other financial and non-financial assets.
3	Reclassification of receivables for capital gains tax with an amount of €11 thousand from current tax assets to other financial and non-financial assets.
4	Reclassification of recognized archiving costs with an amount of €6 thousand from the provisions (non-current) to trade and other payables.
5	Reclassification of recognized accruals with an amount of €1,248 thousand from the provisions (current) to trade and other payables.

With regards to the Consolidated statement of financial position as of December 31, 2020 the Group did the following reclassifications due to erroneous presentation:

Classification error	Description
1	Reclassification of recognized archiving costs with an amount of €6 thousand from the provisions (non-current) to trade and other payables.
2	Reclassification of recognized accruals with an amount of €3,412 thousand from the provisions (current) to trade and other payables.
3	Reclassification of a payments received from a customer with an amount of €897 thousand from the other financial and non-financial liabilities to the contract liabilities.

With regards to the Consolidated statements of profit or loss and other comprehensive income for the year December 31, 2020 the Group did the following reclassifications due to erroneous presentation:

Classification error	Description
1	Change in the presentation of capitalized borrowing costs in accordance with IAS 23 with an amount of €1,055 thousand which was previously shown as part of the own work capitalized are now presented as deduction value of the interest and similar expenses.
2	Reclassification of foreign currency exchange gains with an amount of €27 thousand from other operating income to net foreign exchange gain / (loss)
3	Reclassification of foreign currency exchange losses with an amount of €558 thousand from other operating expenses to net foreign exchange gain / (loss).

The material reclassifications with regards to the Consolidated Statements of Cash Flows for the year ended December 31, 2020 are as follows:

Classification error	Description
1	Reclassification of a receivable for breach of contract with an amount of €76 thousand from trade receivables to other financial and non-financial assets.
2	Reclassification of cash flows from changes in provisions with an amount of €2,164 thousand to cash flows from changes in trade and other payables due to reclassification of recognized accruals from the provisions (non-current and current) to trade and other payables (accruals) in the statement of financial position as of December 31, 2020 and December 31, 2019
3	Reclassification of cash flows from changes in other financial and non-financial liabilities with an amount of €897 thousand to cash flows from changes in contract liabilities due to reclassification of a payments received from a customer with an amount from the other financial and non-financial liabilities to the contract liabilities in the statement of financial position as of December 31, 2020 and December 31, 2019
4	Reclassification of cash flows from Proceeds from other financial assets in the amount of €740 thousand from Financing activities to Investing activities.

b) Error-adjustments I

During 2021 the Group discovered the following errors in the financial statements since 2018:

Error	Nature of error	Impact on the financial statements
IFRS 16	• Two lease contracts were missed to be presented in the balance sheet. • Costs for the restoration of a leased office-building were not included in the right of use of a lease contract.	• Right of use assets, non-current lease liabilities, current lease liabilities, non-current provisions and related depreciation and interest expenses were understated, other operating expenses were overstated.
Capitalized development costs	• General and administrative costs were incorrectly capitalized as development costs. • Mathematically mistakes in the calculation of surcharge rates for the capitalization of intangible assets. • Missed capitalization of borrowing cost as development costs as required by IAS 23.	• Intangible assets, the related own worked capitalized and amortization were overstated. • With regards to the missed capitalization of borrowing cost as development costs intangible assets were understated, interest and similar expenses were overstated.
Property, plant and equipment	• General and administrative costs were incorrectly considered as production costs of property, plant, and equipment. • Mathematically mistakes in the calculation of surcharge rates for the capitalization of production costs of property, plant and equipment. • Missed capitalization of borrowing cost as manufacturing costs of fixed assets as required by IAS 23.	• Property, plant and equipment, own worked capitalized, related depreciation were overstated. • With regards to the missed capitalization of borrowing cost as acquisitions costs property, plant and equipment were understated, and the interest and similar expenses were overstated.
Inventory	• General and administrative costs were incorrectly considered as production costs for inventories. • Mathematical mistakes in the calculation of surcharge rates for production costs. • Mistakes regarding the revaluation of inventory to the net realizable value.	• Inventories and change in inventories of finished goods and work in progress were overstated. • With regards to the mistakes for revaluation of inventories to its net realizable value the inventories and cost of materials were overstated.
Diluted number of shares	• The calculation of the diluted number of shares was incorrect because potential shares were included in the calculation although their effect on the loss per share would have been anti-dilutive.	• The diluted number of shares was overstated and the diluted loss per share was understated.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. Corresponding cash flows were restated accordingly.

The following tables summarize the impacts on the Group´s consolidated financial statements.

Consolidated statements of financial position

January 01, 2020	error-adjustments I				
in € thousand	IFRS 16	Capitalized develop-ment costs	Property, plant and equipment	Inventory	Total
Assets					
Intangible assets	0	-1,444	0	0	-1,444
Right-of-use assets	110	0	0	0	110
Property, plant and equipment	0	0	-14	0	-14
Non-current assets	**110**	**-1,444**	**-14**	**0**	**-1,348**
Inventories	0	0	0	-479	-479
Current assets	**0**	**0**	0	**-479**	**-479**
TOTAL ASSETS	**110**	**-1,444**	**-14**	**-479**	**-1,827**
Equity					
Accumulated deficit	-7	-1,444	-14	-479	-1,944
TOTAL EQUITY	**-7**	**-1,444**	**-14**	**-479**	**-1,944**
Liabilities					
Provisions	98	0	0	0	98
Non-current lease liabilities	-108	0	0	0	-108
Non-current liabilities	**-10**	**0**	0	**0**	**-10**
Current lease liabilities	126	0	0	0	126
Current liabilities	**126**	**0**	0	**0**	**126**
Total liabilities	**116**	**0**	0	**0**	**116**
TOTAL EQUITY AND LIABILITIES	**110**	**-1,444**	**-14**	**-479**	**-1,827**

December 31, 2020	error-adjustments I				
in € thousand	IFRS 16	Capitalized develop-ment costs	Property, plant and equipment	Inventory	Total
Assets					
Property, plant and equipment	0	0	-3	0	-3
Non-current assets	**0**	**0**	**-3**	**0**	**-3**
Current assets	**0**	**0**	**0**	**0**	**0**
TOTAL ASSETS	**0**	**0**	**-3**	**0**	**-3**
Equity					
Accumulated deficit	0	0	-3	0	-3
TOTAL EQUITY	**0**	**0**	**-3**	**0**	**-3**
Liabilities					
Non-current liabilities	**0**	**0**	**0**	**0**	**0**
Current liabilities	**0**	**0**	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**0**	**0**	**-3**	**0**	**-3**

Consolidated statements of profit or loss and other comprehensive income

For the year ended December 31, 2020	error-adjustments I				
in € thousand	IFRS 16	Capitalized develop-ment costs	Property, plant and equipment	Inventory	Total
Change in inventories of finished goods and work in progress	0	0	0	479	479
Own work capitalized	0	1,281	12	0	1,293
Depreciation and amortization	11	164	0	0	175
Other operating expenses	-5	0	0	0	-5
Operating profit/loss (EBIT)	**6**	**1,444**	**12**	**479**	**1,941**
Net Finance costs	**0**	**0**	**0**	**0**	**0**
Profit/loss before tax (EBT)	**6**	**1,444**	**12**	**479**	**1,941**
Consolidated net profit/loss for the year	**6**	**1,444**	**12**	**479**	**1,941**
Other comprehensive income/loss for the period after tax	**0**	**0**	**0**	**0**	**0**
Total comprehensive income/loss for the period	**6**	**1,444**	**12**	**479**	**1,941**
Basic earnings per share in EUR	0.00	0.43	0.00	0.14	0.58
Diluted earnings per share in EUR	0.00	0.43	0.00	0.14	0.58

Consolidated Statements of Cash Flows

For the year ended December 31, 2020	error-adjustments I				
in € thousand	IFRS 16	Capitalized develop-ment costs	Property, plant and equipment	Inventory	Total
Cash flows from operating activities					
Consolidated net profit/loss for the year	**7**	**1,444**	**11**	**479**	**1,941**
Adjustments for:					
Depreciation and amortization	-12	-163	-3	0	-178
Changes in:					
Inventories	0	0	0	-856	-856
Other financial and non-financial assets	0	0	0	377	377
Net cash from operating activities	**-5**	**1,281**	**8**	**0**	**1,284**
Cash flows from investing activities					
Acquisition of intangible assets	0	-1,281	0	0	-1,281
Acquisition of property, plant and equipment	0	0	-8	0	-8
Net cash used in investing activities	**0**	**-1,281**	**-8**	**0**	**-1,289**
Cash flows from financing activities					
Payments of lease liabilities	5	0	0	0	5
Net cash from financing activities	**5**	**0**	**0**	**0**	**5**
Net increase/decrease in cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at January 1	0	0	0	0	0
Cash and cash equivalents at December 31	**0**	**0**	**0**	**0**	**0**

c) Error-adjustments II

During 2021 the Group discovered the following errors in the financial statements since 2018:

Error	Nature of error	Impact on the financial statements
Revenue	• Mynaric received a prepayment from customer during the years 2019 and 2020. Although the performance obligation was not satisfied, the Group recognized revenue. The execution of the contract with customer was subsequently prohibited by German Federal Government. • Revenue was erroneously neither reversed in 2019 nor in 2020, but the company provisioned the full amount only for 6 month ended June 30, 2020. • This transaction was recorded through other operating expenses line.	• Revenue and other operating expenses were overstated. The Contract liabilities was understated as of December 31, 2019.
Liabilities	• An accrual for internal cost of the financial statement's preparation was incorrectly recognized.	• Provisions and other operating expenses were overstated.
Equity	• Deferred tax expenses related to costs of capital increase were incorrectly recognized in the consolidated statement of profit and loss and capital reserve during the years 2017-2019. • There was a mistake in assessing the timepoint of the conversion declaration of a convertible bond, resulting in inappropriate recognition of the conversion of the convertible bond in the share capital and the capital reserve as of December 31, 2020. The issuance of new shares became effective in January 2021 and cannot be recognized with share capital and capital reserve as of December 31, 2020. • There was a mathematical mistake in the calculation of the share-based payments in the Financial Statements as of December 31, 2020 resulting in understatement of personnel expenses and capital reserve. • In fiscal year 2019, a shareholder of Mynaric AG granted a member of the management board of Mynaric AG, the right to acquire shares of the Company. This transaction was not recognized as equity-settled share-based-payment in accordance with IFRS 2 in the Consolidated Financial Statements as of December 31, 2019.	• Income tax expenses, accumulated deficit and capital reserve were overstated. • Regarding the mistake in assessing the timepoint of the conversion declaration of a convertible bond the share capital and the capital reserve were overstated, and the prepaid share reserve were understated in the Financial Statements as of December 31, 2020. • Regarding the mathematical mistake in the calculation of the share-based payments the capital reserve and the personal expenses were understated. • Regarding the granting of stock option to a member of management board, personnel expenses, the capital reserve and the accumulated deficit were understated.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarize the impacts on the Group´s consolidated financial statements.

Corresponding cash flows were restated accordingly.

Consolidated statements of financial position

January 01, 2020		**error-adjustments II**		
in € thousand	**Revenue**	**Liabilities**	**Equity**	**Total**
Assets				
Non-current assets	**0**	**0**	**0**	**0**
Current assets	**0**	**0**	**0**	**0**
TOTAL ASSETS	**0**	**0**	**0**	**0**
Equity				
Capital reserve	0	0	1,041	1,041
Accumulated deficit	-330	35	-1,041	-1,336
TOTAL EQUITY	**-330**	**35**	**0**	**-295**
Liabilities				
Non-current liabilities	**0**	**0**	0	**0**
Provisions	0	-35	0	-35
Contract liabilities	330	0	0	330
Current liabilities	**330**	**-35**	**0**	**295**
Total liabilities	**330**	**-35**	**0**	**295**
TOTAL EQUITY AND LIABILITIES	**0**	**0**	**0**	**0**

December 31, 2020	error-adjustments II			
in € thousand	**Revenue**	**Liabilities**	**Equity**	**Total**
Assets				
Non-current assets	**0**	**0**	**0**	**0**
Current assets	**0**	**0**	**0**	**0**
TOTAL ASSETS	**0**	**0**	**0**	**0**
Equity				
Share capital	0	0	-98	-98
Capital reserve	0	0	-4,228	-4,228
Prepaid share reserve	0	0	5,500	5,500
Accumulated deficit	0	0	-1,174	-1,174
TOTAL EQUITY	**0**	**0**	**0**	**0**
Liabilities				
Non-current liabilities	**0**	**0**	**0**	**0**
Current liabilities	**0**	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**0**	**0**	**0**	**0**

Consolidated statements of profit or loss and other comprehensive income

For the year ended December 31, 2020	error-adjustments II			
in € thousand	**Revenue**	**Liabilities**	**Equity**	**Total**
Other operating income	0	-36	0	-36
Personnel expenses	0	0	-133	-133
Other operating expenses	330	0	0	330
Operating profit/loss (EBIT)	**330**	**-36**	**-133**	**161**
Net Finance costs	**0**	**0**	**0**	**0**
Profit/loss before tax (EBT)	**330**	**-36**	**-133**	**161**
Consolidated net profit/loss for the year	**330**	**-36**	**-133**	**161**
Other comprehensive income/loss for the period after tax	**0**	**0**	**0**	**0**
Total comprehensive income/loss for the period	**330**	**-36**	**-133**	**161**
Basic earnings per share in EUR	0.10	-0.01	-0.04	0.05
Diluted earnings per share in EUR	0.10	-0.01	-0.04	0.05

Consolidated Statements of Cash Flows

For the year ended December 31, 2020	error-adjustments II			
in € thousand	Revenue	Liabilities	Equity	Total
Cash flows from operating activities				
Consolidated net profit/loss for the period	**-330**	**15**	**-1,041**	**-1,356**
Adjustments for:				
Interest and similar income	0	33	0	33
Equity-settled share-based payment transactions	0	0	1,041	1,041
Changes in:				
Other financial and non-financial assets	0	65	0	65
Provisions	0	-21	0	-21
Contract liabilities	330	0	0	330
Net cash from operating activities	**0**	**93**	**0**	**93**
Cash flows from investing activities				
Net cash used in investing activities	**0**	**0**	**0**	**0**
Cash flows from financing activities				
Interests received	0	-98	0	-98
Net cash from financing activities	**0**	**-98**	**0**	**-98**
Net increase/decrease in cash and cash equivalents	**0**	**-5**	**0**	**-5**
Cash and cash equivalents at January 1	0	0	0	0
Effects of movements in exchange rates on cash held	0	5	0	5
Cash and cash equivalents at December 31	**0**	**0**	**0**	**0**

35. EMPLOYEES

During fiscal year 2021 the Company had an average 216 employees (2020: 148 employees). A breakdown of number of employees per individual Mynaric Group company is shown below:

	2021	2020
Mynaric AG	35	25
Mynaric Lasercom GmbH	166	108
Mynaric Systems GmbH	1	11
Mynaric USA	14	4
Total	**216**	**148**

A breakdown of Mynaric Group employee numbers by individual departments is shown below.

	2021	2020
Technology development	110	65
Production & supply chain management	40	28
Product development & sales	32	29
Administration	29	25
Communications & marketing	5	1
Total	**216**	**148**

36. GOVERNING BODIES OF THE COMPANY

The Management Board consists of the following members:

- Bulent Altan, CEO, Master of Science in Aerospace, Playa Vista, California
- Stefan Berndt-von Bülow, CFO, graduate in business administration, Tutzing (since June 16, 2020)
- Joachim Horwath, CTO, Graduate engineer, Gilching (since February 17, 2021)

The Supervisory Board consists of the following members:

- Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG
- Peter Müller-Brühl, Deputy Chairman (since October 5, 2021), COO of GreenCom Networks AG
- Steve Geskos, member of the Supervisory Board, Managing Director Rose Park Advisors (since May 14, 2021)
- Vincent Wobbe, member of the Supervisory Board, Head of Public Investments Apeiron Investment Group (since July 30, 2021)
- Hans Koenigsmann, member of the Supervisory Board, former Vice President of Flight Reliability at SpaceX (since October 13, 2021)
- Dr. Gerd Gruppe, Deputy Chairman, member of the Executive Board of DLR i.R. (until October 5, 2021)
- Thomas Hanke, member of the Supervisory Board, graduate in business administration, M&A consultant (until June 24, 2021)
- Dr. Thomas Billeter, member of the Supervisory Board, investor and business angel (until May 14, 2021)

37. CORPORATE GOVERNANCE

The Corporate Governance Statement, the Group Corporate Governance Statement and the Corporate Governance Report are published on our website www.mynaric.com under "Investor Relations - Corporate Governance".

38. AUDITOR´S FEES

For the year ended December 31, 2021, the Company recognized fees for auditor services as follows:

€ thousand	2021	2020
Auditing fees	787	77
Other auditing-related services	657	67
Total	**1,444**	**144**

39. EVENTS AFTER THE REPORTING DATE

Russo-Ukrainian War

In February 2022, the government of Russia invaded Ukraine across a broad front. In response to this aggression, governments around the world have imposed severe sanctions against Russia. These sanctions disrupted the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers. We cannot yet foresee the full extent of the sanction's impact on our business and operations and such impact will depend on future developments of the war, which is highly uncertain and unpredictable. The war could have a material impact on our results of operations, liquidity, and capital management. We will continue to monitor the situation and the effect of this development on our liquidity and capital management.

Credit Agreement

On April 29, 2022, we entered into a credit agreement with Formue Nord Fokus A/S, Modelio Equity AB (publ) and Munkekullen 5 förvaltning AB as lenders for a credit line of €25 million until June 30, 2023.

Rent Agreement

Mynaric intends to further expand its office space in 2023 in order to prepare for future growth. For this reason, the Company signed a lease agreement for a new location in Munich in January 2022. The new location offers11,000 square meters or 120,000 square feet floorspace and allows for up to 400 employees working in production, testing, engineering and administration. The initial lease term will be 10 years, starting earliest in July 2023. Initial rent is€289,000 per month. For purposes of adapting the facility to Mynaric's needs, Mynaric will pay to the landlord an additional fee of€1.1 million following payment of the first month's rent

Mynaric Government Solutions, Inc.

On April 28, 2022, Mynaric Government Solutions, Inc. was incorporated in the USA, as a corporation under the laws of the State of Virginia. Mynaric Government Solutions Inc. is a wholly owned subsidiary of Mynaric AG. The company was founded for the purpose of giving the Mynaric Group access in the future to customer orders from the US government that are subject to special classification rules. This was previously not possible. In order for companies with a foreign parent company to obtain a clearance from the US government, special requirements of the US government must be observed. In the future, these requirements are to be met and implemented via the newly established company.

Gilching, May 25, 2022

The Management Board

Bulent Altan	Stefan Berndt-von Bülow	Joachim Horwath
CEO	CFO	CTO

2f. Responsibility Statement

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

" To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the Interim Group Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Interim Group Management Report includes a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Gilching, May 31, 2022

The Management Board

Bulent Altan	Stefan Berndt-von Bülow	Joachim Horwath
CEO	CFO	CTO

mynaric

Independent Auditor's Report

To Mynaric AG, Gilching, Germany

Opinions

We have audited the consolidated financial statements of Mynaric AG, Gilching, Germany and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2021 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Mynaric AG for the financial year from January 1, 2021 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of the IFRS, as adopted by the EU and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Material Uncertainty Related to Going Concern Assumption

We reference to Note 2 of the Notes to the consolidated financial statements as well as to section 5.1 e) of Group Management Report, which include the description prepared by management regarding the loss incurred during the year with an amount of EUR 45.5 million while net current assets of group amount to EUR 48.3 million as of balance sheet date. As of the date of approval of the consolidated financial statement the Group has EUR 34.2 million in available liquidity primarily consisting of cash and cash equivalents and unused credit lines available as well as other highly liquid assets. Based on the Company's liquidity position as at the date of authorization of these consolidated financial statements, management estimates that it will need additional financing to meet its financial obligations in the first quarter 2023. Management is currently in discussion with potential strategic investors as well as various providers of debt capital which are in varying stages. However, none of these have yet been firmly committed to as of the date of these consolidated financial statements. There can be no assurance that financing in the amounts needed to meet its current operational planning can be obtained in the first quarter 2023. If the Group is unable to obtain financing or take other actions in response to these circumstances within that time, such as significantly curtailing its current operational budget in 2022 and 2023, it may be unable to continue as a going concern. As described in Note 2 of the consolidated financial statements and in section 5.1 e) of Group Management Report, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern and which represent a going concern risk within the meaning of Section 322 (2) sentence 3 HGB. Our opinions have not been modified with respect to this matter.

Other Information

Management and the Supervisory Board are responsible for the other information. The other information comprises the information in the annual report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with the requirements of the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e HGB and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der

Wirtschaftsprüfer (IDW) as well as additional considerations of international standards of auditing will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with of the IFRS, as adopted by the EU, and the additional requirements of German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, June 2, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Signiert von Alexander Thorsten Heinrich Hutzler am 02.06.2022	Signiert von Oleksandra Vedernykova am 02.06.2022
Hutzler Wirtschaftsprüfer [German Public Auditor]	Vedernykova Wirtschaftsprüferin [German Public Auditor]