Prospectus

for the public offering in the Federal Republic of Germany

of

800,000 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*),

at a subscription price of EUR 66.00 per share

from a capital increase against contribution in cash resolved in principle by way of a resolution by the Management Board on 8 October 2020 following authorization by the Supervisory Board on the same day and pursuant to a subsequent determination resolution by which the Management Board determined on 8 October 2020, following authorization by the Supervisory Board on the same day, and utilizing the authorized capital as resolved by the general shareholders' meeting on 12 June 2020 with subscription rights for existing shareholders of Mynaric AG, the subscription price and final number of new shares to be offered to shareholders of Mynaric AG as well as the subscription ratio,

each such share with a notional value of EUR 1.00 and full dividend rights as of 1 January 2020

of

Mynaric AG
Gilching, Germany

International Securities Identification Number (ISIN): DE000A0JCY11

German Securities Code (Wertpapier-Kenn-Nummer, WKN): A0JCY1

Trading Symbol: M0Y

Sole Global Coordinator and Sole Bookrunner

Hauck & Aufhäuser Privatbankiers Aktiengesellschaft

The date of this Prospectus is 9 October 2020.

Warning regarding the validity of the Prospectus

The validity of this Prospectus will expire on 26 October 2020. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

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A. Summary of the Prospectus

A. Introduction Containing Warnings

This prospectus (the ***Prospectus***) relates to ordinary bearer shares with no-par value, International Securities Identification Number (***ISIN***) DE000A0JCY11, of Mynaric AG, Legal Entity Identifier (***LEI***) 8945004QR4AMZMH84X56, with business address at Dornierstraße 19, 82205 Gilching, Federal Republic of Germany (***Germany***) (telephone +49 8105 79990; website: www.mynaric.com) (the ***Issuer*** or the ***Company,*** *and together with its subsidiaries,* ***Mynaric*** *or the* ***Group***).

The shares of the Company will be offered by Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Kaiserstraße 24, 60311 Frankfurt, Germany, LEI: 529900OOZP78CYPYF471 (telephone + 49 69 21610) (the ***Sole Global Coordinator,*** the ***Sole Bookrunner***, and the ***Underwriter***).

The German Federal Financial Supervisory Authority (*Bundesanstalt fur Finanzdienstleistungsaufsicht* or ***BaFin***), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108 0; website: www.bafin.de), has approved this Prospectus as competent authority under Regulation (EU) 2017/1129 on 9 October 2020.

This summary should be read as an introduction to this Prospectus. Any decision to invest in the shares of the Company should be based on a consideration of this Prospectus as a whole by an investor. Investors in the shares of the Company could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the shares of the Company.

B. Key Information on the Issuer

Who is the Issuer of securities?

Issuer information	The Company's legal name is "Mynaric AG" and it operates under the commercial name "mynaric". The Company, with LEI 8945004QR4AMZMH84X56, has its registered seat in Gilching, Germany, and its business address at Dornierstraße 19, 82205 Gilching, Germany, and is registered with the Commercial Register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany (the ***Commercial Register***) under number HRB 232763. The Company is a stock corporation (*Aktiengesellschaft* or AG) governed by the law of the Federal Republic of Germany.
Principal activities	The Mynaric Group's principal business areas comprise the development and enhancement of laser communications products and the development and manufacture of ground terminals and flight terminals for air (airplanes, unmanned drones, stratospheric balloons) and space (satellite) applications. The ground terminals facilitate communications connections from the air or outer space to the ground.
Major Shareholders	Not applicable.
Control	Not applicable.
Management board	The Company's management board (*Vorstand*) consists of Bulent Altan and Stefan Berndt-von Bülow.

Statutory auditors	RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (***RSM***), Georg-Glock-Straße 4, 40474 Düsseldorf, through its office located at Maximiliansplatz 10, 80333 Munich, Germany, on the basis of the resolutions of the Company's general shareholders' meeting held on 2 July 2019 and 17 July 2018 was engaged as auditor of the Company's annual financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) (***HGB***) and German generally accepted accounting principles (together with HGB, ***German GAAP***) as of and for the fiscal year ended 31 December 2019 and 31 December 2018. Since then, RSM has also acted as the auditor of the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (***IFRS***) as of and for the fiscal years ended 31 December 2019 and 31 December 2018 (with unaudited comparable figures for the year ended 31 December 2017) (*the* ***Audited Consolidated Financial Statements***). RSM has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon. Previously, Mynaric AG engaged BTU Treuhand GmbH (***BTU***), Sonnenstraße 9, 80331 Munich, Germany, as the auditor of its financial statements prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2017 covering the stub period from the Company's formation until 31 December 2017. BTU issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon, and on the statements of changes in equity and the cashflow statement for the financial year ended 31 December 2017, that were derived from the Company's annual financial statements for the financial year ended 31 December 2017 and the underlying accounting records.

What is the key financial information regarding the Issuer?

The financial information contained in this Prospectus, other than where otherwise indicated, and in the following tables is taken or derived from the Company's unaudited interim consolidated financial statements as of and for the six-month period ended 30 June 2020 (the ***Unaudited Interim Consolidated Financial Statements***), the Audited Consolidated Financial Statements and the Company's internal reporting system. The Audited Consolidated Financial Statements and the Unaudited Interim Consolidated Statements have been prepared in accordance with IFRS and reviewed by RSM.

Where financial data in tables in this Prospectus is labelled "audited", it has been taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in tables in this Prospectus to indicate financial data that has not been taken from those Audited Consolidated Financial Statements, but was taken either from the Unaudited Interim Consolidated Financial Statements or the Company's internal reporting system or has been calculated based on financial data from the above-mentioned sources.

The financial information contained in the following tables related to the fiscal year ended 31 December 2017 has been taken from the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018, in which it was presented as comparable figures and, as such, not audited. Under the auspices of a reverse acquisition in 2017, the shares of Mynaric Lasercom GmbH were contributed into Mynaric AG. In accordance with IFRS 3 B15 et seq., the transaction constitutes a reverse acquisition with the result that, for reporting purposes, Mynaric Lasercom GmbH is identified as the acquirer and Mynaric AG as the acquiree. Although the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018 are published under the name Mynaric AG as the legal parent company, the performance figures related to the fiscal year ended 31 December 2017 comprise the operations of Mynaric Lasercom GmbH and its former subsidiary Mynaric USA Inc. for the 12 -month period ended 31 December 2017 and of Mynaric AG for the period from the Company's formation on 18 April 2017 until 31 December 2017.

The audited financial statements prepared in accordance with German GAAP for the fiscal year ended 31 December 2017 cover the period from the Company's formation on 18 April 2017 until the end of the fiscal year on 31 December 2017.

Summary statement of profit or loss data

	Fiscal year ended 31 December			Six months ended 30 June	
	2019	2018	2017	2020	2019
	(audited)		(unaudited)	(unaudited)	
	(EUR in thousands)				
Total revenues / Output	**7,918**	**6,294**	**2,782**	**6,470**	**2,540**
Operating (loss)/profit (EBIT[(1)])	**(7,680)**	**(7,778)**	**(4,813)**	**(7,704)**	**(3,700)**
Comprehensive income for the period	**(7,871)**	**(7,825)**	**(5,390)**	**(7,916)**	**(3,859)**

(1) EBIT is defined by Mynaric as operating (loss)/profit before tax and interest, as shown in the Audited Consolidated Financial Statements and is an alternative performance measure that is not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles.

Summary statement of cash flows data

	Fiscal year ended 31 December			Six months ended 30 June	
	2019	2018	2017	2020	2019
	(audited)		(unaudited)	(unaudited)	
	(EUR in thousands)			(EUR in thousands)	
Net cash from (used in) operating activities	**(7,422)**	**(8,035)**	**(4,685)**	**(7,870)**	**(4,664)**
Net cash from (used in) investing activities	**(6,528)**	**(7,443)**	**(1,379)**	**(5,718)**	**(1,701)**
Net cash from (used in) financing activities	**9,984**	**0**	**34,217**	**11,297**	**10,442**

Summary statement of financial position data

	As of 31 December			As of 30 June
	2019	2018	2017	2020
	(audited)		(unaudited)	(unaudited)
	(EUR in thousands)			
Total assets	**34,536**	**24,763**	**31,471**	**40,952**
Total equity	**24,851**	**22,0367**	**29,830**	**29,687**

What are the key risks that are specific to the Issuer?

- The future success of the application of Mynaric's laser communications products hinges upon potential customers' investments in the development of aerospace communications networks linked by laser communications.
- The potential customer base for the use of the Mynaric Group's products for constellations is limited.
- Initial deployment of Mynaric's products by first customers could prove unsuccessful.
- Positive market development in the area of wireless laser communications could lead to increasingly intense competition, in particular with the emergence of mid-size or large enterprises, and endanger the Mynaric Group's market positioning.
- Mynaric Group is subject to risks related to the price structure of competing network architectures.

- The Mynaric Group's business model to monetize the development and production of laser communication equipment suited for large-scale deployment may not be successful.

- The Mynaric Group is subject to internal order processing risks.

- The Mynaric Group is subject to external procurement risks.

- Mynaric's products could be defective or fail to meet customers' quality requirements for other reasons, which would lead to material liability claims and damage Mynaric's reputation and thus result in higher costs for the Company.

- Mynaric is subject to regulatory risks, in particular related to evolving sanctions laws as well as governmental export controls, in a number of jurisdictions that could limit its customer base and result in higher compliance costs.

- Mynaric may be unable to adequately protect its intellectual property and proprietary rights and prevent others from making unauthorized use of its products and technology.

C. Key Information on the Securities

What are the main features of the securities?

Type, class, par value	This summary relates to ordinary bearer shares (*auf den Inhaber lautende Aktien*) with no-par value (*Stückaktien*) of the Company; ISIN: DE000A0JCY11; German Securities Code (*Wertpapier-Kenn-Nummer, WKN*): A0JCY1; Trading Symbol: M0Y; and to related subscription rights; ISIN DE000A289WW7; German Securities Code (*Wertpapier-Kenn-Nummer, WKN*): A289WW.
Number of securities	As of the date of this Prospectus, the share capital of the Company amounts to EUR 3,194,734.00 and is divided into 3,194,734 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). Each share of the Company represents a notional share of EUR 1.00 per share in the Company’s share capital. All shares of the Company are fully paid up.
Currency	The Company’s shares are denominated in euro.
Rights attached	Each share of the Company carries one vote at the Company’s general shareholders’ meeting. There are no restrictions on voting rights. The Company’s shares carry full dividend rights as of 1 January 2020. Each shareholder of the Company is generally entitled to a statutory subscription right, which means that in case of a capital increase such shareholder is entitled, upon request, to receive newly issued shares corresponding to the shareholder's share in the capital prior to the capital increase.
Seniority	The shares of the Company are subordinated to all other securities and claims in case of an insolvency of the Company.
Free transferability	The shares of the Company are freely transferable in accordance with the legal requirements for ordinary bearer shares (*Inhaberaktien*). There are no restrictions on the transferability of the Company’s shares other than certain lock-up agreements entered into between the Company and the Underwriter.
Dividend policy	The Company currently does not intend to pay any dividends and intends to continue to invest in sales and marketing, new products and geographic

expansion and reduce its financial liabilities. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

Where will the securities be traded?

The Company will announce the inclusion of the New Shares (as defined in D. below) to trading on the Scale segment of the open market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

What are the key risks attached to the securities?

- The Company's share price and trading volume of its shares could fluctuate significantly, and investors could lose all or part of their investment.
- Active trading in the subscription rights might not develop, and the subscription rights could be subject to greater price fluctuations than the shares of the Company.

D. Key Information on the Offer of Securities to the Public and Admission to Trading on a Regulated Market

Under which conditions and timetable can I invest in this security?

Offer conditions

The offering relates to the sale of 800,000 ordinary bearer shares of the Company (*Inhaberaktien*) with no-par value (*Stückaktien*) and with full dividend rights as of 1 January 2020 (the ***New Shares***). The offering (the ***Offering***) consists of a subscription offer (*Bezugsangebot*) by the Company of 800,000 New Shares, each such share representing a notional value of EUR 1.00 of the Company's share capital and carrying full dividend rights from 1 January 2020, which will be offered exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares (***Subscription Offer***).

Scope of the Offering

The Offering consists of a public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America (the ***United States***), the New Shares will be offered and sold only to qualified institutional buyers (***QIBs***) as defined in Rule 144A under the United States Securities Act of 1933, as amended (the ***Securities Act***). Outside the United States, the New Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act. The New Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

Timetable of the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

9 October 2020: Publication of the Subscription Offer in the German Federal Gazette (*Bundesanzeiger*) including Subscription Price

13 October 2020: Commencement of the subscription period

16 October 2020: Commencement of trading of subscription rights

22 October 2020: End of subscription rights trading (about 12:00 (noon) CEST)

26 October 2020: End of the subscription period, Last day for payment of the Subscription Price

30 October 2020: Registration of the consummation of the capital increase in the Commercial Register

2 November 2020: Inclusion of the New Shares to trading on the Scale segment Frankfurt Stock Exchange (Frankfurter Wertpapierbörse); Book-entry delivery of the New Shares subscribed in connection with the Subscription Offer

Under which conditions and timetable can I invest in this security?

Offer Price

The price within which purchase orders may be placed is EUR 66.00 per New Share (***Offer Price***).

Amendments to the Terms of the Offering

The Company reserves the right, together with the Sole Global Coordinator, to increase or decrease the total number of New Shares, to increase or decrease the Offer Price and/or to extend or shorten the Offer Period. Changes in relation to the number of New Shares, changes to the Offer Price or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. Under certain conditions, the Underwriter may terminate the Underwriting Agreement, even after commencement of trading (*Aufnahme des Handels*) of the New Shares that are sold on the Scale segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) up to delivery and settlement. In such case, the Offering will not take place and any distributions already made to investors will be invalidated.

Preferential Allocation

Not applicable.

Stabilization Measures, Over-Allotment and Greenshoe Option

Not applicable.

Plan for Distribution

Not applicable.

Dilution

Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of ownership of the Company's share capital following the capital increase. To the extent that shareholders do not exercise their subscription rights, and assuming that 800,000 New Shares will be issued, each shareholder's share in the Company's share capital would decrease by 20.0%.

As of 30 June 2020, the net book value (corresponding to the total assets less total non-current liabilities, and total current liabilities of the Company) derived from the Company's Unaudited Interim Consolidated Financial Statements as of and for the six months ended 30 June 2020, amounted to EUR 29.7 million, which resulted in a net book value per share of EUR 9.3 (rounded and based on 3,194,734 outstanding shares of the Company). On this basis, assuming completion of the Subscription Offer, at a Subscription Price of EUR 66.00 and after deduction of the estimated expenses of the Subscription Offer in an amount of EUR 2.5 million, the adjusted net book value of the Company as of 30 June 2020 would amount to EUR 20.0 per share (calculated as adjusted by the effects of the Subscription Offer assuming that 3,994,734 shares of the Company will be outstanding after completion of the Subscription Offer pursuant to which 800,000 New Shares would be issued). For the existing shareholders of the

	Company, this means an increase in net book value of EUR 10.7, or 115% per share. For investors who did not previously hold equity in the Company and who acquire New Shares at a Subscription Price of EUR 66.00, this entails a theoretical loss of EUR 46.0 or 70% per share.
Total Expenses	The total expenses payable by the Company will amount to approximately EUR 2.5 million (assuming all New Shares are placed).
Expenses Charged to Investors	Investors will not be charged expenses by the Company or the Underwriter in connection with its role as underwriter. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

Who is the offeror and/or the person asking for admission to trading?

Offerors	Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, a stock corporation (*Aktiengesellschaft*) with its registered seat in Kaiserstraße 24, 60311 Frankfurt, Germany, incorporated in and operating under the laws of the Federal Republic of Germany.
Admission to trading	The New Shares will not be admitted to trading on a regulated market.

Why is this Prospectus being produced?

Reasons for the Offering and the Listing	The Company intends to issue the New Shares to achieve better access to the capital markets.
Total net proceeds	The Company will receive all the net proceeds from the Offering. Assuming a placement of all the New Shares, the Company estimates that the aggregate net proceeds from the Offering would amount to approximately EUR 50.3 million.
Underwriting Agreement	On 8 October 2020, the Underwriter and the Company entered into an underwriting agreement relating to the offer and sale of the New Shares in connection with the Offering (the ***Underwriting Agreement***). In the Underwriting Agreement, the Underwriter have agreed, subject to certain conditions, to underwrite and purchase the New Shares at the Offer Price with a view to offering them to investors in the Offering.
Interests material to the issue/offer including conflicting interests	The Underwriter is acting for the Company in connection with the Offering and the coordination, structuring and execution of the Offering. In addition, Hauck & Aufhäuser Privatbankiers Aktiengesellschaft has been retained to act as designated sponsor for the Company's shares and Quirin Privatbank AG has been appointed to act as paying agent. Upon successful implementation of the Offering, the Underwriter will receive a commission. As a result of these contractual relationships, the Underwriter has a financial interest in the success of the Offering. Several of the Company's Supervisory Board members and managers of Mynaric are directly or indirectly invested in the Issuer. Certain of the Management Board and Supervisory Board members own shares of the Company. Accordingly, all these individuals will receive proceeds from or payments linked to the Offering and have an interest in the success of the Offering at the best possible terms.

B. Zusammenfassung des Prospekts

A. Einleitung mit Warnhinweisen

Dieser Prospekt (der ***Prospekt)*** bezieht sich auf den Inhaber lautende Stückaktien mit der internationalen Wertpapier-Identifikationsnummer ***(ISIN)*** DE000A0JCY11 der Mynaric AG, Rechtsträgerkennung (***LEI***) 8945004QR4AMZMH84X56, Geschäftsanschrift Dornierstraße 19, 82205 Gilching, Bundesrepublik Deutschland (***Deutschland***) (Telefon +49 8105 79990; Website: www.mynaric.com) (der ***Emittent*** oder die ***Gesellschaft*** *und zusammen mit Tochtergesellschaften* ***Mynaric Group***).

Die Aktien der Gesellschaft werden von der Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Kaiserstraße 24, 60311 Frankfurt, Deutschland, LEI: 529900OOZP78CYPYF471 (Telefon + 49 69 21610) (***Sole Global Coordinator***, ***Sole Bookrunner*** und ***Konsortialbank***) angeboten.

Die Bundesanstalt für Finanzdienstleistungsaufsicht (***BaFin***), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon +49 228 4108 0; Website: www.bafin.de), hat diesen Prospekt als zuständige Behörde gemäß Verordnung(EU)2017/1129 am 9. Oktober 2020 gebilligt.

Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Anleger sollten sich bei der Entscheidung, in die Aktien der Gesellschaft zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger, die in die Aktien der Gesellschaft investieren, könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Nur diejenigen Personen haften zivilrechtlich, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben. Dies gilt jedoch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien der Gesellschaft für die Anleger eine Entscheidungshilfe darstellen würden.

B. Basisinformationen über den Emittenten

Wer ist der Emittent der Wertpapiere?

Informationen über den Emittenten	Die Firma der Gesellschaft lautet "Mynaric AG". Die Gesellschaft tritt unter ihrer Firma oder der kommerziellen Bezeichnung "mynaric" am Markt auf. Die Gesellschaft, LEI 8945004QR4AMZMH84X56, hat ihren Sitz in Gilching, Deutschland. Die Geschäftsanschrift lautet Dornierstraße 19, 82205 Gilching, Deutschland. Sie ist im Handelsregister des Amtsgerichts München unter der HRB 232763 eingetragen. Die Gesellschaft ist eine Aktiengesellschaft (AG), die deutschem Recht unterliegt. Maßgebliche Rechtsordnung ist das Recht der Bundesrepublik Deutschland.
Haupttätigkeiten	Die Hauptgeschäftsfelder der Mynaric Group umfassen die Entwicklung und Weiterentwicklung von Laserkommunikationsprodukten sowie die Entwicklung und Herstellung von Bodenstationen und Flugterminals für Luft- (Flugzeuge, unbemannte Drohnen, Stratosphärenballone) und Weltraumanwendungen (Satelliten). Die Bodenstationen ermöglichen Kommunikationsverbindungen aus der Luft oder dem Weltraum mit dem Boden.
Hauptanteilseigner	Entfällt.
Beherrschung	Entfällt.
Vorstand	Der Vorstand der Gesellschaft besteht aus Bulent Altan und Stefan Berndt-von Bülow

Abschlussprüfer	Die RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Georg-Glock-Straße 4, 40474 Düsseldorf, durch ihre Niederlassung Maximiliansplatz 10, 80333 München, Deutschland (***RSM***) wurde aufgrund Beschluss der Hauptversammlung vom 02. Juli 2019 und vom 17. Juli 2018 mit der Prüfung der nach dem deutschen Handelsgesetzbuch (***HGB***) und den in Deutschland anerkannten Grundsätzen ordnungsmäßiger Buchführung (zusammen mit dem HGB die **deutschen handelsrechtlichen Grundsätze**) erstellten Jahresabschlüsse der Gesellschaft für die zum 31. Dezember 2019 und 31. Dezember 2018 endende Geschäftsjahre beauftragt. RSM wurde auch mit der Prüfung der nach den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind (***IFRS***), erstellten Konzernabschlüsse für die zum 31. Dezember 2019, sowie zum 31. Dezember 2018, endenden Geschäftsjahre mit ungeprüften Vergleichszahlen für das zum 31. Dezember 2017 endende Geschäftsjahr (die ***Geprüften Konzernabschlüsse***) beauftragt. RSM hat für diese Abschlüsse jeweils uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers erteilt. Davor hat die Mynaric AG die BTU Treuhand GmbH (***BTU***), Sonnenstraße 9, 80331 München, Deutschland, mit der Prüfung ihres nach den deutschen handelsrechtlichen Grundsätzen erstellten Jahresabschlusses für das zum 31. Dezember 2017 endende Geschäftsjahr, der das Rumpfgeschäftsjahr von der Gründung der Gesellschaft bis zum 31-. Dezember 2017 umfasste beauftragt. BTU hat zu diesem Abschluss einen uneingeschränkten Bestätigungsvermerk des unabhängigen Abschlussprüfers erteilt, sowie zur Eigenkapitalveränderungsrechnung und zur Kapitalflussrechnung für das am 31. Dezember 2017 endende Geschäftsjahr, welche dem Jahresabschluss der Gesellschaft für das am 31. Dezember 2017 endende Geschäftsjahr unter Einbeziehung der Buchführung entnommen wurden.

Welches sind die wesentlichen Finanzinformationen über den Emittenten?

Die Finanzinformationen in diesem Prospekt, soweit nicht anders angegeben, und in den folgenden Tabellen wurden dem ungeprüften Konzernzwischenabschlüsse der Gesellschaft für den zum 30. Juni 2020 endenden Sechsmonatszeitraum (der ***Ungeprüfte Konzernzwischenabschluss***), die Geprüften Konzernabschlüsse und dem internen Berichtssystem der Gesellschaft entnommen oder daraus abgeleitet. Die Geprüften Konzernabschlüsse und der Ungeprüfte Konzernzwischenabschluss wurden nach IFRS erstellt, und durch RSM prüferisch durchgesehen.

In diesem Prospekt als "geprüft" gekennzeichnete Finanzinformationen wurden den Geprüften Konzernabschlüssen der Gesellschaft entnommen. Die Bezeichnung "ungeprüft" wird in diesem Prospekt zur Kennzeichnung von Finanzinformationen verwendet, die nicht den Geprüften Konzernabschlüssen entnommen wurden, sondern entweder dem Ungeprüften Konzernzwischenabschluss der Gesellschaft oder dem internen Berichtssystem der Gesellschaft entnommen wurden oder auf der Grundlage von Finanzinformationen aus den vorgenannten Quellen errechnet wurden.

Die in den folgenden Tabellen enthaltenen Finanzinformationen in Bezug auf das zum 31. Dezember 2017 endende Geschäftsjahr sind dem Geprüften Konzernabschluss zum 31. Dezember 2018 endenden Geschäftsjahr entnommen worden, in dem sie als Vergleichszahlen aufgeführt, und also solche ungeprüft, sind. Die Mynaric Lasercom GmbH ist in 2017 im Rahmen eines umgekehrten Unternehmenserwerbs in die Mynaric AG eingebracht worden. Zu den Zwecken der Rechnungslegung gemäß IFRS 3 B15 ff. wurde diesbezüglich die Mynaric Lasercom GmbH als Erwerber und die Mynaric AG als Erworbene betrachtet. Obgleich die konsolidierten Finanzinformationen für das zum 31. Dezember 2018 endende Geschäftsjahr unter dem Namen der Mynaric AG, in ihrer Rolle als legale Muttergesellschaft, erstellt wurden, umfassen die darin enthaltenen Finanzinformationen für das zum 31. Dezember 2017 endende Geschäftsjahr die operativen Geschäftstätigkeiten der Mynaric Lasercom

GmbH und ihrer damaligen Tochtergesellschaft, Mynaric USA Inc., für den Zwölfmonatszeitraum zum 31. Dezember 2018 und die der Mynaric AG für den Zeitraum von der Gesellschaftsgründung am 18. April 2017 bis zum 31 Dezember 2017.

Der in diesem Prospekt enthaltene nach den deutschen handelsrechtlichen Grundsätzen erstellte Jahresabschluss für das zum 31. Dezember 2017 endende Geschäftsjahr deckt die Zeitspanne von der Gründung der Gesellschaft am 18. April 2017 bis zum Ende des Geschäftsjahrs am 31. Dezember 2017 ab.

Zusammenfassung von Daten aus der Gewinn- und Verlustrechnung

	Geschäftsjahr zum 31. Dezember			Sechsmonatszeitraum zum 30. Juni	
(in Tausend EUR, soweit nicht anders angegeben)	**2019**	**2018**	**2017**	**2020**	**2019**
	(geprüft)		**(ungeprüft)**	**(ungeprüft)**	
Gesamtleistung	**7.918**	**6.294**	**2.782**	**6.470**	**2.540**
Betriebsergebnis (EBIT[(1)])	**(7.680)**	**(7.778)**	**(4.813)**	**(7.704)**	**(3.700)**
Summe Gesamtergebnis der Periode	**(7.871)**	**(7.825)**	**(5.390)**	**(7.916)**	**(3.859)**

(1) EBIT wird durch Mynaric als Betriebsergebnis /(-verlust) vor Steuern und Zinsen, wie in den Geprüften Konzernabschlüssen aufgeführt, definiert und ist eine alternative Kennzahl, die gemäß IFRS, deutschen handelsrechtlichen Grundsätzen und etwaigen sonstigen handelsrechtlichen Grundsätzen weder erforderlich ist, noch im Einklang mit IFRS, deutschen handelsrechtlichen Grundsätzen und etwaigen sonstigen handelsrechtlichen Grundsätzen dargestellt wird.

Zusammenfassung von Daten aus der Kapitalflussrechnung

	Geschäftsjahr zum 31. Dezember			Sechsmonatszeitraum zum 30. Juni	
(in Tausend EUR)	**2019**	**2018**	**2017**	**2020**	**2019**
	(geprüft)		**(ungeprüft)**	**(ungeprüft)**	
Netto-Cashflows aus der laufenden Geschäftstätigkeit	**(7.422)**	**(8.035)**	**(4.685)**	**(7.870)**	**(4.664)**
Netto-Cashflows aus der Investitionstätigkeit	**(6.528)**	**(7.443)**	**(1.379)**	**(5.718)**	**(1.701)**
Netto-Cashflows aus der Finanzierungstätigkeit	**9.984**	**0**	**34.217**	**11.297**	**10.442**

Zusammenfassung von Daten aus der Bilanz

	Zum 31. Dezember			Zum 30. Juni
(in Tausend EUR)	**2019**	**2018**	**2017**	**2020**
	(geprüft)		**(ungeprüft)**	**(ungeprüft)**
Summe Vermögenswerte	**34,536**	**24.763**	**31.471**	**40.952**
Summe Eigenkapital	**24.851**	**22.0367**	**29.830**	**29.687**

Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

- Der zukünftige Erfolg der Anwendung der Laserkommunikationsprodukte der Mynaric hängt von den Investitionen potenzieller Kunden in die Entwicklung von durch Laserkommunikation verbundenen Kommunikationsnetzen in der Luft- und Raumfahrt ab.
- Der potenzielle Kundenstamm für den Einsatz der Produkte der Mynaric Group ist begrenzt.
- Die Ersteinführung von Mynarics Produkten durch erste Kunden könnte sich als erfolglos erweisen.
- Eine positive Marktentwicklung im Bereich der drahtlosen Laserkommunikation könnte zu einer zunehmenden Wettbewerbsintensität führen, insbesondere durch den Eintritt mittlerer und großer Unternehmen, und die Marktpositionierung der Mynaric Group gefährden.
- Die Mynaric Group ist Risiken im Zusammenhang mit der Preisstruktur der konkurrierenden Netzwerkarchitekturen ausgesetzt.
- Das Geschäftsmodell der Mynaric Group zur Monetisierung der Entwicklung und Produktion von Laserkommunikationsgeräten, die für den Großeinsatz geeignet sind, wird möglicherweise nicht erfolgreich sein.
- Die Mynaric Group ist Risiken in der internen Auftragsbearbeitung ausgesetzt.
- Die Mynaric Group ist externen Beschaffungsrisiken ausgesetzt.

- Die Produkte von Mynaric könnten fehlerhaft sein oder aus anderen Gründen die Qualitätsanforderungen der Kunden nicht erfüllen, was zu erheblichen Haftungsansprüchen und Reputationsschäden und somit zu höheren Kosten für die Gesellschaft führen könnte.
- Mynaric ist in einer Reihe von Jurisdiktionen regulatorischen Risiken ausgesetzt, insbesondere in Bezug auf sich entwickelnde Sanktionsgesetze sowie staatliche Ausfuhrkontrollen, die ihren Kundenstamm beschränken und höhere Compliance-Kosten verursachen könnten.
- Mynaric könnte es nicht gelingen, ihre Urheberrechte und ihre sonstigen geistigen Eigentumsrechte zu schützen und andere daran zu verhindern, unbefugt ihre Produkte und Technologie zu nutzen.

C. Basisinformationen über die Wertpapiere

Welches sind die wichtigsten Merkmale der Wertpapiere?

Art, Gattung, Nennwert	Diese Zusammenfassung bezieht sich auf den Inhaber lautende Stückaktien der Gesellschaft; ISIN: DE000A0JCY11; Wertpapier-Kenn-Nummer (WKN): A0JCY1; Börsenkürzel: M0Y, sowie auf die zugehörigen Bezugsrechte; ISIN: DE000A289WW7;Wertpapier-Kenn-Nummer (WKN): A289WW;
Anzahl der Wertpapiere	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft EUR 3.194.734,00, eingeteilt in 3.194.734 auf den Inhaber lautende Stückaktien mit einem anteiligen Betrag am Grundkapital der Gesellschaft von EUR 1,00 je Aktie. Alle Aktien der Gesellschaft sind vollständig eingezahlt.
Währung	Die Aktien der Gesellschaft sind in Euro denominiert.
Verbundene Rechte	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Aktien der Gesellschaft sind ab dem 1. Januar 2020 in voller Höhe gewinnanteilsberechtigt. Jedem Aktionär der Gesellschaft steht grundsätzlich ein gesetzliches Bezugsrecht zu, das besagt, dass ihm bei Kapitalerhöhungen auf sein Verlangen ein seinem Anteil an dem bisherigen Grundkapital entsprechender Teil der neuen Aktien zugeteilt werden muss.
Rang	Forderungen aus Aktien der Gesellschaft sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.
Freie Handelbarkeit	Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Anforderungen für Inhaberaktien frei übertragbar. Es bestehen keine Beschränkungen für die Übertragbarkeit der Aktien der Gesellschaft mit Ausnahme bestimmter Lock-up-Vereinbarungen zwischen der Gesellschaft und der Konsortialbank.
Dividendenpolitik	Die Gesellschaft beabsichtigt derzeit nicht eine Dividende zu zahlen, und strebt an, weiterhin in Vertrieb und Werbung, neue Produkte und ihre geographische Expansion zu investieren. Jeder künftige Beschluss zur Ausschüttung von Dividenden wird in Übereinstimmung mit geltendem Recht gefasst werden und wird unter anderem von der Ertrags- und Finanzlage der Gesellschaft, von vertraglichen Beschränkungen und vom Kapitalbedarf der Gesellschaft abhängen. Die künftige Fähigkeit der Gesellschaft zur Zahlung von Dividenden kann durch die Bedingungen bestehender und zukünftiger Schuld- oder Vorzugstitel beschränkt sein.

Wo werden die Wertpapiere gehandelt?

Die Gesellschaft beabsichtigt die Einbeziehung der Neuen Aktien (wie untenstehend unter D. definiert) zum Handel in den Freiverkehr der Frankfurter Wertpapierbörse im Segment Scale.

Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Der Aktienkurs und das Handelsvolumen der Aktien der Gesellschaft könnten erheblich schwanken, und Investoren könnten ihr eingesetztes Kapital ganz oder teilweise verlieren.

- Es wird sich eventuell kein aktiver Bezugsrechtshandel entwickeln und die Bezugsrechte könnten noch erheblicheren Preisschwankungen als die Aktien der Gesellschaft ausgesetzt sein.

D. Basisinformationen über das öffentliche Angebot von Wertpapieren und/oder die Zulassung zum Handel an einem geregelten Markt

Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Angebotskonditionen	Das Angebot bezieht sich auf den Verkauf von 800.000 auf den Inhaber lautende Stückaktien der Gesellschaft (die ***Neuen Aktien***) mit voller Dividendenberechtigung ab dem 1. Januar 2020 (das ***Angebot***). Das Angebot besteht aus einem Bezugsangebot der Gesellschaft für 800.000 Neue Aktien (basierend auf dem Bezugspreis von EUR 66,00), wobei jede dieser Aktien einen rechnerischen Nennwert von EUR 1,00 des Grundkapitals der Gesellschaft darstellt und ausschließlich bestehenden Aktionären der Gesellschaft und Inhabern von Bezugsrechten auf die Neuen Aktien angeboten wird (das ***Bezugsangebot***).
Umfang des Angebots	Das Angebot besteht aus einem öffentlichen Angebot in Deutschland und Privatplatzierungen in bestimmten Ländern außerhalb Deutschlands. In den Vereinigten Staaten von Amerika (die ***Vereinigten Staaten***) werden die Neuen Aktien nur qualifizierten institutionellen Käufern (*Qualified Institutional Buyers* – ***QIBs***) im Sinne von Rule 144A des Securities Act der Vereinigten Staaten von 1933 in der geltenden Fassung (der ***Securities Act***) angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Neuen Aktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit Regulation S des Securities Act angeboten und verkauft. Die Neuen Aktien wurden und werden nicht gemäß dem Securities Act oder bei einer Wertpapieraufsichtsbehörde eines Bundesstaates oder einer anderen Gebietskörperschaft der Vereinigten Staaten registriert.
Zeitplan des Angebots	Nachstehend ist der voraussichtliche Zeitplan des Angebots dargestellt, das verlängert oder verkürzt werden kann: 9. Oktober 2020: Veröffentlichung des Bezugsangebots im Bundesanzeiger inklusive Bezugspreis 13. Oktober 2020: Beginn der Bezugsfrist 16. Oktober 2020: Begin der Handel von Bezugsrechten 22. Oktober 2020: Ende des Bezugsrechtshandels (ca. 12:00 Uhr MESZ) 26. Oktober 2020: Ende der Bezugsfrist; Letzter Tag der Zahlung des Bezugspreises

	30. Oktober 2020: Eintragung der Durchführung der Kapitalerhöhung in das Handelsregister des Amtsgerichts München, Deutschland 2. November 2020: Einbeziehung der Neuen Aktien in den Handel im Freiverkehr der Frankfurter Wertpapierbörse im Segment Scale; Buchmäßige Lieferung der Neuen Aktien aus dem Bezugsangebot
Angebotspreis	Der Angebotspreis zu welchem Kaufangebote abgegeben werden können beträgt EUR 66,00 je Neue Aktie(der ***Angebotspreis***).
Änderungen der Angebots-bedingungen	Die Gesellschaft behält sich das Recht vor, gemeinsam mit dem Sole Global Coordinator die Gesamtzahl der Neuen Aktien zu erhöhen oder herabzusetzen, den Angebotspreis zu erhöhen oder zu senken und/oder den Angebotszeitraum zu verlängern oder zu verkürzen. Durch Änderungen der Anzahl der Neuen Aktien, Änderungen des Angebotspreises oder die Verlängerung oder Verkürzung des Angebotszeitraums werden bereits abgegebene Kaufangebote nicht unwirksam. Unter bestimmten Voraussetzungen kann die Konsortialbank den Übernahmevertrag kündigen – auch nach Aufnahme des Handels der Aktien der Gesellschaft im Segment Scale der Frankfurter Wertpapierbörse und bis zum Zeitpunkt der Lieferung und Abwicklung. In diesem Fall erlischt das Angebot und alle bereits erfolgten Zuteilungen an Anleger werden unwirksam.
Bevorrechtigte Zuteilung	Entfällt.
Stabilisierungsmaßnahmen, Mehrzuteilung und, Greenshoe-Option	Entfällt.
Plan für den Vertrieb	Entfällt.
Verwässerung	Aktionäre, die ihre Bezugsrechte hinsichtlich der Neuen Aktien ausüben, werden ihren prozentualen Eigentumsanteil am Grundkapital der Gesellschaft nach Durchführung der Kapitalerhöhung beibehalten. Soweit Aktionäre ihre Bezugsrechte nicht ausüben, und unter der Annahme, dass 800.000 Angebotene Aktien begeben werden, wird der Anteil eines jeden Aktionärs am Grundkapital der Gesellschaft um 20,0% sinken. Zum 30. Juni 2020 belief sich der Nettobuchwert (entsprechend den gesamten Aktiva abzüglich der gesamten langfristigen Verbindlichkeiten und der gesamten kurzfristigen Verbindlichkeiten des Unternehmens), der aus dem ungeprüften konsolidierten Zwischenabschluss des Unternehmens für die sechs Monate bis zum 30. Juni 2020 abgeleitet wurde, auf 29,7 Millionen EUR, was zu einem Nettobuchwert pro Aktie von 9,3 EUR führte (gerundet und basierend auf 3.194,734 ausstehenden Aktien des Unternehmens). Auf dieser Grundlage würde der bereinigte Nettobuchwert des Unternehmens zum 30. Juni 2020 unter der Annahme des Abschlusses des Zeichnungsangebots zu einem Zeichnungspreis von EUR 66,00 und nach Abzug der geschätzten Kosten des Zeichnungsangebots in Höhe von EUR 2,5 Millionen einen Betrag von EUR 20,0 pro Aktie ergeben (berechnet unter der Annahme, dass 3,994,734 Aktien des Unternehmens nach Abschluss des Zeichnungsangebots im Umlauf sein werden, wonach 800,000 Neue Aktien ausgegeben würden). Für die bestehenden Aktionäre der Gesellschaft bedeutet dies eine Erhöhung des Nettobuchwerts um EUR 10,7, bzw. 115% pro Aktie. Für Investoren, die zuvor kein Eigenkapital an der Gesellschaft hielten und die

	Neue Aktien zu einem Zeichnungspreis von EUR 66,00 erwerben, bedeutet dies einen theoretischen Verlust von EUR 46,0 bzw. 70% pro Aktie.
Gesamtkosten	Die von der Gesellschaft zu tragenden Gesamtkosten des Angebots werden rund EUR 2,5 Millionen betragen (unter der Annahme der Platzierung aller Neuen Aktien und der vollständigen Zahlung der Ermessensvergütung).
Kosten, die Anlegern in Rechnung gestellt werden	Anlegern werden von der Gesellschaft oder der Konsortialbank im Zusammenhang mit ihrer Rolle als Konsortialbank keine Kosten in Rechnung gestellt. Anleger können jedoch die üblichen Transaktions- und Abwicklungsgebühren, welche ihr depotführendes Finanzinstitut in Rechnung stellt, zu tragen haben.

Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Anbieter	Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, eine Aktiengesellschaft nach dem Recht der Bundesrepublik Deutschland mit Sitz in Kaiserstraße 24, 60311 Frankfurt, Germany, eingetragen im und unterliegend den Gesetzen der Bundesrepublik Deutschland.
Zulassung zum Handel	Die Gesellschaft beabsichtigt derzeit nicht die Zulassung der Aktien an einem regulierten Markt.

Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot und die Zulassung zum Handel	Die Gesellschaft beabsichtigt die Ausgabe der Neuen Aktien um sich einen besseren Zugang zu den Kapitalmärkten zu verschaffen.
Gesamtnettoerlös	Die Gesellschaft wird alle Nettoerlöse aus dem Angebot erhalten. Unter der Annahme, dass alle Abzugebenden Aktien platziert werden, beträgt der Gesamtnettoerlös aus dem Angebot nach Schätzung der Gesellschaft ca. EUR 50,3 Millionen.
Übernahmevertrag	Am 8. Oktober 2020 haben die Konsortialbank und die Gesellschaft im Zusammenhang mit dem Angebot und dem Verkauf der Neuen Aktien einen Übernahmevertrag abgeschlossen (der ***Übernahmevertrag***). In dem Übernahmevertrag hat sich die Konsortialbank, vorbehaltlich bestimmter Bedingungen, verpflichtet, die Neuen Aktien zum Angebotspreis zu erwerben, um sie Investoren im Rahmen des Angebots zum Kauf anzubieten.
Wesentliche Interessen an der Emission/ dem Angebot einschließlich Interessenkonflikten	Die Konsortialbank handelt für die Gesellschaft im Zusammenhang mit dem Angebot und der Koordination, Strukturierung und Durchführung des Angebots. Darüber hinaus wurde Hauck & Aufhäuser Privatbankiers Aktiengesellschaft als Designated Sponsor für die Aktien der Gesellschaft und Quirin Privatbank AG als Zahlstelle beauftragt. Nach erfolgreicher Durchführung des Angebots erhaltet die Konsortialbank eine Provision. Aufgrund dieser Vertragsbeziehungen hat die Konsortialbank ein finanzielles Interesse am Erfolg des Angebots. Mehrere Aufsichtsratsmitglieder der Gesellschaft sowie Führungskräfte der Mynaric-Gruppe sind indirekt an dem Emittenten beteiligt. Bestimmte Mitglieder des Vorstands und des Aufsichtsrats besitzen Aktien der Gesellschaft. Dementsprechend erhalten alle diese Personen Erlöse aus oder Zahlungen im Zusammenhang mit dem Angebot und haben ein Interesse am Erfolg des Angebots zu den bestmöglichen Bedingungen.

1. Risk Factors

Investing in the shares of Mynaric AG (the **Issuer** or the **Company** and together with its subsidiaries, Mynaric Lasercom GmbH, Mynaric Systems GmbH and Mynaric USA, Inc., the **Mynaric Group** or **Mynaric**) involves a high degree of risk. Investors should carefully consider the risks and uncertainties described below, together with all of the other information in this Prospectus, including Section "9 Management's Discussion and Analysis of Financial Condition and Results of Operations", the Audited Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements and the other financial information included in this Prospectus, before making a decision to invest in the Company's shares.

The Company has divided the following risks in several categories and has within each category set out the most material risks first. When assessing the materiality of the risk factors, the Company has taken into account their negative impact on the Company and the Shares and the probability of their occurrence. A statement on this assessment as of the date of this Prospectus based on the relevant risk's potential negative impact on the Company and the Shares and the probability of its occurrence is included towards the end of each risk factor, in the form of statements as to whether the risk has an "adverse effect", a "material adverse effect" or a "highly adverse effect". The attention of potential investors is drawn in particular to the two or more risks within each of the below categories designated as having a "highly adverse effect" since those risks have been assessed as most material by the Company. As both impact and probability were taken into account when determining the potential impact of a given risk, it is possible that a risk with a comparatively higher probability of occurrence, but a comparatively lower impact is considered to have a "material adverse effect" or a "highly adverse effect."

1.1 Risks related to Mynaric's business activities, industry and financial position

1.1.1 The future success of the application of Mynaric's laser communications products hinges upon potential customers' investments in the development of aerospace communications networks linked by laser communications.

As a developer and supplier of wireless laser communications products to be utilized in air and space, the Mynaric Group significantly depends upon the development of a market for wireless laser communications, particularly for aerospace communications networks.

The Company believes that laser communications are a key technology for the development of aerospace communications networks for purposes of telecommunications or surveillance. The planned communications networks may comprise various platforms, including drones, airplanes, balloons and satellites, and may be located in the troposphere (e.g., at the height of commercial aviation), the stratosphere, at a height of 20 to 30 kilometers above ground, or in outer space. The networks are planned to serve commercial, civil and governmental applications. Laser communications is meant to serve as a so-called backbone technology, a connecting key component of telecommunications networks featuring very high data transmission rates, creating data highways of these networks and connecting the individual platforms such as airplanes and satellites while ensuring connectivity with the ground if necessary.

Such communications networks consisting of a large volume of platforms are referred to as constellations. Each individual platform typically contains multiple laser communications units. The sale of ground terminals and flight terminals that the Mynaric Group produces therefore hinges on potential customers' appetite to invest in the development of such constellations. Apart from constellations, Mynaric's ground terminals and flight terminals could presumably only be utilized for niche applications such as the connection of individual airplanes, drones or satellites with the ground.

To the Company's knowledge, there is no operative constellation linked by laser communications as of the date of the Prospectus. The future implementation of constellations by the Mynaric Group's potential customers remains subject to technological and financing risks. For instance, many of the constellations currently planned by potential customers target worldwide internet and network coverage. Establishing such an extensive coverage area through multiple laser communications units has not been tested in practice and could carry technical difficulties with it. At the same time, the development of a constellation with such a large coverage area requires significant investments of up to multiple billions of euro, and accordingly depends on the ability to obtain related financing. To the extent a customer planning to develop such constellations fails to obtain the necessary internal or external funding, the constellations will not be developed in full, or at all, which would also limit the demand for the Mynaric Group's products accordingly.

As a result, the Mynaric Group's success depends in great part on potential customers' appetite to make investments, on a global scale, in the development of wireless laser communications in the context of aerospace communications networks. The investment appetite will, in turn, depend on the macroeconomic environment, and especially the development of the constellation market.

The Mynaric Group's success depends in large part upon the accuracy of its assumptions related to the future development commercial laser communications market. It cannot be excluded that the expected market development falls behind the Mynaric Group's estimates, or that the markets required for the Mynaric Group's success fail to materialize. To the extent laser communications remains a niche market, the demand for products that the Mynaric Group develops and manufactures would stay lower than Mynaric currently assumes. The failure of these markets to develop would have a highly adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.2 **The potential customer base for the use of the Mynaric's products for constellations is limited.**

The Company believes that, because of technological challenges and the necessary high capital expenditures, the potential customer base for the use of the Mynaric Group's products for constellations is limited to a two-digit figure in the satellite area and a three-digit figure in the aviation applications area of which only a fraction of companies represent significant initial users and trailblazers for the deployment of laser communication equipment.

Success in initial canvassing of these significant initial users and trailblazers is highly important considering this limited customer base. Follow-up orders, such as the implementation and maintenance of corresponding Mynaric products are linked to the initial canvassing. As a result, the ability to sell laser communications products at scale is strongly tied to Mynaric's ability to canvass initial customers successfully and win their business from the initial stage in this limited market.

Mynaric’s success may depend in part on agreements entered into with significant individual clients, from whom it may generate a high proportion of revenue in the future. Any change in the relationship, the strength of the counterparties’ businesses or their demand for Mynaric's products with any one customer could materially affect Mynaric's results given the limited market. Mynaric may enter into strategic partnerships with key clients through agreements, which may likely include exclusivity arrangements and clauses that allow either party to terminate the relationship under certain specified circumstances. These relationships might not continue or be extended, and they may terminate entirely.

Accordingly, Mynaric's success in initial canvassing of first customers, relationships with key clients and their level of business as well as the loss of any potential customer who has no interest in the application of laser communications in air or space, lacks sufficient funding for the implementation of such applications, declares insolvency, or decides to implement a different system would have a highly adverse impact on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.3 **Initial deployment of Mynaric’s products by first customers could prove unsuccessful.**

The market for laser communication equipment in particular and constellations in general is in an early stage and Mynaric’s products have never been deployed operationally and at scale previously. In this context unsuccessful initial deployments of Mynaric’s products by specific first customers may be considered as indicative for future performance of the Company’s products in general and may result in a permanent loss of reputation in the market. Potential difficulties in connection with meeting obligations under contracts with first customers such as delivery delays, technical performance or quality, could lead to losses of the directly affected customer as well as other existing or potential customers due to this reason. In such cases, it is unlikely that the Mynaric Group could succeed in compensating for the related losses in revenues through new customers in the short or middle term. As a result, any failure in the initial deployment of Mynaric's products by first customers would have a highly adverse impact on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.4 Positive market development in the area of wireless laser communications could lead to increasingly intense competition, in particular with the emergence of mid-size or large enterprises, and endanger the Mynaric Group's market positioning.

The Company believes that there are currently only a few enterprises that are also actively offering wireless laser communications capabilities. In the aerospace sector, these are enterprises such as TESAT Spacecom (an Airbus subsidiary), SA Photonics, Thales Alenia Space and Ball Aerospace, as well as a handful of other entities that possess the necessary technical know how and resources to compete with the Company.

The market for commercial applications of laser communications remains at an early stage development. There are, however, signs that such a market will develop further. For example, SpaceX and Telesat have stated in their publicly available filings with the U.S. Federal Communications Commission (FCC) that they view laser communications as a part of their future systems. Publicly available information such as this visibly increases the potential market volume for laser communication and could lead to more intense competition with the emergence of large multinational enterprises seeking to focus on the commercial application of laser communications.

Large information technology enterprises such as Cisco, Huawei, Comscope, Coriant and Corning already have related experience in wired laser communications for fiber networks on the ground, and utilizing large capital expenditures for the commercialization of wireless laser communications for aerospace applications could enter the market and increase competition. It should be noted in particular that such enterprises have significantly higher funding compared to the Company.

Aviation enterprises such as Boeing and military equipment suppliers such as Raytheon and Hensoldt, which also have significantly higher financial resources, could also enter the relevant market. Using aggressive strategies, such as price dumping through subsidies, frivolous but costly and resource intensive legal claims, more effective lobbying with customers, partners, investors and the media, the large enterprises could try to exert a high amount of pressure on the Mynaric Group and even squeeze it out of the market.

In addition, increased competition and the concurrent increased supply could also lead to reductions in potential margins, which, in turn, would increase the Mynaric Group's research and development costs for competitive products.

Such increasingly intense competition in the laser communications market could have a material adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.5 Mynaric Group is subject to risks related to the price structure of competing network architectures.

One of the prerequisites for the creation of future demand for laser communications products generally, and the Mynaric Group's products in particular, is that, in the long term, the price per transmitted data volume unit for aerospace communications networks is lower or at least equal to as the comparable price for ground-based communications networks for specific areas and locations of interest. As a result, lower prices in conventional networks or other competing network architectures could lead to lower demand for aerospace communications networks, and, accordingly, to lower demand for laser communications and Mynaric's products, which could have a material adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.6 **The Mynaric Group's business model to monetize the development and production of laser communication equipment suited for large-scale deployment may not be successful.**

The Mynaric Group's corporate strategy is focused on the serial production of standardized laser communications equipment to be used for aerospace applications, and the related economies of scale it hopes to achieve through reduction of the costs related to the development and manufacture of laser communications products. The utilization of serial products and the related reduction of laser communication prices are expected to increase demand and enable the cost efficient application of wireless laser communications in constellations and at scale.

The Company believes that the market outlook for laser communication equipment for aerospace applications is positive, but that it is still at an early stage as of the date of this Prospectus. A large-volume market of laser communication equipment is yet to be established. Nevertheless, the Company currently already proactively implements a strategy including a business model that is directed to suit the potential future market. In doing so, the Company may make inaccurate predictions about the size, timing and nature of the potential future market for laser communications and consequentially implement strategies and measures that prove unfit for such potential future market. Particularly, the Company's approach to develop standardized products for a large range of customers could prove unsuccessful if particular customers demand a large variety of product specifications and significantly lower amounts of identical units. As a result, a project-based single production would be necessary in lieu of serial production, and the anticipated economies of scale would not come to fruition.

Initial estimates regarding the sales price and production costs could prove to be incorrect, which would lead to individual orders not generating expected profits. Further, there is a risk that revenue related to customer orders cannot materialize despite production costs incurred because the customer refuses to accept the products and pay for them because of alleged defects or other reasons resulting in the cancellation of orders. Also, other costs not related to the direct production of products could prove bigger than expected and negatively impact profitability. Particularly, larger than expected costs associated with compliance could negatively impact profitability especially considering that the Company considers the governmental market segment, which may require significant compliance programs, processes and infrastructure, to be material.

There is no historical example of the implementation of a profitable business model for the purpose the Company is aiming for, and the Company has not been able to achieve profits in the past. The Company is at risk to remain unsuccessful in finding a profitable business model related to its products and technologies especially considering that profitability hinges upon a large range of uncertain and unpredictable factors including but not limited to the future market development and the Company's ability to adapt to this market.

As a result, the Company's business model could have an material adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.7 **The Mynaric Group is subject to internal order processing risks.**

The Mynaric Group manufactures its laser communications products itself. The products ordered by potential customers have to be delivered to the customer at a mutually agreed time. In order to meet its obligations in this regard, Mynaric has to ensure that, as part of order processing management, adequate internal logistical and technical production processes are implemented and that project-based risks are minimized.

Because the Mynaric Group has limited experience with order processing and serial production to date, there is a risk that an unexpected or spontaneous demand of its products could lead to delays in the internal logistical and technical production processes and that the delivery time cannot be met as agreed. This is especially true in the space domain, in which potential customers may demand a steep production increase of laser communication equipment for the rapid deployment of their full constellation in order to minimize the time in which the constellation is just partially deployed and of limited use. Unanticipated developments with respect to component assembly and inability to handle customer orders due to a lack of processes, structures or other factors could materially impact Mynaric's ability to process orders. This is especially the case in light of the fact that Mynaric has limited experience in handling customer orders given the early maturity stage of the laser communications market. Issues related to order processing could also damage the Mynaric Group's reputation and render the sourcing of future orders more difficult.

These order processing risks could have an adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.8 **The Mynaric Group is subject to external procurement risks.**

For the manufacture of its products, the Mynaric Group relies upon the availability of individual goods and component parts such as optical components, special electronics and structural components. To the extent such goods and component parts are unavailable from suppliers in the open market at economically viable prices, this could render the manufacture of individual products more difficult, or even impractical.

The loss of an individual supplier could also impede production, or bring it to a standstill. Some of Mynaric's current suppliers are specialty suppliers providing goods or components that are only available from a handful of or even individual suppliers in the entire world. In such cases, procuring the goods from another supplier would only be possible at significant additional cost, if at all. As a result, there is a risk that the Mynaric Group cannot obtain the components needed for manufacturing its products on a timely basis or at economically viable cost, and thus becomes unable to manufacture and deliver its products.

Further, an unexpected or spontaneous increase of demand could lead to suppliers' being unable to deliver the materials necessary for production in the required amounts on a timely basis, which is especially important considering that some of the supplier base is at a similarly early stage of development as the laser communications market as a whole and may not have produced products at scale themselves previously. Unexpected technical problems, delivery bottlenecks and quality issues at the suppliers of material components, as well as issues with partners or subcontractors could also delay, or even entirely prevent, deliveries to the Mynaric Group's customers.

In addition, particularly in relation to its space business, it cannot be ruled out that priceworthy components that Mynaric obtains are ultimately not qualified for use, or may not properly function as intended. The particularly long development cycles in the business in which the Company operates and lengthy qualification of individual components render quick replacement of individual suppliers difficult. Insourcing of certain components to become independent from individual suppliers may require lengthy preparations, license negotiations or significant capital expenditures or may not be possible at all.

These external procurement risks could have an adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.9 **The Mynaric Group may not be able to obtain sufficient financing for the operations and ongoing growth of its business.**

As of the date of this Prospectus, the Mynaric Group primarily finances its business operations by using its own equity capital. There is a risk that further financing, in form of equity or debt, may not be available when needed or in sufficient amounts at economically acceptable conditions or only in part.

The ability to raise equity financing largely depends on the Company's and in particular the management's ability to convince investors to continue to fund the Company's operations and growth, especially considering that the Company has not generated meaningful revenues to date and the Company's market valuation is mostly based on its potential future rather than past or current financial performance. This ability to convince investors to continue to invest in the future of the Company significantly hinges on the perception of the growth of the laser communications market in which the Company seeks to operate, as well as in the Company's success in securing market shares and implementing an attractive business model in this market. It is also dependent on the Company's ability to position itself favorably to fall within the scope of investors from different regions, with different investment focus and investment limitations. This is particularly relevant as the Company’s involvement in the governmental sector may result in an exclusion from the investment horizon of investors with certain ESG (environmental, social and corporate governance) requirements. The ability to raise equity financing further depends on the general interest of investors in the aerospace sector in which the Company operates and the sentiment of the financial markets at large, both of which are generally out of the Company's control.

The ability to raise debt financing largely depends on the Company’s past financial results. Given that the Mynaric Group and the industry sector in which it operates are still at a very early stage and due to the intensive development activities of the last few years, the Mynaric Group has consistently posted a significant negative financial result, which has a negative impact on the creditworthiness assessment of banks and lenders. Mynaric may fail to acquire debt financing which could occur as a result of its perceived low creditworthiness, its lack of credit ratings, management's ability to negotiate with existing or potential lenders, as well as external factors such as general market interest rates, banks' and other lenders' credit granting policies or changes in the legal environment.

A shortfall in Mynaric’s ability to successfully acquire financing for its operations and the growth of its business would have an adverse effect on the Mynaric Group's business, results of operations, financial position and prospects. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.1.10 The implementation of interoperability with products of other equipment vendors could be unsuccessful.

The Company believes that the establishment of a large-scale market for laser communication systems depends on the industry’s successful implementation of the establishment of a singular industry standard guaranteeing interoperability between laser communication products of different vendors. As of the date of this Prospectus, the Mynaric Group's laser communications products are not compatible with competitors' laser communication products. Even though the Company plans to contribute to an industry standard and efforts in the industry are starting to enable interoperability of products of different laser communication vendors, it cannot be guaranteed that these efforts will be successful. This risk is particularly to be considered as the establishment of interoperability between laser communication products of different vendors requires considerable technological exchange by the Company with other vendors who may not favor such exchange to protect their intellectual property. Further, multiple competing industry standards may emerge in parallel which would cause a fragmentation of the market in multiple camps potentially hindering sustained growth of the laser communications market.

If a potential customer decides to purchase a competitor's laser communications product rather than those that the Mynaric Group develops, subsequently Mynaric products could only be sold to such customers with significant operational and technical outlays or only at a later date once interoperability standards have been established by the industry.

The failure to implement interoperability with products of other laser communication vendors would have an adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2 Legal and Regulatory Risks

1.2.1 Mynaric's products could be defective or fail to meet customers' quality requirements for other reasons, which would lead to material liability claims and damage Mynaric's reputation and thus result in higher costs for the Company.

The products that the Mynaric Group develops (such as ground terminals and flight terminals for aerospace applications) could have faults or fail to meet customers' quality requirements for other reasons especially since they are high-tech and high-precision aerospace products. To date, there have only been deliveries of pre-serial production and individual prototype products, which have been used for demonstration purposes of interested potential customers but not in operation. As a result, it cannot be excluded that products manufactured as part of the planned wider-scale serial production are defective or otherwise do not meet the customer's quality requirements, which would lead to liability claims against the Mynaric Group in such cases, or that customers experience consequential damages materially exceeding the products' value.

Repeated product or quality defects could also damage the Mynaric Group's reputation and negatively influence the demand for its products, or in the worst case even lead to claims for damages by customers which could have a highly adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2.2 Mynaric is subject to regulatory risks, in particular related to evolving sanctions laws as well as governmental export controls, in a number of jurisdictions that could limit its customer base and result in higher compliance costs.

The Mynaric Group business targets its entry into a number of different geographical markets with varied legal systems. In order to market its products in various countries, the Mynaric Group must adequately assess the varied regulatory environments for the sales of its products in these and development of its products for these jurisdictions. Its failure to do so could lead to its products not being accepted in certain markets or by certain target groups, and the planned product specifications not complying with the target markets' requirements. Particular regulations of importance for the Company's business are product, machinery and laser safety and conformity standards as well as export control regulations.

In particular, Mynaric is subject to complex export control and economic sanctions laws in certain of the jurisdictions where it operates, including the U.S. and the EU. Export control laws impose controls, export license requirements and restrictions on the export of certain items and technology. Changes to Mynaric's products or future changes in import and export regulations may limit the export of its products and provision of its services in certain jurisdictions, or may require export authorizations, including by license, a license exception or other appropriate government authorizations. Export control and economic sanctions laws may also include prohibitions on the sale or supply of certain of Mynaric's products to embargoed or sanctioned countries and regions, governments, persons and entities. In addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit Mynaric's ability to distribute its products. The exportation, re-exportation and importation of Mynaric's products and the provision of services, including by its partners, must comply with these laws or else it may be adversely affected, through reputational harm, government investigations, penalties, and a denial or curtailment of its ability to export its products or provide services.

The German government issued a decision banning the shipment of the Company's laser communication products to a Chinese customer in July 2020. Such decisions increase the likelihood that laser communication will become classified as dual-use good at least in some jurisdictions which could limit the company's ability to sell products to certain markets.

As of the date of this Prospectus, Mynaric's largest potential customer base is located in North America. Mynaric believes that further potential markets may develop in certain Asian and middle Eastern and a number of European countries. Mynaric's products could therefore be subject to international trade restrictions in these markets in the future. Particularly with respect to the United States, there is a risk that Mynaric's products may be restricted under arms control provisions, such as the International Traffic in Arms Regulations (ITAR). The related approval process could have a detrimental effect on potential customers' demand on the one hand and could also limit the potential customer base to only those entities that are allowed to import and purchase arms products under relevant regulations on the other.

To date, Mynaric has been able to procure nearly all component parts for new products that were not subject to arms control regulations. To the extent certain required parts can only be obtained if they are subject to trade restrictions this could have a significant negative effect on the marketability of the products to be developed, which could also become subject to arms control regulations. This would limit the potential customer base to a very limited number of potential customers who are able to import and purchase arms products in accordance with applicable regulations.

The application of such more stringent export regulations related to the Company's operations would have a highly adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2.3 Mynaric may be unable to adequately protect its intellectual property and proprietary rights and prevent others from making unauthorized use of its products and technology.

The Mynaric Group's success and competitiveness depends in large part on the protection of intellectual property and know-how within the Mynaric Group, upon which the proprietary development and manufacture of its laser communications products (ground terminals and flight terminals for aerospace applications) are based.

Mynaric attempts to protect its intellectual property through a combination of confidentiality procedures, contractual provisions and other methods, all of which offer only limited protection. As of the date of this Prospectus, Mynaric owns no patents. Even if applications for patents were filed and granted, in the Company's view, there is no certainty that this would accord sufficient protection against third parties because those patents may not be sufficiently broad in their coverage, may not be economically significant, or may not provide the Mynaric Group with any competitive advantages. Furthermore, the filing of a patent would entail the disclosure of the Company's know-how, and the breaches of patent rights related to a wrongful use of this know-how would be difficult to enforce in the international landscape.

Mynaric generally enters into confidentiality or license agreements with employees, consultants, vendors, partners and customers, as applicable, and generally limits access to and distribution of its proprietary information. However, Mynaric cannot guarantee that it has entered into such agreements with all parties who may have or have had access to confidential information or that the agreements entered into will not be breached.

For example, Mynaric has entered into a cooperation and licensing agreement with the German Aerospace Center (*Deutsches Zentrum für Luft- und Raumfahrt – DLR*). This agreement, however, only provides protection within Germany. In countries where the Mynaric Group's research and development is not protected by comparable cooperation and licensing agreements, there is no protection against the manufacture and marketing of identical or comparable research and development by third parties, who are generally free to use, independently develop, and sell Mynaric's developments and technologies without paying license or royalty fees to Mynaric. These factors can have negative repercussions on the possible marketing of Mynaric's products in such markets.

Mynaric employees with the relevant know how work for Mynaric Group's research and development department. To the extent these employees leave Mynaric or switch to competitors, there is a risk that the relevant know-how will be lost or provided to competitors.

Attempts to enforce Mynaric’s intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against Mynaric, or take unilateral steps to invalidate its intellectual property rights, which could result in a holding or official action that invalidates or narrows the scope of its rights, in whole or in part.

If Mynaric is unable to protect its proprietary rights, it may be at a competitive disadvantage compared to others who need not incur the additional expense, time, and effort required to create products comparable to Mynaric's, which could have a highly adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2.4 Third parties may claim that Mynaric is infringing their intellectual property and Mynaric could become subject to significant litigation or licensing expenses or be prevented from selling products or services.

In the future, third-parties might claim that one or more of Mynaric’s products infringe their intellectual property rights. Mynaric will analyze and take action in response to such claims on a case-by-case basis. Any dispute or litigation regarding intellectual property rights, particularly in the United States could be costly and time-consuming due to the complexity of Mynaric’s technology and the uncertainty of intellectual property litigation. In addition, such actions could divert Mynaric’s management and key personnel from its business operations. This risk is particularly relevant as the Company competes mostly with major corporations in the market for laser communications equipment who have significantly more financial resources to pursue legal claims and often follow an extensive patenting and intellectual property strategy that significantly exceeds the Company’s abilities.

A claim of intellectual property infringement could force Mynaric to enter into a costly or restrictive license agreement, which might not be available under acceptable terms or at all, or could subject it to significant damages or to an injunction against development and the sale of its products. Mynaric’s intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license in response to a claim of intellectual property infringement, particularly because the Company does not own any patents as of the date of this Prospectus. Although Mynaric’s policy is to obtain licenses or other rights where necessary, it cannot provide assurance that it has obtained all required licenses or rights. If a successful claim of intellectual property infringement is brought against it, Mynaric may be unable to develop non-infringing products or services, or to obtain licenses on a timely and cost-effective basis.

Allegations of breaches against third parties' intellectual property rights could also force Mynaric to develop new alternative product technologies or refrain from utilizing certain technologies, which, in turn, could lead to the disruption or cessation of the development, manufacture or marketing of certain products. Mynaric's reputation could be damaged in such cases, which could have negative repercussions on demand. In addition, in such cases Mynaric may be forced, on short notice, to progress development in other areas, in which the rights of third parties would not be affected. For instance, Mynaric may have to resort to developing products that are subject to arms control regulations.

The related significant litigation and licensing expenses would have a material adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2.5 Positive market development in the area of wireless laser communications could lead to increasingly intense political interest and influence impacting Mynaric’s business.

The reliable provisioning and expansion of critical infrastructure is at the core of national interests and communication is widely considered as a critical infrastructure. Constellations will, if successful, become a cornerstone of the communication landscape of the future. The Company believes that laser communication technology will play a key role in these constellations.

A positive development of the constellations and laser communications market could, therefore, lead to increasing political interest and influence impacting the Company’s business especially but not limited to influence from the United States of America which represents the most important market for the Company. Such influence could be of implicit and explicit nature and necessary responses could exceed the Company’s capabilities, effects could be out of the Company’s control or even out of sight.

This is particularly relevant after the German government's decision to ban the shipment of laser communication products of the Company to a Chinese customer in July 2020. That decision immediately and directly resulted in the abandonment of the full Chinese market by the Company eliminating a major market for the Company’s products and related market potential. The Company is at significant risk of having lost a major market for its products due to the German government's export ban without being adequately or at all compensated for the loss of business.

Due to these reasons political influence could have a material adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on revenue. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2.6 Laser communications may be more heavily regulated in the future.

As of the date of this Prospectus, laser communications are not regulated by the International Telecommunication Union and can be used without restrictions and do not require costly licenses. The reason for this is that its inherent small beam size avoids interference with other systems and renders any restrictive regulation in the future highly unlikely, in the Company's view; however, the risk that laser communications might be regulated as strictly as radio frequency communications cannot be entirely excluded.

Entities wishing to establish satellite internet do not just have to build a satellite and launch it, but also to apply for a license from each country to which the service is to be provided via radio frequency beams. This entails paying the costs associated with each licensing regime and waiting for the application to be accepted.

There is not just a long wait for the licenses necessary for operating radio frequency-equipment; the licenses will also only allot a fraction of the spectrum that is available and will only be approved after a costly application process.

The introduction of comparable regulatory provisions regarding laser communications could have a material adverse effect on the Mynaric Group's business, results of operations, financial position and prospects, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.2.7 **Mynaric's risk management and internal control may not prevent or detect violations of law.**

Mynaric's activities are subject to various laws, rules and regulations in the various jurisdictions in which it operates or sells its products. Mynaric's existing compliance processes and controls, which have been set up at a level typically found in companies at Mynaric's current, early stage of development, may still not be sufficient to effectively prevent or detect inadequate practices, fraud and violations of law or group-wide policies by its subsidiaries, intermediaries, sales agents, employees, directors and officers. Mynaric may be exposed to the risk that its employees, directors, officers, sales agents, development partners or others receive or grant inappropriate benefits or generally use corrupt, fraudulent or other unfair business practices. As a result, Mynaric may be exposed to legal sanctions, penalties and loss of orders as well as material harm to its reputation. This is particularly relevant as the Company is not obliged to comply and does not comply with the recommendations of the German Corporate Governance Code as of the date of this Prospectus.

There can be no assurance that compliance processes will be efficiently implemented or that Mynaric's subsidiaries, intermediaries, sales agents, employees, directors and officers will effectively follow the processes. Mynaric's inability to maintain effective internal controls could affect its ability to prevent data breaches and misappropriation of information by its employees or product development partners. In addition, while Mynaric has procedures in place for compliance with sanctions and other trade controls, which it views as particularly pertinent in its business sector and given its international activities, there can be no assurance that its sanctions compliance procedure and trade controls policies will effectively prevent it from violating these regulations in every transaction that it engages in. This is particularly relevant considering the increased likelihood that laser communication will become classified as dual-use good at least in some jurisdictions following the German government's decision to ban the shipment of the Company's laser communication products to a Chinese customer in July 2020. It is further exacerbated by the fact that the Company sees significant business opportunity in the governmental sector of several countries which may impose complex compliance processes related to the protection of confidential data of the respective jurisdiction. The Company has limited or no experience in handling top secret, secret, confidential or classified information due to the early stage of its business and the market it operates in and is therefore of particular risk of violating data compliance regulations as related processes have to be set up from scratch.

If Mynaric fails to maintain adequate internal controls, including in relation to the handling of conflicts of interest, the prevention of corruption, bribery and violations of sanctions and other trade control laws and regulations and the handling of confidential information and information technology security, as the applicable standards regulating such actions are modified or amended from time to time, any failure to fully comply with applicable laws, rules or regulations could adversely affect its business, financial condition and results of operations, and in particular on costs. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.3 Risks related to the Company’s shares and the Offering

1.3.1 The Company’s share price and trading volume of its shares could fluctuate significantly, and investors could lose all or part of their investment.

Following the listing of the Company’s shares and any future offerings, the trading volume and share price of the Company’s shares may fluctuate significantly. The Company’s share price will be affected primarily by the supply and demand for its shares and could fluctuate significantly in response to numerous factors, many of which are beyond the Company’s control. These factors include, among others, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts’ earnings expectations, the absence of analyst coverage on the Company’s shares, changes in trading volumes in the Company’s shares, changes in macroeconomic conditions, including fluctuations in foreign currencies, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of the Company or Mynaric’s industry, changes in the statutory framework in which Mynaric operates and other factors. If the Company’s share price or the trading volume in its shares declines as a result of the realization of any or all of these events could have a highly adverse effect on the Company's business, financial condition and results of operations. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.3.2 Active trading in the subscription rights might not develop, and the subscription rights could be subject to greater price fluctuations than the shares of the Company.

The Company intends to provide for the subscription rights to be traded during the period from 16 October 2020 up to and including 22 October 2020 on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company has not applied for admission or inclusion of the subscription rights to trading on any other stock exchange and do not intend to do so. There is no guarantee that active trading of the subscription rights will develop on the Frankfurt Stock Exchange or that sufficient liquidity will be available during the subscription rights trading period. The market price of the subscription rights will depend, among other things, on the subscription price and the market price of the shares of the Company, and will likely be subject to significantly greater price fluctuations than the market price of the shares of the Company. The absence of active trading in the subscription rights could have a materially adverse effect on the Company's business, financial condition and results of operations. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.3.3 The holdings of shareholders who do not participate in the Offering will be substantially diluted, i.e. the value of their shares and their control rights will be negatively impacted. Foreign legal provisions could preclude certain shareholders abroad from participating in the Offering.

Each shareholder of the Company will have the chance to participate in the offering to which this Prospectus relates (**Offering**) and will receive subscription rights. Subscription rights that are not exercised prior to the expiration of the subscription period will expire valueless. If a shareholder fails to exercise his or her subscription rights, such shareholder’s proportionate share of the total equity will decline. If a shareholder also fails to sell his or her subscription rights, such shareholder will sustain a monetary dilution in the amount of the value of the subscription rights.

The New Shares and subscription rights that form part of the rights offer are not and will not be registered in accordance with the provisions of the United States Securities Act of 1933, as amended (**Securities Act**), with the securities regulators of the individual states of the United States or in other countries outside Germany. Furthermore, the New Shares that form part of the rights offering will only be offered for public sale in Germany and, in particular, will not be offered in the U.S. except pursuant to an exemption from, or in transactions not subject to, the Securities Act. It thus cannot be guaranteed that the acceptance of the rights offering being the subject matter of the Prospectus will be compatible with prevailing legislation in countries other than Germany. Certain shareholders abroad could therefore be precluded from participating in the rights offering being the subject matter of the Prospectus. This could have an adverse effect on the Company's business, financial condition and results of operations. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.3.4 The Offering may expire and the subscription rights may become worthless if the underwriting banks terminate the Underwriting Agreement for the New Shares or the Offering is cancelled by the Company.

The Company and Hauck & Aufhäuser Privatbankiers Aktiengesellschaft have entered into an underwriting agreement, pursuant to which Hauck & Aufhäuser Privatbankiers Aktiengesellschaft has undertaken to offer the New Shares to the Company's shareholders for subscription. The underwriting agreement is subject to a number of conditions and can be terminated by Hauck & Aufhäuser Privatbankiers Aktiengesellschaft under certain circumstances. If the underwriting agreement is terminated after the commencement of the Offering but before the capital increase has been registered in the Commercial Register, the Offering will lapse and the shareholders' subscription rights will expire. The same applies in case the Company decides not to carry out the Offering prior to the registration of the implementation of the capital increase in the Commercial Register. In these cases, subscription rights trading transactions will not be rescinded and investors that have acquired subscription rights for the New Shares over a stock exchange would suffer a complete loss. Subscription declarations for New Shares already made would be invalid. Should short sales have already occurred at the time of such an expiry of the offering, the short-seller of the shares would bear the risk of not being able to meet its obligation to deliver New Shares. The Company will receive no issue proceeds in the event of a termination of the underwriting agreement. This could have an adverse effect on the Company's business, financial condition and results of operations, and could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.3.5 Future sales by the Company's shareholders, or the perception that such sales occur, could depress the price of the Company's shares, which would result in a decrease in the value of shareholders' investments.

Sales of a substantial number of the Company's shares in the public market following the listing of the Company's shares, or the perception that such sales might occur, could depress the market price of the Company's shares and could impair the Company's ability to raise capital through the sale of additional equity securities. This applies in particular to the Company's share, which has a high volatility and sometimes low liquidity. Thus, sales of even small quantities can trigger significant price movements. If this happens, or if one or more of the Company's shareholders effect a sale or sales of a substantial number of the Company's shares, or if the market believes that such sales might take place, this could have an adverse effect on the share price of the Company's shares, in which case investors could lose some or all of their investment.

1.3.6 Future offerings of debt or equity securities by the Company may adversely affect the market price of the Company's shares, and future capital measures could lead to a significant dilution of existing shareholdings in the Company.

The Company may require further capital in the future to finance its business operations and planned growth or to fulfil regulatory requirements. Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds could adversely affect the market price of the Company's shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions (particularly in the U.S.) may not be able to acquire or exercise any subscription rights due to local laws.

Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by Mynaric's employees in the context of future stock option programs or the issuance of shares to employees in the context of such programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the general shareholders' meeting to take any of the above mentioned measures, with dilutive effects on the existing shareholdings, or any other announcement thereof, could adversely affect the market price of the Company's shares, in which case investors could lose some or all of their investment.

1.3.7 Shareholders of the Company in jurisdictions outside Germany may not be able to participate in future issues of the Company’s shares unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions.

In the case of certain increases in the Company’s issued share capital, the Company’s existing shareholders are generally entitled to subscribe to the new shares issued unless such subscription rights are specifically excluded. Shareholders outside Germany may not be able to exercise their subscription rights unless the Company decides to comply with applicable local laws and regulations. The Company cannot assure any shareholders outside Germany that steps will be taken to enable them to exercise their subscription rights, or to permit them to receive any proceeds or other amounts relating to their subscription rights. This could have an adverse effect on the Company's business, financial condition and results of operations. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.3.8 The Company’s ability to pay dividends depends, among other things, on Mynaric’s results of operations, financial investment needs, the availability of distributable reserves and overall financial position.

The Company’s general shareholders’ meeting will decide matters relating to the payment of future dividends. These decisions will be based on the particular situation of the Company at the time. The Company’s ability to pay dividends depends upon, among other things, its results of operations, financing and investment requirements, as well as the availability of distributable profit. Certain reserves must be established by law and must be deducted when calculating the distributable profit. In addition, Mynaric’s future debt financing arrangements may contain covenants which impose restrictions on Mynaric’s business and future debt financing arrangements may also contain covenants which limit the Company’s ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict the Company’s ability to pay dividends. Given that the Company’s shares are, and any dividends to be paid in respect of them will be, denominated in euro, an investment in the Company’s shares by an investor whose principal currency is not the euro in addition exposes the investor to foreign currency exchange rate risk. This could have an adverse effect on the Company's business, financial condition and results of operations. This could also cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

2. General information

2.1 Responsibility statement

Mynaric AG, with its registered seat in Gilching, Germany, and its business address at Dornierstraße 19, 82205 Gilching, Germany, a German stock corporation (*Aktiengesellschaft or AG*) registered with the Commercial Register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, (the ***Commercial Register***), under number HRB 232763, telephone +49 8105 79990 (the ***Company*** or the ***Issuer***, and together with its subsidiaries, Mynaric Lasercom GmbH, Mynaric Systems GmbH and Mynaric USA, Inc., the ***Mynaric Group*** *or* ***Mynaric***) together with Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Kaiserstraße 24, 60311 Frankfurt, Germany, LEI: 529900OOZP78CYPYF471 (telephone + 49 69 21610) (the ***Sole Global Coordinator,*** the ***Sole Bookrunner*** and the ***Underwriter***) have assumed responsibility for the contents of this Prospectus pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and Article 11 of Regulation (EU) 2017/1129, and declare, to the best of their knowledge, that the information contained in this Prospectus is correct and that the Prospectus makes no material omission likely to affect its import.

This prospectus (the ***Prospectus***):

a. has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108 0; Website: www.bafin.de), as competent authority under Regulation (EU) 2017/1129;

b. BaFin only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;

c. such approval should not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this Prospectus; and

d. investors should make their own assessment as to the suitability of investing in the securities.

The Company’s LEI is: 8945004QR4AMZMH84X56.

The Company’s website is (www.mynaric.com). Information contained on the Company’s website is not incorporated by reference in this Prospectus and is not part of this Prospectus.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the ***EEA***).

2.2 Purpose of this Prospectus

This Prospectus relates to the offering (the ***Offering***) of 800,000 ordinary bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*) and each such share with full dividend rights as of 1 January 2020 (the ***New Shares***) by way of a subscription offer (*Bezugsangebot*) by the (based on the Subscription Price of EUR 66.00), which will be offered exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares (***Subscription Offer***).

The Offering consists of a public offering in Germany and private placements in certain jurisdictions outside Germany. In the U.S., the Company’s shares will be offered and sold only to qualified institutional buyers (***QIBs***) as defined in Rule 144A under the United States Securities Act of 1933, as amended (the ***Securities Act***). Outside the U.S., the Company’s shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

2.3 **Forward-looking statements**

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on Mynaric's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which it is exposed. In some cases, forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, which may include words such as "anticipate", "believe", "contemplate", "continue", "could", "expect", "intend", "plan", "potential", "predict", "project", "should", "target" and "would" or the negative of these words or other similar terms or expressions.

The forward-looking statements in this Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause Mynaric's actual results, including its financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections of this Prospectus describing risk factors, markets and competition, the Company's business and Recent Developments and Outlook, and wherever information is contained in this Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which Mynaric is subject. See Sections "*1 Risk Factors*", "*9 Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*10 Markets and Competition*", "*11 Business*", "*12 Regulatory Environment*" and "*22 Recent Developments and Outlook*". Forward-looking statements should not be relied upon as predictions of future events.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus will not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see Section "*2.4 Sources of market data*").

Moreover, it should be noted that neither the Company nor the Underwriter assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements, and one should not place undue reliance on these forward-looking statements. These forward looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

See Section "*1 Risk Factors*" for a further description of various factors that could influence these forward-looking statements.

2.4 **Sources of market data**

To the extent not otherwise indicated, the information contained in this Prospectus on the markets in which Mynaric operates and market and industry developments and trends, including growth rates, are based on the Company's assessments and estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications or commissioned reports, including the following:

- https://spacenews.com/british-government-and-bharti-global-buy-oneweb-plan-1-billion-investment-to-revive-company/, accessed on 8 October 2020
- https://spacenews.com/spacex-launches-starlink-and-blacksky-satellites/ accessed on 8 October 2020;
- https://spacenews.com/amazons-kuiper-constellation-gets-fcc-approval/ accessed on 8 October 2020;

- https://www.nsr.com/nsr-report-constellations-drive-a-3-8-billion-opportunity-for-optical-satcom-equipment/, accessed on 8 October 2020;

- https://tealgroup.com/index.php/pages/press-releases/64-teal-group-predicts-worldwide-military-uav-production-of-almost-99-billion-over-the-next-decade-in-its-2019-2020-uav-market-profile-and-forecast, accessed on 8 October 2020;

- https://tealgroup.com/index.php/pages/press-releases/60-teal-group-predicts-worldwide-civil-drone-production-will-almost-triple-over-the-next-decade, accessed on 8 October 2020;

- https://www.dlr.de/content/en/articles/news/2018/2/20180510_dlr-and-adva-set-a-new-world-record-in-optical-free-space-data-transmission_27323.html, accessed on 8 October 2020;

- https://code.facebook.com/posts/183097092210150/connectivity-a-building-block-approach/, accessed on 8 October 2020; and

- https://www.cisco.com/c/en/us/solutions/service-provider/visual-networking-index-vni/index.html, accessed on 8 October 2020.

It should be noted in particular that references have been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned sources. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Underwriter (see Section "*2.1 Responsibility Statement*"), neither the Company nor the Underwriter have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Underwriter make no representation or warranty as to the accuracy, completeness or verification of any such information from third party studies included in this Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties. None of the Company, the Underwriter or any of their respective affiliates is making any representation to any offeree or purchaser of any Shares regarding the legality of an investment in the Shares by such offeree or purchaser.

Information contained on any website mentioned in this Prospectus is not incorporated by reference in this Prospectus and is not part of this Prospectus. The information on the websites accessible by hyperlinks contained in this Prospectus does not form part of the Prospectus and has not been scrutinized or approved by the BaFin.

2.5 Currency presentation and presentation of figures

In this Prospectus, "euro", "EUR" and "€" refer to the single European currency adopted by certain participating member states of the EU, including Germany, and "U.S. dollar" and "USD" refer to the official currency of the U.S.

Where financial data in tables in this Prospectus is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements (as defined in Section 2.6.1 below). The label "unaudited" is used in tables in this Prospectus to indicate financial data that has not been taken from the Audited Consolidated Financial Statements, but was taken from the Unaudited Interim Consolidated Financial Statements (as defined below) or from the Company's internal reporting system, or has been calculated based on financial data from the above-mentioned sources. All of the financial data presented in this Prospectus are shown in thousands of euro (in €/EUR thousand), except as otherwise stated. Certain financial data (including percentages) in this Prospectus have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in tables in this Prospectus may not correspond in all cases to the corresponding rounded amounts contained in tables in this Prospectus. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented in parentheses denotes the negative of such number presented. With respect to financial data set out in this Prospectus, a dash ("-") signifies that the relevant figure is not applicable, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

2.6 **Presentation of financial information**

All financial and operational data included in this Prospectus, other than to the extent otherwise indicated, has been taken from the Audited Consolidated Financial Statements, the Unaudited Interim Consolidated Financial Statements (each as defined below) or the Company's internal reporting system.

2.6.1 **Overview of Financial Statements**

This Prospectus includes:

(i) the audited consolidated financial statements of the Company as of and for the fiscal year ended 31 December 2019 and the fiscal year ended 31 December 2018, which includes unaudited comparable figures for the year ended 31 December 2017 (the ***Audited Consolidated Financial Statements***);

(ii) the unaudited interim consolidated financial statements of the Company as of and for the six-month period ended 30 June 2020 (the ***Unaudited Interim Consolidated Financial Statements***);

(iii) the audited annual financial statements of the Company as of and for the fiscal year ended 31 December 2019;

(iv) the audited annual financial statements of the Company as of and for the fiscal year ended 31 December 2018; and

(v) the audited annual financial statements of the Company as of and for the fiscal year ended 31 December 2017 covering the stub period from the Company's formation until 31 December 2017;

(collectively, the ***Financial Statements***).

RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (***RSM***), Georg-Glock-Straße 4, 40474 Düsseldorf, through its office located at Maximiliansplatz 10, 80333 Munich, Germany, on the basis of the resolutions of the Company's general shareholders' meeting held on 2 July 2019 and 17 July 2018 was engaged as auditor of its annual financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) (***HGB***) and German generally accepted accounting principles (together with HGB, ***German GAAP***) as of and for the fiscal year ended 31 December 2019 and 31 December 2018. Since then, RSM has also acted as the auditor of the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (***IFRS***) as of and for the fiscal years ended 31 December 2019 and 31 December 2018 (with unaudited comparable figures for the year ended 31 December 2017) (*the* ***Audited Consolidated Financial Statements***). RSM has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.

Previously, Mynaric AG engaged BTU Treuhand GmbH (***BTU***), Sonnenstraße 9, 80331 Munich, Germany, as the auditor of its financial statements prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2017 covering the stub period from the Company's formation until 31 December 2017. BTU issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon and on the statements of changes in equity and the cashflow statement for the financial year ended 31 December 2017, that were derived from the Company's annual financial statements for the financial year ended 31 December 2017 and the underlying accounting records.

The financial information contained in the following tables related to the fiscal year ended 31 December 2017 has been taken from the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018, in which it was presented as comparable figures and, as such, not audited. Under the auspices of a reverse acquisition in 2017, the shares of Mynaric Lasercom GmbH were contributed into Mynaric AG. In accordance with IFRS 3 B15 et seq., the transaction constitutes a reverse acquisition with the result that, for reporting purposes, Mynaric Lasercom GmbH is identified as the acquirer and Mynaric AG as the acquiree. Although the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018 are published under the name Mynaric AG as the legal parent company, the performance figures related to the fiscal year ended 31 December 2017 comprise the operations of Mynaric Lasercom GmbH and its former subsidiary Mynaric USA Inc. for the 12-month period ended 31 December 2017 and of Mynaric AG for the period from the Company's formation on 18 April 2017 until 31 December 2017.

The audited financial statements prepared in accordance with German GAAP for the fiscal year ended 31 December 2017 ("HGB Jahresabschluss zum 31.Dezember 2017" presented in Financial Information 20.6) cover the period from the Company's formation on 18 April 2017 until the end of the fiscal year on 31 December 2017.

2.6.2 **First-time adoption of IFRS**

The Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018 are the first financial statements that the Company has prepared in accordance with IFRS, applying IFRS effective 1 January 2017. For prior periods, the Company only prepared financial statements in accordance with German GAAP.

According to IFRS 1, the Company has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2018 and as at 31 December 2019, as described in the summary of significant accounting policies, and an opening statement of financial position on its date of transition to IFRS, 1 January 2017.

2.6.3 **Segmentation**

The Company reports on a single segment basis. This decision for segmentation was based on the Company's internal organization which is based on the product as single line of reporting.

2.6.4 **Alternative Performance Measures**

This Prospectus contains certain alternative performance measures (collectively, ***APMs***) including EBIT and EBT (each as defined below) that are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles. All of these measures are derived from the Company's IFRS accounts. These are Alternative Performance Measures as defined in the guidelines issued by the European Securities and Markets Authority (***ESMA***) on 5 October 2015 on Alternative Performance Measures (the ***ESMA Guidelines***). Mynaric presents APMs because they are used by management in monitoring, evaluating and managing its business and management believes these measures provide an enhanced understanding of Mynaric's underlying results and related trends. Mynaric considers EBIT and EBT to be useful metrics for evaluating Mynaric's performance as they facilitate comparisons of Mynaric's core operating results from period to period by removing the impact of changes in deferred revenue, its capital structure (net interest expense, debt servicing costs and losses on debt extinguishment), tax consequences, specific non-recurring costs and others. Further, management believes these and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry.

The definitions of the APMs may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of Mynaric's operating results as reported under IFRS or German GAAP. APMs such as EBIT and EBT are not measurements of Mynaric's or the Company's performance or liquidity under IFRS or German GAAP and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, German GAAP or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Mynaric has defined each of the following APMs as follows:

- ***EBIT*** means operating (loss)/profit before tax and interest, as shown in the Audited Consolidated Financial Statements;
- ***EBT*** means (loss)/profit before tax, as shown in the Audited Consolidated Financial Statements

2.7 Documents available for inspection

For the period during which this Prospectus is valid, the following documents will be available for inspection during regular business hours at the Company's offices at Dornierstraße 19, 82205 Munich, Germany (telephone +49 8105 79990):

- the Company's articles of association (the ***Articles of Association***); and
- the Financial Statements.

The Company's Articles of Association and consolidated annual and interim financial statements and annual financial statements are and will be available from the Company on its website (www.mynaric.com). The Company's financial statements are also published in the German Federal Gazette (*Bundesanzeiger*) in compliance with applicable due dates.

2.8 Enforcement of civil liabilities

The Company is a stock corporation (Aktiengesellschaft or AG) governed by German law and all or a substantial portion of its assets are located primarily outside the U.S. In addition, the Management Board (*Vorstand*) of the Company and the majority of the members of the Supervisory Board (*Aufsichtsrat*) are non-residents of the U.S. and all or most of their assets are located outside the U.S. As a result, it may not be possible for investors to effect service of process within the U.S. upon the Company or such persons or to enforce against them or the Company judgments of courts of the U.S., whether or not predicated upon the civil liability provisions of the federal securities laws of the U.S. or other laws of the U.S. or any state thereof. The U.S. and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the U.S. based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Germany. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the U.S. Under such circumstances, a judgment by a federal or state court of the U.S. against the Company or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the U.S. or in other jurisdictions may be unenforceable in Germany.

3. The Offering

3.1 Subject matter of the Offering

The Offering consists of a subscription offer (*Bezugsangebot*) by the Company of 800,000 New Shares (based on the Subscription Price of EUR 66.00), each such share representing a notional value of EUR 1.00 of the Company's share capital and carrying full dividend rights from 1 January 2020, which will be offered exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares (***Subscription Offer***). No financial intermediaries will be involved in the Subscription Offer.

The Management Board resolved in principle by way of a resolution on 8 October 2020, following authorization by the Supervisory Board on the same day, to increase the Company's share capital from EUR 3,194,734.00 by up to 800,000.00 to up to EUR 3,994,734.00 and to issue up to 800,000 new ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) utilizing the authorized capital with subscription rights for existing shareholders of the Company and pursuant to a subsequent determination resolution by which the Management Board determined on 8 October 2020, following authorization by the Supervisory Board on the same day, and utilizing the authorized capital, the Subscription Price and final number of New Shares as well as the subscription ratio.

The share capital of the Company represented by the New Shares that are subject to the Offering will total EUR 800,000. Thus, approximately 25% of the Company's share capital will be offered.

In Germany only, the Subscription Offer will take the form of a public offering exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares.

Certain shareholders of the Company (***Waiving Shareholders***) have agreed to waive their subscription rights with respect to approximately 29.7% of the Company's registered share capital in the aggregate (***Waived Subscription Rights***) and not to participate in the Subscription Offer in respect of the Waived Subscription Rights.

All New Shares were offered by the Underwriter for sale by way of a pre-placement to qualified investors in private placements in Germany and other selected jurisdictions on 8 October 2020 (***Pre-Placement***). The Underwriter will also offer for purchase in private placements in Germany and other selected jurisdictions any New Shares for which subscription rights are not exercised and which are not sold in the Pre-Placement (***Rump Shares Placement***). In the U.S., the New Shares have and will be offered and sold only to qualified institutional buyers (***QIBs***) as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (***Securities Act***). Outside the U.S., the New Shares have and will be offered and sold only in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. The New Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state, territory or other jurisdiction in the U.S.

The consummation of the capital increase related to the Pre-Placement is expected to be registered in the Commercial Register on 14 October 2020, and the related New Shares other than the Claw-Back Shares (as defined below) are expected to be issued on 15 October 2020. The consummation of the capital increase related to the Subscription Offer and the Rump Shares Placement is expected to be registered in the Commercial Register on 30 October 2020, and the related New Shares are expected to be issued on 2 November 2020.

In connection with the Subscription Offer, Pre-Placement and Rump Shares Placement, the Company and the Underwriter have entered into an underwriting agreement on 8 October 2020 (***Underwriting Agreement***), pursuant to which the Underwriter agrees to offer the New Shares to the existing shareholders by way of indirect subscription rights during the subscription period, in accordance with the subscription ratio and at the subscription price per New Share, with the subscription ratio and the Subscription Price established in the determination resolution on 8 October 2020. The Underwriter also agreed, on the basis of the Underwriting Agreement, to offer, prior to the commencement of the Subscription Offer, all New Shares in the Pre-Placement, and following the Subscription Offer, any New Shares for which subscription rights have not been exercised and which are not sold in the Pre-Placement in the Rump Shares Placement, to qualified investors in private placements in Germany and other selected jurisdictions outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, and in the U.S. to QIBs only.

The Subscription Offer is subject to, among other things, registration of the implementation of the capital increase in the Commercial Register, which is expected to occur on 30 October 2020.

In the Pre-Placement and together with the subsequent Subscription Offer and the Rump Shares Placement, the Company targets to place New Shares in the aggregate amount of approximately EUR 52.8 million. The Offer Price per share for the Pre-Placement corresponded to the Subscription Price. The Subscription Price and the final issue volume were determined based on the results of the book building procedure for the Pre-Placement. The offer period for the Pre-Placement ran on 8 October 2020.The Subscription Price equals EUR 66.00. The subscription period is expected to run from and including 13 October 2020 to and including 26 October 2020.

Under certain circumstances, the Subscription Offer may be terminated prematurely. See Section "*3.2 Subscription Offer*" below for further details.

It was pointed out to investors who wish to purchase New Shares under the Pre-Placement that the purchase of New Shares under the Pre-Placement took place subject to claw-back, and to this extent, such purchase is also subject to deferred settlement. The portion of the New Shares placed under the Pre-Placement subject to claw-back (***Claw-Back Shares***) is determined on the basis of the claw-back ratio. The claw-back ratio corresponds to the ratio of the New Shares which are not attributable to the Waived Subscription Rights to the total number of New Shares.

The Claw-Back Shares acquired in the Pre-Placement, which are subject to deferred settlement, will only be delivered to the extent that no claw-back is exercised. To the extent a claw-back does not occur, the Claw-Back Shares will be delivered from the New Shares with respect to which the Subscription Rights were not exercised in the Subscription Offer, and such delivery will be made after the end of the subscription period for the Subscription Offer and at the same time as the delivery of the New Shares acquired in the Subscription Offer. To the extent the subscription period is not extended, such delivery is expected to occur on 2 November 2020. To the extent that the number of New Shares which are not subscribed in the Subscription Offer remains lower than the number of Claw-Back Shares, the claw-back will be exercised with respect to each purchaser of Claw-Back Shares on a pro rata basis in accordance with the ratio of the total number of New Shares subscribed in the Subscription Offer to the total number of Claw-Back Shares.

Subscription rights not exercised within the subscription period will lapse and have no value. The subscription rights are fully transferable.

Hauck & Aufhäuser Privatbankiers Aktiengesellschaft is acting as Sole Global Coordinator, Sole Bookrunner and Underwriter. The Underwriter is acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

None of the Company, the Underwriter or any of the respective affiliates, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the New Shares.

The investors also acknowledge that: (i) they have not relied on the Underwriter or any person affiliated with the Underwriter in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this document, and (iii) that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the Underwriter.

3.2 **Subscription Offer**

The following is an English-language translation of the draft German-language Subscription Offer. The German-language version is expected to be finalized with relevant pricing, ratio and other information and published in the German Federal Gazette (*Bundesanzeiger*) on 9 October 2020:

"*- Not to be distributed, published or forwarded in or into the United States of America, Canada, Japan or Australia. –*

This Subscription Offer is solely addressed to the current shareholders of Mynaric AG, Gilching.

Subscription Offer

Mynaric AG

Gilching

- DE000A0JCY11/WKN A0JCY1 -

The general shareholders' meeting of Mynaric AG (the "Company") adopted a resolution on 12 June 2020, authorizing the management board of the Company (the "Management Board"), subject to the approval of the supervisory board of the Company (the "Supervisory Board"), to increase the share capital of the Company on or before 11 June 2025, on one or more occasions, by up to a total of EUR 1,597,367.00 through the issuance of 1,597,367 new bearer shares with no par value (*Stückaktien*) in return for contributions in cash or in kind (the "Authorized Capital 2020"). This authorization was entered in the commercial register maintained in respect of the Company under the number HRB 232763 at the local court in Munich (the "Commercial Register") on 13 July 2020.

In exercising this authorization in part, the Management Board resolved in principle by way of a resolution on 8 October 2020, following authorization by the Supervisory Board on the same day, to increase the Company's share capital from EUR 3,194,734.00 by up to EUR 800,000.00 to up to EUR 3,994,734.00 against contribution in cash through the issue of up to 800,000 new ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) with a notional value of EUR 1.00 (the "New Shares"). Pursuant to a further set of resolutions adopted on 8 October 2020, following authorization by the Supervisory Board on the same day, the subscription price was set at EUR 66.00, the final number of New Shares to be issued was set at 800,000 shares, and the subscription ratio was set at 19:5.

The New Shares will be issued with a minimum issue amount of EUR 1.00 and carry full dividend rights from and including 1 January 2020. Subscription rights for fractional amounts have been excluded.

The 800.000 New Shares will be offered to the Company's shareholders by way of indirect subscription rights. For this purpose, Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Frankfurt am Main ("Subscription Agent") has been authorized to subscribe for the New Shares at the minimal issue amount of EUR 1.00 per New Share, with the obligation to offer the New Shares to the Company's shareholders at a subscription price of EUR 66.00 per New Share, at a subscription ratio of 19:5. Hauck & Aufhäuser Privatbankiers Aktiengesellschaft (the "Sole Global Coordinator") has agreed, pursuant to an underwriting agreement with the Company, dated 8 October 2020 (the "Underwriting Agreement"), that the Sole Global Coordinator will subscribe the New Shares, underwrite the New Shares and offer the New Shares to the Company's existing shareholders during the subscription period at the subscription ratio at the subscription price per New Share (the "Subscription Price") subject to the conditions set forth below under "Important Notice" and as described below (the "Subscription Offer"). The Subscription Offer will not apply to 154,734 existing shares for which the subscription rights were excluded to avoid fractions of shares.

Subscription rights are attached to all of the bearer shares of the Company with ISIN DE000A0JCY11/WKN A0JCY1. The subscription rights (ISIN DE000A289WW7/WKN A289WW) will automatically be booked by Clearstream Banking Aktiengesellschaft ("Clearstream"), Mergenthalerallee 61, 65760 Eschborn, to the custodian banks on 15 October 2020 as per the status on 14 October 2020 at 11:59 p.m. CEST (the "Record Date"). The custodian banks are responsible for booking the subscription rights to the eligible custodian accounts of the Company's existing shareholders.

We kindly request our shareholders to exercise their subscription rights for the New Shares during the period

from 13 October 2020

to and including 26 October 2020

through their custodian bank at the Subscription Agent, Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, during regular banking hours. Investors are recommended to follow the respective instructions by their custodian banks. Subscription rights that are not exercised in a timely manner will lapse and be of no value. No compensation will be payable for subscription rights that are not exercised.

The Subscription Agent has its registered office in Frankfurt am Main, Germany.

In accordance with the subscription ratio of 19:5, shareholders are entitled to subscribe for five (5) New Shares for every nineteen (19) shares they hold at the Subscription Price. Shareholders may only subscribe for five (5) shares or integral multiples thereof. The notice of the exercise of subscription rights is binding upon its receipt by the Subscription Agent and cannot be altered afterwards. The exercise of the subscription rights is, however, conditional upon the registration of the implementation of the capital increase in the Commercial Register and subject to the further limitations set forth below under "Important Notice."

Subscription Price

The Subscription Price of EUR 66.00 per New Share was determined by the Management Board by way of a determination resolution with the approval of the Supervisory Board on 8 October 2020. The Subscription Price must be paid upon the exercise of the subscription right and in any event at the latest on 26 October 2020.

Trading in Subscription Rights

The subscription rights (ISIN DE000A289WW7/WKN A289WW) for the New Shares will be traded in continuous trading on the open market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) from 16 October 2020 through 22 October 2020. On 22 October 2020, the final day of the subscription rights trading period, the subscription rights will not be traded in continuous trading on the open market (*Freiverkehr*) (Scale Segment) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*); instead, the price will be determined only once in the midday intraday auction. The subscription rights will not be traded on any other stock exchange.

No compensation will be awarded for any subscription rights not exercised. Upon expiration of the subscription period, the unexercised subscription rights will expire and become worthless. As of 13 October 2020, the existing shares of the Company (ISIN DE000A0JCY11/WKN A0JCY1) will be quoted "ex subscription rights" on the open market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Sole Global Coordinator may effect transactions to provide liquidity for fair and orderly trading in subscription rights, e.g., through the purchase or sale of subscription rights to New Shares, while reserving the right to effect hedging transactions with the Company's shares or corresponding derivatives. However, there is no obligation on the part of the Sole Global Coordinator to take such measures. It is not certain that an active market will develop on the Frankfurt Stock Exchange during this time period or that the market will be liquid during the trading of the subscription rights. The market price for the subscription rights depends on, among other things, the development of the share price of the Company but may fluctuate more strongly than the share price.

Form and certification of the New Shares

The New Shares (ISIN DE000A0JCY11/WKN A0JCY1) will be represented by a global share certificate, which will be deposited with Clearstream. Under the Company's Articles of Association, shareholders are not entitled to have their shares evidenced by individual share certificates. Unless the subscription period is extended or the Subscription Offer is cancelled, the New Shares are expected to be made available by credit to the collective securities account on or around 2 November 2020. The New Shares hold the same rights as all other shares of the Company (including full dividend rights from the financial year starting 1 January 2020) and do not convey any additional rights or advantages.

Commissions charged by custodian banks

The custodian banks may charge a customary commission in connection with the subscription of the New Shares. The shareholders should obtain detailed information about such charges from their depositary bank.

Inclusion to trading of the New Shares

The New Shares are expected to be included in the existing quotation for the Company's listed shares on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (ISIN DE000A0JCY11/WKN A0JCY1), on 2 November 2020.

Important Notice

Prior to making a decision to exercise, purchase or sell subscription rights for the New Shares, shareholders and investors are advised to carefully read the securities prospectus dated 9 October 2020, for the public offering of the New Shares (the "Prospectus") and to take particular note of the risks described in the "1 Risk Factors" section of the Prospectus and to consider such information when making their decision. In light of the current high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their subscription rights for the New Shares at the Subscription Price. As the Subscription Offer to which the Prospectus relates is only addressed to the existing shareholders of the Company, the level of disclosure included in the Prospectus is proportionate to this type of issue.

The Sole Global Coordinator may terminate the Underwriting Agreement or decide, together with the Company, to extend the subscription period under certain circumstances. These circumstances include, in particular, material adverse changes in the condition, business, prospects, consolidated financial position, shareholders' equity or results of operations of the Company or the Group, material restrictions on stock exchange trading or banking activities, the outbreak or escalation of hostilities or war, or the occurrence of acts of terrorism or other calamity or crisis which have a material adverse impact on the financial markets in Germany, another EU Member State or the United States of America. The Sole Global Coordinator is further relieved from its obligations under the Underwriting Agreement if the implementation of the capital increase is not registered in the Commercial Register, by 2 November 2020, 24:00 (midnight) CET, and the Sole Global Coordinator and the Company do not reach an agreement on a later deadline. Both the Sole Global Coordinator and the Company are entitled to terminate the Underwriting Agreement or decide to extend the subscription period.

If the Sole Global Coordinator or the Company terminates the Underwriting Agreement before the implementation of the capital increase has been registered in the Commercial Register, shareholders' subscription rights will lapse without compensation. In this case, the institutions brokering subscription rights trading will not reverse any transactions already completed with investors and investors who have acquired subscription rights through a stock exchange would suffer a complete loss. However, if the Sole Global Coordinator or the Company terminate the Underwriting Agreement after the registration of the implementation of the capital increase in the Commercial Register, shareholders and purchasers of subscription rights who have exercised their subscription rights will be entitled to acquire New Shares at the Subscription Price; a withdrawal of the shareholders and those acquiring subscription rights is no longer possible in such case.

Selling restrictions

The New Shares are only being offered in the Federal Republic of Germany.

Neither the subscription rights nor the New Shares have been or will be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with the securities regulatory authority of any state or other jurisdiction of the United States of America. The subscription rights and the New

Shares may at no time be offered, sold, exercised, pledged, transferred or delivered directly or indirectly, to or within the United States of America, except pursuant to an exemption from the registration requirements of the Securities Act or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States of America. In order to fall within the application of the exemption from the registration requirements of the Securities Act under section 4(a)(2) of the Securities Act, envelopes containing subscription forms must not be postmarked in, or otherwise dispatched from, the United States. The acceptance of this offer outside Germany may be subject to restrictions. Persons who intend to accept this offer outside Germany are requested to inform themselves of and comply with the restrictions that exist outside Germany.

Stabilization measures

In connection with the offering, no stabilization measures will be carried out by, or on behalf of, the Company on any stock exchange, in the over-the-counter market, or otherwise.

Availability of the Prospectus

The Prospectus was published on the Company's website www.mynaric.com (section: "Investors") on 9 October 2020. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Mynaric AG, Dornierstraße 19, 82205 Gilching, Germany.

Gilching, October 2020

Mynaric AG

The Management Board"

3.3 Expected timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

8 October 2020	Pre-Placement and Accelerated Bookbuilding; Determination of the final issue volume, subscription ratio, Subscription Price in the determination resolution
9 October 2020	Approval of this Prospectus by BaFin; publication of the approved Prospectus on the Company's website (www.mynaric.com)
9 October 2020	Publication of the Subscription Offer in the German Federal Gazette (*Bundesanzeiger*) including Subscription Price
13 October 2020	Commencement of the subscription period
14 October 2020	Registration of the consummation of the capital increase related to the New Shares sold in the Pre-Placement in the Commercial Register
15 October 2020	Book-entry delivery of those New Shares placed in the Pre-Placement and not subject to claw-back, Inclusion of those New Shares to trading on the Scale segment Frankfurt Stock Exchange (Frankfurter Wertpapierbörse)
16 October 2020	Commencement of trading of subscription rights
22 October 2020	End of subscription rights trading (about 12:00 (noon) CEST)
26 October 2020	End of the subscription period; Last day for payment of the Subscription Price

27 October 2020	Rump Shares Placement; Publication of the results of the Offering in the form of a public disclosure release on an electronic information dissemination system and on the Company's website (www.mynaric.com)
30 October 2020	Registration of the consummation of the capital increase related to the remaining New Shares sold in the Subscription Offer and the Rump Shares Placement and Claw-Back Shares that were not subscribed, in the Commercial Register;
2 November 2020	Book-entry delivery of the New Shares subscribed in the Subscription Offer and the Rump Shares Placement and Claw-Back Shares not subscribed; Inclusion of the New Shares to trading on the Scale segment Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*);

This Prospectus will be published on the Company's website (www.mynaric.com) under the "Investors Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: Dornierstraße 19, 82205 Gilching, Germany.

3.4 Information on the shares

3.4.1 Share capital; form of the shares

As of the date of this Prospectus, the share capital of the Company amounts to EUR 3,194,734.00 and is divided into 3,194,734 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). The share capital has been fully paid up.

3.4.2 Certification of the shares

As of the date of this Prospectus, all of the Company's shares are ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). The Company's shares are denominated in euro and represented by a global share certificate (the ***Global Share Certificate***), which is deposited with Clearstream Banking Aktiengesellschaft (***Clearstream***), Mergenthalerallee 61, 65760 Eschborn.

Article 5 paragraph 2 of the Articles of Association excludes to the extent legally permissible and not required by the rules and procedures of a stock exchange on which the Company's shares are admitted or included to trading, the right of the shareholders to receive share certificates.

3.4.3 Voting rights

Each share in the Company carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights, and no shareholders have different voting rights.

3.4.4 Dividend and liquidation rights

The Company's shares carry full dividend rights as of 1 January 2020. In the event of the Company's liquidation, any proceeds remaining after satisfaction of all liabilities of the Company will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.5 ISIN/WKN/Ticker symbol

New Shares:

International Securities Identification Number (ISIN)	DE000A0JCY11
German Securities Code (Wertpapier-Kenn-Nummer, WKN)	A0JCY1
Trading Symbol	M0Y

Subscription Rights:

International Securities Identification Number (ISIN)	DE000A289WW7
German Securities Code (Wertpapier-Kenn-Nummer, WKN)	A289WW

3.6 Transferability of the shares, lock-up

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*), except for the restrictions set forth in Sections "*3.9 The Offering –Lock-up Agreement*" and "*18.5 Underwriting – Selling Restrictions*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.7 Information on the existing shareholders

The Waiving Shareholders of the Company have agreed to waive their respective subscription rights in respect of in aggregate approximately 29.7% of the Company's outstanding share capital.

3.8 Target Market Assessment

Information for Distributors: Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended (***MiFID II***), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II and (iii) local implementing measures (together, the ***MiFID II Requirements***), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process. As a result, it has been determined that the New Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the ***Target Market Assessment***).

Notwithstanding the Target Market Assessment, the price of the New Shares may decline and investors could lose all or part of their investment. The New Shares offer no guaranteed income and no capital protection, and an investment in the New Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment, including up to the total amount invested.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Sole Global Coordinator will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the New Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.

3.9 Lock-up agreement

In the Underwriting Agreement, the Company has agreed with the Underwriter that the Company, its Management Board or its Supervisory Board will not, and will not agree to without the prior written consent of the Sole Global Coordinator for a period of 90 calendar days following 8 October 2020):

- announce or effect an increase of the share capital of the Company out of authorized capital;

- submit a proposal for a capital increase to any shareholders' meeting for resolution;
- announce to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company; or
- enter into a transaction or perform any action economically similar to those described in the bullet points above,

in each case of the four bullets above other than as expressly described in this Prospectus. The Company may, however, issue or sell shares or other securities to employees and members of executive bodies of the Company or its subsidiaries under employee or management participation plans.

In a waiver of subscription rights and lock-up agreement, each of the Waiving Shareholders agreed that it will not, and it will not agree to directly or indirectly, offer or sell shares of the Company or announce any of those actions (this restriction also applies to any transaction that is economically equivalent to a sale) without the prior written consent of the Sole Global Coordinator for a period of 180 calendar days after the first trading date of the New Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on 2 November 2020) (in the case of certain Waiving Shareholders) and for a period of 45 days after the first trading date of the New Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with no option to obtain such a prior written consent (in the case of all other Waiving Shareholders), following the first day of trading of the New Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). This restriction will not apply to transactions involving shares which are entered into and settled off-exchange *(außerbörslich)* and where the relevant counterparty to it agrees to be bound by an identical lock-up commitment from the time of the relevant transaction for the then-remaining term of the lock-up commitment or the tendering of any shares in case of a public offer for shares in the Company, and, in the case of certain Waiving Shareholders, involving their existing shares that are subject to claims of third parties.

3.10 Inclusion on the Frankfurt Stock Exchange and commencement of trading

Hauck & Aufhäuser Privatbankiers Aktiengesellschaft is acting as listing agent. Trading in the New Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on or about 2 November 2020.

3.11 Designated sponsor

Hauck & Aufhäuser Privatbankiers Aktiengesellschaft has been retained as designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement between the designated sponsor and the Company, the designated sponsor will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares. The designated sponsor is entitled to delegate its duties under the designated sponsor's agreement to third parties. In accordance with Sections 81 and 82 of the Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*), the designated sponsor's agreement stipulates the duties and responsibilities of the designated sponsor. Among other things, the designated sponsor must be available during trading hours and, upon receipt of a request for a quote, promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsor must provide quotes throughout the auction.

3.12 Interests of parties participating in the Offering

The Underwriter is acting exclusively for the Company in connection with the Offering and the coordination, structuring and execution of the Offering. In addition, Hauck & Aufhäuser Privatbankiers Aktiengesellschaft has been retained to act as designated sponsor for the Company's shares. Upon successful implementation of the Offering, the Underwriter will receive a commission. As a result of these contractual relationships, the Underwriter has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Underwriter and any of its affiliates may take up a portion of the shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to shares being offered or placed should be read as including any offering or placement of shares to the Underwriter or any of its affiliates acting in such capacity. In addition, the Underwriter or certain of its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of shares in the Company, for their own account or the account of customers. The Underwriter does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Underwriter or certain of its affiliates have, and may from time to time in the future continue to have, business relations with the Mynaric Group (including lending activities) or may perform services for the Mynaric Group in the ordinary course of business.

Certain of the Management Board and Supervisory Board members own shares of the Company.

Accordingly, all these individuals will receive proceeds from the Offering or payments linked to the Offering or the Offer Price and have an interest in the success of the Offering at the best possible terms.

Other than the interests described above, there are no material interests, in particular no material conflicts of interests, with respect to the Offering.

4. Proceeds of the Offering and costs of the Offering and listing

The Company will receive the proceeds of the Offering resulting from the sale of the New Shares. The Company estimates that gross proceeds to the Company (assuming placement of all the 800,000 New Shares) would amount to approximately EUR 52.8 million, and net proceeds of approximately EUR 50.3 million. The costs related to the Offering of the New Shares and listing of the New Shares are expected to total approximately EUR 2.5 million (assuming placement of all the New Shares) and will be borne by the Company. Assuming that the maximum number of New Shares is placed, the commission payable to the Underwriter will amount to EUR 2.4 million, which will be borne by the Company.

Investors will not be charged expenses by the Company or the Underwriter in connection with its role as underwriter. Investors may, however, have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

5. Reasons for Offering and the listing and use of proceeds

The Company intends to use parts of the net proceeds from the Offering, which are expected to amount to approximately EUR 50.3 million, in decreasing order of priority, to:

- win market share by leveraging existing products and business. This will include continuation and expansion of business development activities internationally to win additional lead customers, continuation and build-up of support and maintenance capabilities to transition first customers to advocates and shortening the delivery times to enable new customers to validate the products on short notice (around 20% of the proceeds);

- expand market access in North America. This will include continuing and expanding U.S. operations to enable on-premise and off-premise product demonstrations mainly for the purpose of business development, creating capabilities to provide customer support and handle sensitive data domestically and improving access to the U.S. financial markets (around 20% of the proceeds); and

- prepare for large-volume operational product deployment to secure its market position permanently. This will include the expansion of production capabilities to triple-digit units per year and added flexibility to scale output as needed by market demand as well as the development of the second product generation to include further optimizations in the context of industrialization of laser communications and to enable first large-volume operational deployments (around 60% of the proceeds).

The Company believes the Offering will provide a number of benefits to Mynaric, including wider access to the capital markets, a stronger balance sheet, increased flexibility and ability to further support and develop the Mynaric Group's business and a strong market position in the aerospace laser communications market. In case the maximum amount of net proceeds is not achieved, the Company would prioritize its use of proceeds to win market shares by leveraging existing products and business over the other two uses of proceeds as this builds the basis for successful future operations. Expanding market access in North America would be prioritized over preparations for large-volume operational product deployment as it expands the business potential. Lastly, preparations for large-volume operational product deployment would be funded with lowest priority as this category builds up and is only justified when combined with the other two use of proceeds categories, and other production concepts could be considered.

6. Dividend policy, results and dividends per share, use of profits

6.1 General provisions relating to profit allocation and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. The participation of new shares may be determined differently. For a stock corporation (*Aktiengesellschaft*) under German law, such as the Company, the distribution of dividends for any given fiscal year, and the amount and payment date thereof, are generally resolved by the general shareholders' meeting (*Hauptversammlung*) of the subsequent fiscal year. The general shareholders' meeting must be held within the first eight months of each fiscal year. Proposals for the distribution of dividends will be issued by the Management Board and the Supervisory Board jointly or by the Management Board and the Supervisory Board separately, with the general shareholders' meeting not bound by those proposals.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the requirements of German GAAP. Accounting regulations under German GAAP may differ from the IFRS in material aspects.

When determining the distributable profit, net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the prior fiscal year and releases of or allocations to reserves. Certain reserves are required to be set up by law, and amounts mandatorily allocated to these reserves in the given fiscal year must be deducted when calculating the distributable profit. The Management Board must prepare annual financial statements (balance sheet, income statement and notes to the annual financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the auditors and the Supervisory Board immediately after preparation. At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profits pursuant to Section 170 paragraph 2 of the German Stock Corporation Act (*Aktiengesetz*). According to Section 171 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board must review the annual financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the general shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one month after the documents were received. If the Supervisory Board approves the financial statements after its review, these are deemed adopted unless the Management Board and the Supervisory Board resolve to assign adoption of the financial statements to the general shareholders' meeting. If the Management Board and the Supervisory Board choose to allow the general shareholders' meeting to adopt the financial statements, or if the Supervisory Board does not approve the financial statements, the Management Board must convene a general shareholders' meeting without delay.

The general shareholders' meeting's resolution on the allocation of the distributable profits requires a simple majority of the votes cast. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Company's net loss/income for the year to other retained earnings. In addition, pursuant to Section 21 paragraph 2 of the Articles of Association, they are authorized to allocate up to 100% of the net loss/income for the fiscal year to other retained earnings as long and as far as the other retained earnings do not exceed half of the registered share capital and would not exceed such amount following a transfer. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net loss/income for the year to be allocated to other retained earnings. Pursuant to Section 22 paragraph 4 of the Articles of Association, the general shareholders' meeting may also resolve to distribute the distributable profit by way of a dividend in kind in addition to or instead of a cash dividend, or it may allocate further amounts to retained earnings or carry such amounts forward as profit in the resolution on the appropriation of the distributable profits. Dividends resolved by the general shareholders' meeting are due and payable on the third business day following the day of the relevant general shareholders' meeting, unless a later due date is provided in the dividend resolution or the Articles of Association, in compliance with the rules of the respective clearing system. Since all of the Company's dividend entitlements will be evidenced by one or more global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the general shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with German GAAP and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. Any dividends not claimed within the past three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends.

6.2 Dividend policy and dividend per share

The Company has not paid any dividends or made any other distributions up to and including the date of this Prospectus.

The Company currently does not intend to pay any dividends in the foreseeable future and intends to continue to invest in sales and marketing, new products and geographic expansion and reduce its financial liabilities. The Company may examine opportunities to pay dividends in the longer term. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

7. Capitalization and indebtedness, statement on working capital and significant changes

The following tables set forth Mynaric's actual capitalization and indebtedness as of 31 July 2020 based on the Unaudited Interim Consolidated Financial Statements and the Company's internal reporting system.

Investors should read these tables in conjunction with Section "9 *Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Unaudited Interim Consolidated Financial Statements as of and for the six-month period ended 30 June 2020, which are included in this Prospectus beginning on page F-3.

7.1 Capitalization

	As of 31 July 2020
Total current debt (including current portion of non-current debt)(1)	**7,529,378.74**
Guaranteed	0.00
Secured(2)	2,625,000.00
Unguaranteed/ unsecured(3)	4,904,378.74
Total non-current debt(4)	**5,711,096.08**
Guaranteed	0.00
Secured(2)	0.00
Unguaranteed/ unsecured(3)	5,711,096.08
Shareholder equity(5)	**28,304,907.55**
Share capital(6)	3,194,734.00
Legal reserve(s)	58,636,174.54
Other reserves(7)	(33,526,000.99)
Total(8)	**41,545,382.37**

(1) Total current debt refers to total current liabilities as shown in the Unaudited Interim Consolidated Financial Statements. Total current liabilities consist of the current component of interest-bearing loans and borrowings; trade payables; current component of deferred revenue; accrued expenses and other payables; current tax liabilities; current provisions; and current financial liabilities.

(2) Secured debt is primarily comprised of a private loan pursuant to which Mynaric borrowed EUR 2.5 million from a lender under the terms of a loan agreement in July 2020, which also includes an interest-bearing commitment fee of 5 percent of the loan. If the loan including any interest accrued thereon has not been repaid by the relevant maturity date, the lender will be entitled to collect principal and interest on the loan in the form of Company shares that would be issued by way of a capital increase against contribution in kind (*Sachkapitalerhöhung*).

(3) Unguaranteed/unsecured debt is comprised of trade payables, deferred revenue, accrued expenses and other payables, tax liabilities, provisions and financial liabilities.

(4) Total non-current debt refers to total non-current liabilities as shown in the Unaudited Interim Consolidated Financial Statements. Total non-current liabilities consist of non-current component of interest-bearing loans and borrowings; non-current deferred revenue; non-current component of provisions; deferred tax liabilities; and non-current financial liabilities.

(5) Shareholders' equity refers to total equity attributable to shareholders as shown in the Unaudited Interim Consolidated Financial Statements.

(6) Share capital refers to issued capital as shown in the Unaudited Interim Consolidated Financial Statements.

(7) Other reserves is the sum of (accumulated losses)/retained earnings, hedge reserve and foreign currency translation reserve, each as shown in the Unaudited Interim Consolidated Financial Statements.

(8) Total is the sum of total current debt, total non-current debt and shareholder's equity.

7.2 Indebtedness

	As of 31 July 2020
A. Cash[1]	5,781,634.08
B. Cash equivalents[2]	0.00
C. Other current financial assets[3]	95,575.97
D. Liquidity (A) + (B) + (C)	**5,877,210.05**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[4]	2,625,000.00
F. Current portion of non-current financial debt	0.00
G. Current Financial Indebtedness (E) + (F)	**2,625,000.00**
H. Net Current Financial Indebtedness (G) – (D)	**3,252,210.05**
I. Non-current financial debt (excluding current portion and debt instruments)	0.00
J. Debt instruments	0.00
K. Non-current trade and other payables	0.00
L. Non-current Financial Indebtedness (I) + (J) + (K)	0.00
M. Total Financial Indebtedness (H) + (L)	**3,252,210.05**

(1) Cash comprises current bank accounts and cash in hand being part of cash and cash equivalents as shown in the Unaudited Interim Consolidated Financial Statements.

(2) Cash equivalents refers to short term deposits and other cash equivalents being part of cash and cash equivalents as shown in the Unaudited Interim Consolidated Financial Statements.

(3) Other current financial assets refers to short term deposits and cash in transit as shown in the Unaudited Interim Consolidated Financial Statements.

(4) Other Current financial debt refers to the "current interest-bearing loans and borrowings" as shown in the Unaudited Interim Consolidated Financial Statements.

7.3 Statement on working capital

In the Company's opinion, its working capital, which includes the net proceeds of the Offering, is sufficient to meet its present requirements over at least the next 12 months from the date of this Prospectus.

7.4 Statement regarding significant changes

In July 2020, Mynaric borrowed EUR 2.5 million from a lender in a private loan.

Other than as described in Section "*22 Recent Developments and Outlook*", between 30 June 2020 and the date of this Prospectus, no significant change in the financial and trading position of the Company and its subsidiaries, for which Unaudited Interim Consolidated Financial Statements are provided in this Prospectus, has occurred.

For information on current trading and management's view on future trends, see Section "*22 Recent Developments and Outlook*".

8. **Dilution**

Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of ownership of the Company's share capital following the capital increase because the New Shares offered as part of the Pre-placement are subject to claw-back, and may only be purchased to the extent shareholders do not exercise their subscription rights, as described in Section 3.1 in more detail. For shareholders who do not exercise their subscription rights, each shareholder's share in the Company would decrease by 20.0%.

As of 30 June 2020, the net book value (corresponding to the total assets less total non-current liabilities, and total current liabilities of the Company) derived from the Company's Unaudited Interim Consolidated Financial Statements as of and for the six months ended 30 June 2020, amounted to EUR 29.7 million, which resulted in a net book value per share of EUR 9.3 (rounded and based on 3,194,734 outstanding shares of the Company). On this basis, assuming completion of the Subscription Offer, at a Subscription Price of EUR 66.00 and after deduction of the estimated expenses of the Subscription Offer in an amount of EUR 2.5 million, the adjusted net book value of the Company as of 30 June 2020 would amount to EUR 20.0 per share (calculated as adjusted by the effects of the Subscription Offer assuming that 3,994,734 shares of the Company will be outstanding after completion of the Subscription Offer pursuant to which 800,000 New Shares would be issued). For the existing shareholders of the Company, this means an increase in net book value of EUR 10.7, or 115% per share. For investors who did not previously hold equity in the Company and who acquire New Shares at a Subscription Price of EUR 66.00, this entails a theoretical loss of EUR 46.0 or 70% per share.

9. **Management's Discussion and analysis of financial condition and results of operations**

The financial information contained in the following tables has been taken or derived from the Audited Consolidated Financial Statements, from the Unaudited Interim Consolidated Financial Statements or from the Company's internal reporting system. The Audited Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements were prepared in accordance with IFRS. Accounting regulations under German GAAP may differ from the IFRS in material aspects.

RSM has audited and issued an independent auditor's report with respect to the Audited Consolidated Financial Statements. The Audited Consolidated Financial Statements and the independent auditor's report thereon as well as the Unaudited Interim Consolidated Financial Statements mentioned above are included in the Prospectus, beginning on page F-3.

Where financial data in the following tables is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Audited Consolidated Financial Statements but was taken from the Unaudited Interim Consolidated Financial Statements or from the Company's internal reporting system, or has been calculated based on financial data from the above-mentioned sources. In the discussion and analysis below, references to differences between audited figures from year to year, expressed both as absolute figures and percentage, are themselves unaudited.

The financial information contained in the following tables related to the fiscal year ended 31 December 2017 has been taken from the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018, in which it was presented as comparable figures and, as such, not audited. Under the auspices of a reverse acquisition in 2017, the shares of Mynaric Lasercom GmbH were contributed into Mynaric AG. In accordance with IFRS 3 B15 et seq., the transaction constitutes a reverse acquisition with the result that, for reporting purposes, Mynaric Lasercom GmbH is identified as the acquirer and Mynaric AG as the acquiree. Although the Audited Consolidated Financial Statements for the fiscal year ended 31 December 2018 are published under the name Mynaric AG as the legal parent company, the performance figures related to the fiscal year ended 31 December 2017 comprise the operations of Mynaric Lasercom GmbH and its former subsidiary Mynaric USA Inc. for the 12-month period ended 31 December 2017 and of Mynaric AG for the period from the Company's formation on 18 April 2017 until 31 December 2017.

The audited financial statements prepared in accordance with German GAAP for the fiscal year ended 31 December 2017 ("HGB Jahresabschluss zum 31.Dezember 2017" presented in Financial Information 20.6) cover the period from the Company's formation on 18 April 2017 until the end of the fiscal year on 31 December 2017.

The following selected financial information should be read in conjunction with Sections "1 *Risk Factors*," "2.6 *General Information–Presentation of Financial Information*", "11 *Business*", as well as the Unaudited Interim Consolidated Financial Statements and the Audited Consolidated Financial Statements which are contained in this Prospectus in Section "20 *Financial Information*".

Mynaric's historical results are not necessarily indicative of the results that should be expected in the future, and its interim results are not necessarily indicative of the results that should be expected for the year ending 31 December 2020 or any other future period.

The discussion and analysis below provides information that the Company believes is relevant to an assessment and understanding of its historical financial position and results of operations. Prospective investors should read this discussion and analysis in conjunction with the Sections entitled "*2.6 General Information–Presentation of financial information*", and "*22 Recent Developments and Outlook*".

This section includes forward looking statements, including those concerning capital expenditures and financial condition. Such forward looking statements are subject to risks, uncertainties and other factors that could cause Mynaric's actual results to differ materially from those expressed or implied by such forward looking statements. Results of operations for prior fiscal years are not necessarily indicative of the results to be expected for the next fiscal year or any future period. See Sections "*1 Risk Factors*" and "*2.3 General Information—Forward-Looking Statements*". The Company does not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

The following discussion of Mynaric's results of operations also makes reference to certain alternative performance measures (***APMs***). Prospective investors should bear in mind that these APMs are not financial measures defined in accordance with IFRS, German GAAP or other generally accepted accounting principles, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Mynaric's operating results as reported under IFRS, German GAAP or other generally accepted accounting principles. See Section "*2.6.4 General Information–Presentation of Financial Information –Alternative Performance Measures*".

9.1 **Overview**

9.1.1 **Introduction—What is Mynaric?**

Employees of DLR's Navigation and Communications Institute founded parts of the Mynaric Group in 2009, prior to which the founders had gained many years' experience in laser communications at DLR. The Mynaric Group's principal business areas comprise the development and enhancement of laser communications products and the development and manufacture of ground terminals and flight terminals for air (airplanes, unmanned drones, stratospheric balloons) and space (satellite) applications. The ground terminals facilitate communications connections from the air or outer space to the ground.

9.2 **Key factors affecting results of operations**

The Company believes that the factors discussed below have significantly affected its results of operations, financial position and cash flow in the past periods for which financial information is presented in the Prospectus, and that these factors will continue to have a material influence on its results of operations, financial position and cash flow in the future.

9.2.1 **Customer Retention and Acquisition**

Maintaining and developing relationships with its customers drives Mynaric's sales. Mynaric seeks to retain and gain new customers through its customer-focused research and development and pricing. Mynaric regularly develops improvements to its products to address additional use cases and to provide additional value to its customers.

9.2.2 **Business development costs**

The cost of developing our business in our current markets and expanding into new markets is expected to have a material effect on our performance and results of operations in future reporting periods. See Section 11.6 for more detailed overview of our expansion strategy.

9.2.3 **Currency fluctuations**

Fluctuations in foreign currency exchange rates, in particular, the relative strength or weakness of the U.S. dollar and the euro can have a significant impact on Mynaric's performance and results of operations. Mynaric's reporting currency is the euro. Some of Mynaric's current sales, and a more significant portion of Mynaric's sales is expected to be denominated in U.S. dollars following its planned expansion in North America. A weakening of the U.S. dollar against the euro could have a negative impact on results derived from sales made in U.S. dollars. Alternatively, a strengthening of the U.S. dollar against the euro could have a positive impact, for example, to the extent that Mynaric uses U.S. dollar revenue to pay euro denominated costs. Fluctuations in foreign currency rates could result in either a gain or a loss and could have a significant impact on performance and results of operations.

9.2.4 **Personnel expenses**

Personnel expenses account for a significant share of Mynaric's costs. They include salaries and wages as well as pensions and other social contributions. As Mynaric grows its business, it expects these costs to increase. The Company believes its future performance depends in large part on its ability to attract and keep highly skilled technical, managerial and marketing personnel. Mynaric is committed to paying competitive salaries in order to attract the talent necessary to sustain and grow its business and the costs associated with doing so could impact its performance and results of operations going forward.

The Company cannot ensure that efforts to retain and motivate management and key employees or attract and retain other highly qualified personnel in the future will be successful. Industry demand for such employees is greater than the number of personnel available. Therefore, the competition for attracting and retaining these employees is intense is likely to intensify further. This might require increases in compensation for current employees over time, in order to retain these employees.

9.3 Factors affecting comparability of results of operations and financial condition

9.3.1 Seasonality

Mynaric's business is currently not subject to any seasonality.

9.3.2 New accounting pronouncements

Mynaric applied IFRS 16 “Leases” for the first time in the fiscal year ended 31 December 2019. Mynaric’s financial statements for the 2017 and 2018 fiscal years, were prepared using predecessor standards, including IAS 17, and have not been restated. As a result, Mynaric’s financial statements are not fully comparable across the periods under review.

IFRS 16 "Leases" was implemented in Mynaric’s results for the year ended 31 December 2019. IFRS 16 replaces existing guidance on leases, including IAS 17 “Leases”. The significant impact of IFRS 16 for lessees is the elimination of the classification according to IAS 17 of lease contracts as operating leases and finance leases. As a result, leases, which were shown off-balance sheet according to IAS 17, are now recognized as a right-of-use assets and lease liability on the balance sheet. Most leases treated as operating leases under IAS 17, including real estate leases and certain server leases, are required to be recognized on the consolidated statement of financial position following implementation of IFRS 16, resulting in the recognition of lease liabilities of EUR 7.2 million as of 1 May 2019, the date as of which Mynaric entered into a lease agreement with respect to its new headquarters, together with a corresponding increase of total assets of EUR 7.2 million comprising the recognition of EUR 7.2 million in respect of total right-of-use assets, each as of 1 May 2019. As of 30 June 2020, right-of-use assets amounted to EUR 6,341thousand and lease liabilities amounted to EUR 6,413 thousand, respectively. See note VI to the Unaudited Interim Consolidated Financial Statements included in this Prospectus in “*20 Financial Information*”.

9.4 Selected other key performance indicators

In addition to its IFRS reporting, Mynaric tracks certain key business metrics to measure its performance, identify trends and make strategic decisions. These include key measures derived from IFRS accounts, such as EBIT and EBT (***non-GAAP KPIs***). The non-GAAP KPIs are alternative performance measures (***APMs***) and are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles. Mynaric presents APMs because they are used by management in monitoring, evaluating and managing its business and management believes these measures provide an enhanced understanding of Mynaric’s underlying results and related trends. Further, management believes these and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry. Such business metrics are not measurements of Mynaric’s performance or liquidity under IFRS, German GAAP or any other generally accepted accounting principles and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, German GAAP or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. See also Section “*2.6.4 General Information–Presentation of Financial Information– Alternative Performance Measures.*”

9.5 Key components of results of operations

9.5.1 Sales

Mynaric derives its sales revenue exclusively from the sales of goods and services.

9.5.2 Decrease / increase in inventories of finished goods and work in progress

Decrease / increase in inventories of finished goods and work in progress reflects the difference between inventory at the end of the preceding period and inventory at the end of the current period.

9.5.3 **Other own work capitalized**

Own work capitalized consists of the value of development projects which meet the requirements of IAS 38.21 (in principle, projects for which it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably) and IAS 38.57 (in principle, projects from which Mynaric expects to generate proceeds) for which project-related development costs have been capitalized. The amounts capitalized are recognized under intangible assets, and also include costs incurred in manufacturing test equipment; however, intangible assets also include other items not included under the amounts capitalized, such as software.

9.5.4 **Other operating income**

Other operating income mainly contains the release of provisions/accruals (such as bonus accruals and VAT accruals).

9.5.5 **Cost of purchased material and services**

Cost of purchased material and services consists of expenses related to raw, auxiliary and operating materials, and services purchased.

9.5.6 **Personnel expenses**

Personnel expenses consist of direct personnel and overhead costs for employees including social security and share-based compensation expenses,

9.5.7 **Depreciation and amortization of other intangible assets, property, plant and equipment**

Depreciation and amortization primarily consist of the depreciation of property, plant and equipment and amortization of internally generated and other intangible assets.

9.5.8 **Other operating expenses**

Other operating expenses include legal and consulting fees, marketing and travel expenses, office expenses, operating leases, IT expenses and other costs.

9.5.9 **Interest and similar income**

Interest and similar income substantially comprises interest income from fixed-term asset and bank deposits in USD.

9.5.10 **Interest and other borrowing costs**

Finance costs primarily includes expense related to the interest component of the lease agreements accounted under IFRS 16.

9.5.11 **Tax (expense)/income**

Tax (expense)/income comprises current and deferred taxes.

9.5.12 **Unrealized foreign exchange gains/(losses)**

Exchange rate differences (after taxes) relate to foreign exchange gains or losses from operating and financing activities that have been recognized.

9.6 Results of operations – consolidated statements of profit or loss

The table below sets forth Mynaric's consolidated statements of profit or loss for the fiscal years ended 31 December 2019, 2018 and 2017 (from formation until the end of the fiscal year) as well as for the six months ended 30 June 2020 and 2019.

	Fiscal year ended 31 December			**Six months ended 30 June**	
	2019	**2018**	**2017**	**2020**	**2019**
	(audited)		**(unaudited)**	**(unaudited)**	
	(EUR in thousands)				
Sales	444	1,364	1,353	255	67
Decrease / increase in inventories of finished goods and work in progress	556	1,373	(82)	910	222
Other own work capitalized	6,185	3,154	954	4,814	1,829
Other operating income	734	403	557	491	422
Total revenues / Output	**7,918**	**6,294**	**2,782**	**6,470**	**2,540**
Cost of purchased material and services	(2,790)	(2,635)	(1,170)	(2,698)	(597)
Personnel expenses	(8,179)	(7,195)	(3,968)	(7,515)	(3,806)
Depreciation and amortization of other intangible assets, depreciation of property, plant and equipment	(1,204)	(409)	(190)	(884)	(513)
Other operating expenses	(3,426)	(3,833)	(2,268)	(3,078)	(1,323)
Operating (loss)/profit (EBIT)	**(7,680)**	**(7,778)**	**(4,813)**	**(7,704)**	**(3,700)**
Interest and similar income	105	0	41	17	15
Interest and other borrowing costs	(92)	0	(10)	(65)	(24)
Net financial result	**13**	**0**	**31**	**(48)**	**(9)**
(Loss)/profit before tax (EBT)	**(7,667)**	**(7,778)**	**(4,782)**	**(7,752)**	**(3,709)**
Income tax (expense)/income	(161)	0	(645)	(198)	(128)
Consolidated net (Loss)/profit for the period	**(7,828)**	**(7,778)**	**(5,427)**	**(7,950)**	**(3,837)**
Exchange rate differences (after taxes)	(43)	(47)	37	34	(23)
Comprehensive income for the period	**(7,871)**	**(7,825)**	**(5,390)**	**(7,916)**	**(3,860)**

9.6.1 *Six months ended 30 June 2020 compared to the six months ended 30 June 2019*

Sales

Mynaric's sales increased significantly by EUR 188 thousand, from EUR 67 thousand in the six months ended 30 June 2019 to EUR 255 thousand in the six months ended 30 June 2020. The higher sales in the six months ended 30 June 2020 were driven by the progress of two major projects. 100% of the sales in the six months ended 30 June 2019 were generated in the United Kingdom, compared to 65 % in the Asia and 35% in Europe in the six months ended 30 June 2020.

Decrease / increase in inventories of finished goods and work in progress

Increase in inventories of finished goods and work in progress rose significantly by EUR 688 thousand, from EUR 222 thousand in the six months ended 30 June 2019 to EUR 910 thousand in the six months ended 30 June 2020. This change was primarily driven by EUR 413 thousand space and air terminals which were in production in the six months ended 30 June 2020, compared to EUR 222 thousand in the six months ended 30 June 2019.

Other own work capitalized

Other own work capitalized rose significantly by EUR 2,985 thousand, from EUR 1,829 thousand in the six months ended 30 June 2019 to EUR 4,814 thousand in the six months ended 30 June 2020. This increase was primarily due to accelerated growth, and the expansion of space terminal and flight terminal development.

Other operating income

Other operating income increased by EUR 69 thousand, or 16.4%, from EUR 422 thousand for the six months ended 30 June 2019 to EUR 491 thousand for the six months ended 30 June 2020. This change was driven by increases income from grants and income from currency differences, offset in part by decrease income from the reversal of provisions.

Total revenues / Output

As a result of the foregoing factors, total revenues / output increased significantly by EUR 3.930 thousand, from EUR 2,540 thousand for the six months ended 30 June 2019 to EUR 6,470 thousand for the six months ended 30 June 2020.

Costs of purchased material and services

Cost of purchased material and services increased significantly, by EUR 2,100 thousand from EUR 597 thousand for the six months ended 30 June 2019 to EUR 2,698 thousand for the six months ended 30 June 2020 mainly due to the start of pre-series production.

Personnel expenses

Personnel expenses increased significantly by EUR 3,708 thousand, from EUR 3,806 thousand for the six months ended 30 June 2019 to EUR 7,515 thousand for the six months ended 30 June 2020. This increase was primarily due to higher compensation costs as a result of increased headcount and result of stock options for certain beneficiaries being vested on 30 June 2020.

Amortization of other intangible assets, depreciation of property, plant and equipment

Amortization of other intangible assets, depreciation of property, plant and equipment increased significantly by EUR 370 thousand, from EUR 513 thousand for the six months ended 30 June 2019 to EUR 884 thousand for the six months ended 30 June 2020. This change was primarily due to the depreciation for the entire period of the right-of-use for the new building occupied in May 2019.

Other operating expenses

Other operating expenses increased significantly by EUR 1,754 thousand, from EUR 1,323 thousand for the six months ended 30 June 2019 to EUR 3,078 thousand for the six months ended 30 June 2020. This increase was primarily the result of the posting of impending losses through the reversal of orders from China caused by the export prohibition by the German Government and higher legal and consulting costs.

Operating (loss)/profit (EBIT)

As a result of the foregoing factors, operating loss increased significantly, by EUR 4,004 thousand, from EUR 3,700 thousand for the six months ended 30 June 2019 to EUR 7,704 thousand for the six months ended 30 June 2020.

Interest and similar income

Interest and similar income increased by EUR 2 thousand, or 13%, from EUR15 thousand for the six months ended 30 June 2019 to EUR 17 thousand for the six months ended 30 June 2020. This increase was primarily due to income received from U.S. dollar fixed-term deposits in connection with the financing of Mynaric's U.S. subsidiary, Mynaric USA Inc.

Interest and other borrowing costs

Interest and other borrowing costs increased significantly by 41 thousand, from EUR 24 thousand for the six months ended 30 June 2019 to EUR 65 thousand for the six months ended 30 June 2020. This increase was primarily due to the six months finance cost contained in the Company's lease payments for its headquarters in Gilching whereas prior period comprised only the payments for 2 months subsequent to the start of the lease agreement.

(Loss)/profit before tax (EBT)

As a result of the foregoing factors, loss before tax increased significantly by EUR 4,043 thousand, from a loss of EUR 3,709 thousand for the six months ended 30 June 2019 to a loss of EUR 7,752 thousand for the six months ended 30 June 2020.

Income Tax expense

Income tax expense increased by EUR 71 thousand, or 55%, from 128 thousand for the six months ended 30 June 2019 to EUR 198 thousand for the six months ended 30 June 2020.

Exchange rate differences (after taxes)

Exchange rate differences increased significantly by EUR 57 thousand, from a loss of 23 thousand for the six months ended 30 June 2019 to a gain of EUR 34 thousand for the six months ended 30 June 2020. This change was primarily due to the consolidation of Mynaric USA Inc.

Comprehensive income for the period

As a result of the foregoing factors, comprehensive income for the period decreased significantly by EUR 4,057 thousand, from a loss of EUR 3,860 thousand for the six months ended 30 June 2019 to a loss of EUR 7,916 thousand for the six months ended 30 June 2020.

9.6.2 *Fiscal year ended 31 December 2019 compared to the fiscal year ended 31 December 2018*

Sales

Mynaric's sales decreased by EUR 920 thousand, or 67.4%, from EUR 1,364 thousand in the fiscal year ended 31 December 2018 to EUR 444 thousand in the fiscal year ended 31 December 2019. The higher sales in the year ended 31 December 2018 were driven by sales to a large customer which were not repeated in the year ended 31 December 2019. 74% of the sales in the fiscal year ended 31 December 2019 were generated in Asia and 26% in the European Union, compared to 92% in the United States and 8% in the European Union in the fiscal year ended 31 December 2018.

Decrease / increase in inventories of finished goods and work in progress

Decrease / increase in inventories of finished goods and work in progress changed by 816 thousand, or 59.4%, from an increase of EUR 1,373 thousand in the fiscal year ended 31 December 2018 to an increase of EUR 556 thousand in the fiscal year ended 31 December 2019. This increase was primarily driven by EUR 1,064 thousand optical ground terminals which were in production in the fiscal year ended 31 December 2018, compared to EUR 407 thousand to optical ground stations and air terminals in the fiscal year ended 31 December 2019.

Other own work capitalized

Other own work capitalized rose by EUR 3,031 thousand, or 96.1%, from EUR 3,154 thousand in the fiscal year ended 31 December 2018 to EUR 6,185 thousand in the fiscal year ended 31 December 2019. This increase was primarily due to accelerated growth, and the expansion of space terminal and flight terminal development.

Other operating income

Other operating income increased by EUR 331 thousand, or 82.1%, from EUR 403 thousand for the fiscal year ended 31 December 2018 to EUR 734 thousand for the fiscal year ended 31 December 2019. This change was driven by increases in income from reversal of provisions for liabilities and in default penalties charged to suppliers, offset in part by reduced grant subsidies.

Total revenues / Output

As a result of the foregoing factors, total revenues / output increased by EUR 1,625 thousand, or 25.8%, from EUR 6,294 thousand for the fiscal year ended 31 December 2018 to EUR 7,918 thousand for the fiscal year ended 31 December 2019.

Costs of purchased material and services

Cost of purchased material and services increased by EUR 155 thousand, or 5.9%, from EUR 2,635 thousand for the fiscal year ended 31 December 2018 to EUR 2,790 thousand for the fiscal year ended 31 December 2019. This increase was due to increased costs related to both materials and services.

Personnel expenses

Personnel expenses increased by EUR 984 thousand, or 13.7%, from EUR 7,195 thousand for the fiscal year ended 31 December 2018 to EUR 8,179 thousand for the fiscal year ended 31 December 2019. This increase was primarily due to higher compensation costs as a result of increased headcount.

Amortization of other intangible assets, depreciation of property, plant and equipment

Amortization of other intangible assets, depreciation of property, plant and equipment increased by EUR 795 thousand, or 194.3%, from EUR 409 thousand for the fiscal year ended 31 December 2018 EUR to 1,204 thousand for the fiscal year ended 31 December 2019. This change was primarily due to ongoing investments and ramp-up of the research and development team in connection with the introduction of new products.

Other operating expenses

Other operating expenses decreased by EUR 407 thousand, or 10.6%, from EUR 3,833 thousand for the fiscal year ended 31 December 2018 to EUR 3,426 thousand for the fiscal year ended 31 December 2019. This decrease was primarily the result of the introduction of IFRS 16 in connection with the Company's lease of its headquarters in Gilching, as well as the introduction of cost management measures; headcount increased at a lower rate, and the increased legal and consultancy costs following the Company's initial public offering and listing on the stock exchange.

Operating (loss)/profit (EBIT)

As a result of the foregoing factors, operating loss decreased by EUR 98 thousand, or 1.3%, from EUR 7,778 thousand for the fiscal year ended 31 December 2018 to EUR 7,680 thousand for the fiscal year ended 31 December 2019.

Interest and similar income

Interest and similar income increased significantly, from a *de minimis* amount for the fiscal year ended 31 December 2018 to EUR 105 thousand for the fiscal year ended 31 December 2019. This increase was primarily due to income received from U.S. dollar fixed-term deposits in connection with the financing of Mynaric's U.S. subsidiary, Mynaric USA Inc.

Interest and other borrowing costs

Interest and other borrowing costs increased significantly, from a *de minimis* amount for the fiscal year ended 31 December 2018 to EUR 92 thousand for the fiscal year ended 31 December 2019. This increase was primarily due to the introduction of IFRS 16 in connection with the Company's lease of its headquarters in Gilching.

(Loss)/profit before tax (EBT)

As a result of the foregoing factors, loss before tax decreased by EUR 111 thousand, or 1.4%, from EUR 7,778 thousand for the fiscal year ended 31 December 2018 to EUR 7,667 thousand for the fiscal year ended 31 December 2019.

Income tax expense

Income tax expense increased, from a positive *de minimis* income tax return for the fiscal year ended 31 December 2018 to EUR 161 thousand in expense for the fiscal year ended 31 December 2019, primarily as a result of the deferred taxes accounted according to IAS 32.37 for costs of raising capital.

Exchange rate differences (after taxes)

Exchange rate differences decreased by EUR 5 thousand, or 9.5%, from EUR 47 thousand for the fiscal year ended 31 December 2018 to EUR 43 thousand for the fiscal year ended 31 December 2019. This change was primarily due to the consolidation of Mynaric USA Inc.

Comprehensive income for the year

As a result of the foregoing factors, comprehensive income for the year decreased by EUR 46 thousand, or 0.6%, from a loss of EUR 7,825 thousand for the fiscal year ended 31 December 2018 to a loss of EUR 7,871 thousand for the fiscal year ended 31 December 2019.

9.6.3 ***Fiscal year ended 31 December 2018 compared to the year ended 31 December 2017***

Sales

Mynaric's sales were stable, and increased slightly, by EUR 11 thousand, or 0.8%, from EUR 1,353 thousand in the year ended 31 December 2017 to EUR 1,364 thousand in the fiscal year ended 31 December 2018. 92% of the sales in the fiscal year ended 31 December 2018 were generated in the United States and 8% in the European Union, compared to 96% in the United States and 4% in the European Union in the year ended 31 December 2017.

Decrease / increase in inventories of finished goods and work in progress

Decrease / increase in inventories of finished goods and work in progress changed significantly, from a decrease of EUR 82 thousand in the year ended 31 December 2017 to an increase of EUR 1,373 thousand in the fiscal year ended 31 December 2018. This change was primarily driven by EUR 1,064 thousand optical ground terminals which were in production in the fiscal year ended 31 December 2018, compared to EUR 245 thousand in the year ended 31 December 2017.

Other own work capitalized

Other own work capitalized rose by EUR 2,199 thousand, or 230.4%, from EUR 954 thousand in the year ended 31 December 2017 to EUR 3,154 thousand in the fiscal year ended 31 December 2018. This change was driven by accelerated growth following the use of proceeds from the Company's initial public offering for the development of products, expansion of space terminal development and commencement of the development of a flight terminal. In connection with this, headcount increased and related of costs of materials also increased in 2018.

Other operating income

Other operating income decreased by EUR 154 thousand, or 27.6%, from EUR 557 thousand for the year ended 31 December 2017 to EUR 403 thousand for the fiscal year ended 31 December 2018. This change was driven by decreases in grant subsidies, offset in part by income from reversal of provisions for liabilities.

Total revenues / Output

As a result of the foregoing factors, total revenues / output increased by EUR 3,511 thousand, or 126.2%, from EUR 2,782 thousand for the year ended 31 December 2017 to EUR 6,294 thousand for the fiscal year ended 31 December 2018.

Costs of purchased material and services

Cost of purchased material and services increased by EUR 1,465 thousand, or 125.3%, from EUR 1,170 thousand for the year ended 31 December 2017 to EUR 2,635 thousand for the fiscal year ended 31 December 2018. This increase was primarily due to increased costs related to both materials and services.

Personnel expenses

Personnel expenses increased by EUR 3,227 thousand, or 81.3%, from EUR 3,968 thousand for the year ended 31 December 2017 to EUR 7,195 thousand for the fiscal year ended 31 December 2018. This increase was primarily due to higher compensation costs as a result of increased headcount.

Amortization of other intangible assets, depreciation of property, plant and equipment

Amortization of other intangible assets, depreciation of property, plant and equipment increased by EUR 219 thousand, or 115.0%, from EUR 190 thousand for the year ended 31 December 2017 to EUR 409 thousand for the fiscal year ended 31 December 2018, in line with the increase in capital expenditure.

Other operating expenses

Other operating expenses increased by EUR 1,565 thousand, or 69.0%, from EUR 2,268 thousand for the year ended 31 December 2017 to EUR 3,833 thousand for the fiscal year ended 31 December 2018. This increase was primarily driven by increased legal and consultancy costs following the Company's initial public offering and listing on the stock exchange, and increased travel and other costs resulting from higher headcount.

Operating (loss)/profit (EBIT)

As a result of the foregoing factors, operating loss increased by EUR 2,965 thousand, or 61.6%, from EUR 4,813 thousand for the year ended 31 December 2017 to EUR 7,778 thousand for the fiscal year ended 31 December 2018.

Interest and similar income

Interest and similar income decreased by EUR 41 thousand, or 99.9%, from EUR 41 thousand for the year ended 31 December 2017 to a *de minimis* amount for the fiscal year ended 31 December 2018, related to income related to payments received in connection with a capital increase implemented in early 2017.

Interest and other borrowing costs

Interest and other borrowing costs decreased by EUR 10 thousand, or 100.0%, from EUR 10 thousand for the year ended 31 December 2017 to a *de minimis* amount for the fiscal year ended 31 December 2018. This decrease primarily relates to a short-term loan that was partly repaid in early 2017.

(Loss)/profit before tax (EBT)

As a result of the foregoing factors, loss before tax increased by EUR 2,996 thousand, or 62.6%, from EUR 4,782 thousand for the year ended 31 December 2017 to EUR 7,778 thousand for the fiscal year ended 31 December 2018.

Income tax expense

Income tax expense increased by EUR 645 thousand from an expense of EUR 645 thousand for the year ended 31 December 2017 to a de minimis expense for the fiscal year ended 31 December 2018.The prior year expense comprised deferred taxes accounted according to IAS 32.37 and relating to cost of raising capital in that year.

Exchange rate differences (after taxes)

Exchange rate differences decreased significantly, by EUR 85 thousand, from a gain of 37 thousand for the year ended 31 December 2017 to a loss of EUR 47 thousand for the fiscal year ended 31 December 2018. This change was primarily due to the consolidation of Mynaric USA Inc.

Comprehensive income for the year

As a result of the foregoing factors, comprehensive loss for the year increased by EUR 2,435 thousand, or 45.2%, from a loss of EUR 5,390 thousand for the year ended 31 December 2017 to a loss of EUR

7,825 thousand for the fiscal year ended 31 December 2018.

9.7 Discussion of statements of financial position

The following table shows Mynaric's overview of the consolidated statements of financial position as of the dates shown:

	As of 31 December			As of 30 June
	2019	2018	2017	2020
	(audited)		(unaudited)	(unaudited)
	(EUR in thousands)			
Total non-current assets	21,005	8,251	1,966	26,740
Total current assets	13,531	16,512	29,505	14,212
Total assets	**34,536**	**24,763**	**31,471**	**40,952**
Total equity	**24,851**	**22,0367**	**29,830**	**29,687**
Total non-current liabilities	6,105	26	28	5,767
Total current liabilities	3,580	2,700	1,613	5,497
Total equity and liabilities	**34,536**	**24,763**	**31,471**	**40,952**

The following is an overview of the key components of the statements of financial position.

Non-current assets

Mynaric's non-current assets consist of intangible assets, right-of-use from leasing agreements, property, plant and equipment non-current financial assets and non-current other assets.

Current assets

Mynaric's total current assets consist of inventories, trade receivables, current tax assets, current financial assets, cash and cash equivalents, and current other assets.

Total equity

The major items of total equity are issued capital: capital reserves, retained loss and foreign currency translation reserve.

Non-current liabilities

Mynaric's non-current liabilities consist of lease liabilities and non-current components of provisions.

Total Current liabilities

Mynaric's total current liabilities consist of trade payables; accrued expenses and other payables; current components of provisions and leasing liabilities as well as current financial liabilities.

9.7.1 As of 30 June 2020 compared to 31 December 2019

Non-current assets

Mynaric's total non-current assets increased by EUR 5,735 thousand, or 27.0%, from EUR 21,005 thousand as of 31 December 2019 to EUR 26,740 thousand as of 30 June 2020. The increase was primarily driven by increases in intangible assets, comprising in large part internally produced and capitalized assets in connection with the development of development projects and purchased software, and, to a lesser extent, property, plant and equipment.

Current assets

Mynaric's total current assets increased by EUR 681 thousand, or 5.0%, from EUR 13,531 thousand as of 31 December 2019 to EUR 14,212 thousand as of 30 June 2020. The increase was primarily driven by an increase in inventories and trade receivables, offset in part by a decrease in cash and cash equivalents.

Total equity

Mynaric's total equity increased by EUR 4,836 thousand, or 19.5%, from EUR 24,851 thousand as of 31 December 2019 to EUR 29,687 thousand as of 30 June 2020. The increase was primarily driven by an increase in capital reserves, offset in part by an increase in retained losses.

Non-current liabilities

Mynaric's total non-current liabilities decreased by EUR 338 thousand, or by 6.0%, from EUR 6,105 thousand as of 31 December 2019 to EUR 5,767 thousand as of 30 June 2020. The decrease was primarily the result of decreased lease liabilities in connection with the Company headquarters in Gilching.

Total current liabilities

Mynaric's total current liabilities increased by EUR 1,917 thousand, or 54.0%, from EUR 3,580 thousand as of 31 December 2019 to EUR 5,497 thousand as of 30 June 2020. The increase was primarily due to increases in other provisions and trade payables.

9.7.2 As of 31 December 2019 compared to 31 December 2018

Non-current assets

Mynaric's total non-current assets increased by EUR 12,754 thousand, or 154.6%, from EUR 8,251 thousand as of 31 December 2018 to EUR 21,005 thousand as of 31 December 2019. The increase was primarily driven by increases in rights of use assets and intangible assets and capitalized expenses for the development of satellite and air terminals as well as software acquired from third parties.

Current assets

Mynaric's total current assets decreased by EUR 2,981 thousand, or 18.1%, from EUR 16,512 thousand as of 31 December 2018 to EUR 13,531 thousand as of 31 December 2019. This decrease was primarily driven by a decrease in cash and cash equivalents, offset in part by an increase in inventories.

Total equity

Mynaric's total equity increased by EUR 2,814 thousand, or 12.8%, from EUR 22,037 thousand as of 31 December 2018 to EUR 24,851 thousand as of 31 December 2019. The increase was primarily driven by an increase in capital reserve and, to a lesser extent, subscribed capital, offset in part by increased retained losses, as well as, to a lesser extent, a negative effect stemming from exchange rate differences.

Non-current liabilities

Mynaric's total non-current liabilities increased significantly, from EUR 26 thousand as of 31 December 2018 to EUR 6,105 thousand as of 31 December 2019. The increase was the result of increased lease liabilities in connection with the Company headquarters in Gilching.

Total current liabilities

Mynaric's total current liabilities increased by EUR 880 thousand, or 32.6%, from EUR 2,700 thousand as of 31 December 2018 to EUR 3,580 thousand as of 31 December 2019. The increase was primarily due to increased lease liabilities in connection with the Company headquarters in Gilching.

9.7.3 As of 31 December 2018 compared to 31 December 2017

Non-current assets

Mynaric's total non-current assets increased by EUR 6,285 thousand, or 319.7%, from EUR 1,966 thousand as of 31 December 2017 to EUR 8,251 thousand as of 31 December 2018. The increase was primarily driven by increases in intangible assets, comprising in large part internally produced and capitalized assets for the development of satellite and flight terminals and property, plant and equipment, comprising in large part investments in connection with the Company's new headquarters and, to a lesser extent, other non-current receivables and assets.

Current assets

Mynaric's total current assets decreased by EUR 12,993 thousand, or 44.0%, from EUR 29,505 thousand as of 31 December 2017 to EUR 16,512 thousand as of 31 December 2018. This decrease was primarily driven by a decrease in cash and cash equivalents, offset in part by an increase in inventories and, to a lesser extent, by an increase in other financial and non-financial assets.

Total equity

Mynaric's total equity decreased by EUR 7,794 thousand, or 26.1%, from EUR 29,830 thousand as of 31 December 2017 to EUR 22,037 thousand as of 31 December 2018. The decrease was primarily driven by an increase in retained losses, as well as a negative effect stemming from exchange rate differences.

Non-current liabilities

Mynaric's total non-current liabilities decreased by EUR 2 thousand, or 6.7%, from EUR 28 thousand as of 31 December 2017 to EUR 26 thousand as of 31 December 2018. The decrease was primarily driven by a decrease in other provisions.

Total current liabilities

Mynaric's total current liabilities increased by EUR 1,088 thousand, or 67.5%, from EUR 1,613 thousand as of 31 December 2017 to EUR 2,700 thousand as of 31 December 2018. The increase was primarily driven by increases in other provisions and trade payables, offset in part by a decrease in financial and non-financial liabilities.

9.8 Liquidity and capital resources

9.8.1 Cash flows

The following table sets forth the principal components of Mynaric's cash flows for the periods indicated.

	Fiscal year ended 31 December			**Six months ended 30 June**	
	2019	**2018**	**2017**	**2020**	**2019**
	(audited)		**(unaudited)**	**(unaudited)**	
	(EUR in thousands)			**(EUR in thousands)**	
Net cash from (used in) operating activities	**(7,422)**	**(8,035)**	**(4,685)**	**(7,870)**	**(4,664)**
Net cash from (used in) investing activities	**(6,528)**	**(7,443)**	**(1,379)**	**(5,718)**	**(1,701)**
Net cash from (used in) financing activities	**9,984**	**0**	**34,217**	**11,297**	**10,442**
Exchange rate differences	**(106)**	**(122)**	**42**	**43**	**(42)**
Net increase /decrease in cash and cash equivalents	**(4,071)**	**(15,600)**	**28,195**	**(2.248)**	**4,035**
Changes in the value of the cash fund due to exchange differences	63	75	(4)	(9)	19
Cash and cash equivalents at beginning of period	12,923	28,448	257	8,914	12,923
Cash and cash equivalents at end of period	**8,914**	**12,923**	**28,448**	**6,657**	**16,977**

9.8.1.1 **Six months ended 30 June 2020**

Net cash used in operating activities

Net cash used in operating activities amounted to EUR 7,870 thousand for the six months ended 30 June 2020 compared to EUR 4,664 thousand for the six months ended 30 June 2019, primarily as a result of the increase of the loss (EBIT) and the inventories, offset in part by higher accounts payable and other liabilities, and provisions.

Net cash used in investing activities

Net cash used in investing activities for the six months ended 30 June 2020 was EUR 5,718 thousand while net cash used in investing activities for the six months ended 30 June 2019 was EUR 1,700 thousand, primarily a result of increased purchases of property, plant and equipment and other intangible assets.

Net cash from financing activities

Net cash from financing activities for the six months ended 30 June 2020 was EUR 11,297 thousand and primarily related to proceeds from a capital increase related to the Company's sale of shares by way of a private placement, while net cash from financing activities for the six months ended 30 June 2019 was EUR 10,442 thousand, and primarily related to proceeds from a capital increase related to the Company's sale of shares to a single investor.

9.8.1.2 **Fiscal year ended 31 December 2019**

Net cash used in operating activities

Net cash used in operating activities decreased by EUR 613 thousand, or 7.6% from EUR 8,035 thousand for the fiscal year ended 31 December 2018 to EUR 7,422 thousand for the fiscal year ended 31 December 2019. The decrease compared to the prior year was primarily due to changes in provisions as well as accounts payable and other liabilities, offset in part by the depreciation and amortization of property, plant and equipment and other intangible assets and change in accounts receivable and other assets.

Net cash used in investing activities

Net cash used in investing activities for the fiscal year ended 31 December 2019 was EUR 6,528 thousand, primarily a result of increased purchases of property, plant and equipment and other intangible assets.

Net Cash from financing activities

Net cash from financing activities for the fiscal year ended 31 December 2019 was EUR 9,984 thousand and primarily related to proceeds from a capital increase related to the Company's sale of shares, while net cash from financing activities for the fiscal year ended 31 December 2018 was zero.

9.8.1.3 **Fiscal year ended 31 December 2018**

Net cash used in operating activities

Net cash used in operating activities increased by EUR 3,350 thousand, or 71.5%, from EUR 4,685 thousand for the year ended 31 December 2017 to EUR 8,035 thousand for the fiscal year ended 31 December 2018. The increase compared to the prior year was primarily due to the significantly higher operating loss, an increase of inventories, offset by a decrease of the net balance of cash and cash equivalents and financial assets.

Net cash used in investing activities

Net cash used in investing activities for the fiscal year ended 31 December 2018 was EUR 7,443 thousand, primarily related to intangible assets comprising capitalized development costs, and, to a lesser extent, related to the purchase of U.S. dollar fixed-term deposits in connection with the financing of Mynaric's U.S. subsidiary, Mynaric USA Inc.

Net Cash from financing activities

Net cash from financing activities for the fiscal year ended 31 December 2018 was zero.

9.8.1.4 **Year ended 31 December 2017**

Net Cash Used in operating activities

Net cash used in operating activities were EUR 4,685 thousand for the year ended 31 December 2017. This figure relates primarily to growing the business in 2017, which was the Company's first year of operations.

Net cash used in investing activities

Net cash used in investing activities for the year ended 31 December 2017 was EUR 1,379 thousand, primarily related to intangible assets comprising capitalized development costs, offset in part by proceeds from the disposal of non-current assets.

Net cash from financing activities

Net cash from financing activities for the year ended 31 December 2017 was EUR 34,217 thousand and primarily related to proceeds from the Company's initial public offering.

9.8.2 **Capital expenditures and investments in progress**

Mynaric’s capital expenditure encompasses purchases of property, plant and equipment.

In the six months ended 30 June 2020, Mynaric’s total capital expenditure was EUR 1.7 million, related to equipment necessary for production at that stage of the Company's development.

In fiscal year 2019, Mynaric’s total capital expenditure was EUR 2.0 million, related primarily to costs in connection with the build-out of the Company's new headquarters premises, and equipment necessary for production at that stage of the Company's development.

In fiscal year 2018, Mynaric’s total capital expenditure was EUR 1.9 million, related primarily to costs in connection with the build-out of the Company's new headquarters premises, and, to a lesser extent, equipment necessary for production at that stage of the Company's development.

In fiscal year 2017, Mynaric’s total capital expenditure was EUR 381 thousand, primarily related to the equipment necessary for production at that stage of the Company's development.

Between 30 June 2020 and the date of this Prospectus, Mynaric continued its ongoing capital expenditures, primarily in connection with the expansion of production in Germany. Mynaric expects capital expenditure for the year ending 31 December 2020 to range between EUR 2 million and EUR 4 million.

For additional information about the Company's own work capitalized, which is not included in the above figures, please see sections 9.5.3 and 9.6.

As of the date of this Prospectus, Mynaric has not made any firm commitments with respect to material investments, but expects its capital expenditure requirements to be significantly higher through the end of 2020 due to additional costs associated with planned capital expenditures for the expansion of production. In particular, Mynaric intends to produce internally a number of components and other products that are currently sourced from external suppliers. The Company expects to fund its ongoing capital expenditures with equity and cash generated from operations.

9.8.3 Liquidity

Mynaric's primary sources of liquidity are capital-raising measures, supplemented by cash generated from operations and proceeds from investments in fixed-term assets, and, in recent months, limited debt borrowings. Mynaric had cash and cash equivalents of EUR 28,448 thousand, EUR 12,923 thousand, EUR 8,914 thousand and EUR 6,657 thousand as of 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, respectively. The Company is not aware of any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, its operations.

Mynaric aims to manage capital to ensure that all Group companies can continue to operate as a going concern. Mynaric's ability to generate cash flow from operations depends on its future operating performance, which is in turn dependent on general economic, financial, market and other factors, many of which are beyond its control. See Section "*9.2 Key Factors Affecting Results of Operations*" for a discussion of certain factors that could affect its future performance and the industries in which Mynaric operates.

9.8.4 Off-balance sheet arrangements

Mynaric has no material off-balance sheet arrangements.

9.8.5 Financial liabilities

Mynaric had no material interest-bearing financial liabilities on a consolidated basis as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020. In July 2020, Mynaric borrowed EUR 2.5 million from a lender in a private loan.

9.8.6 Trade payables and financial liabilities

The table below sets out Mynaric's trade payables and financial liabilities as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

	As of 31 December			**As of 30 June**
	2019	**2018**	**2017**	**2020**
	(audited)		**(unaudited)**	**(unaudited)**
	(EUR in thousands)			
Within one year	**1,212**	**1,289**	**780**	**2,000**
Between one and five years	**0**	**0**	**0**	**0**
More than five years	**0**	**0**	**0**	**0**
Total trade payables and financial liabilities	**1,212**	**1,289**	**780**	**2,000**

Trade payables and financial liabilities relate primarily to ordinary course commitments related to purchases of supplies and services. The increase in trade payables and financial liabilities as of 30 June 2020 as compared as of 31 December 2019 results from the start of pre-series production and the necessary purchase of material. The increase in trade payables and financial liabilities as of 31 December 2018 as compared to trade payables and financial liabilities as of 31 December 2017 results from costs related to new headquarters in Gilching that were incurred in 2018. See also note IX to the Audited Consolidated Financial Statements and note X to the Unaudited Interim Consolidated Financial Statements.

9.8.7 Contractual obligations

The table below sets out Mynaric's other contractual or financial obligations as of 30 June 2020, 31 December 2019 and 31 December 2018.

	Fiscal year ended 31 December		Six months ended 30 June
	2019	2018	2020
	(audited)		(unaudited)
	(EUR in thousands)		
Within one year	674	1,224	0,778
Between one and five years	323	4,116	1,183
More than five years	0	4,745	0,059
Total contractual obligations	997	10,085	2,020

The Company's lease of its headquarters in Gilching is accounted for in accordance with IFRS 16 as of 1 January 2019 and is no longer included for periods after 31 December 2018, which results in a decrease in the figures shown. See also note IX to the Audited Consolidated Financial Statements and note X to the Unaudited Interim Consolidated Financial Statements.

9.8.8 Environmental matters

Mynaric is not aware of any environmental issues related to the utilization of its tangible fixed assets, including the production facilities it operates. As part of the Mynaric Group's manufacturing processes, no environmentally hazardous materials are utilized or created as a product or residual product.

9.9 Quantitative and qualitative disclosures about financial risk management

Mynaric’s assets, liabilities, and forecast transactions are exposed to financial risks due to its business activities and international focus. These risks are described below and in more detail in the Notes to Mynaric’s financial statements included in Section “*20 Financial Information*” of this Prospectus.

9.9.1 Credit risk

Credit risk is the risk of financial loss to Mynaric if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Mynaric is exposed to a credit and counterparty risk from its financing and operating activities.

Credit risks are considered to be low overall. In principle, there are general default risks that can generally occur at any time due to economic circumstances. The receivables portfolio is mainly divided between public-sector customers or subsidies granted and major customers who are subject to a credit analysis. Therefore, the default risk of the receivables is considered to be manageable. For this reason, receivables are not insured throughout the Mynaric Group. The consideration of current and future-oriented information is based on the Mynaric Group's estimates with regard to the credit default risk of the customer structure, in particular with regard to public-sector customers.

9.9.2 Liquidity risk

Liquidity risk is the risk that Mynaric will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Mynaric’s approach to manage liquidity is to ensure that it will, as far as possible, have sufficient liquidity to meet its liabilities when they are due, under both normal as well as stressed conditions, without incurring unacceptable losses or risking damage to Mynaric’s reputation.

Mynaric aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) on a monthly basis. Mynaric also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

9.9.3 **Capital risk management**

The Mynaric Group's primary financial targets include the long-term increase in shareholder value, the securing of solvency at all times with regard to the continuation of the Group and the preservation of an optimal capital structure. Ensuring that sufficient liquidity is available is of great importance in this context. These objectives are managed by means of an integrated controlling concept, whereby the management uses current key figures for various balance sheet items and therefore also for the development of equity as part of the monthly financial statement analysis and as a basis for the necessary entrepreneurial decisions. As of 31 December 2019, the Company's equity ratio was 72% (previous year: 89%). The decrease was mainly the result of the first-time application of IFRS 16 and the associated reporting of the leasing liability for the leased headquarters building in Gilching. The equity ratio was calculated as the total equity in relation to the balance sheet total. The Mynaric Group's overall strategy is unchanged from 2018.

9.9.4 **Currency risk**

Foreign currency exchange rate fluctuations may create adverse and unpredictable earnings and cash flow volatility. The Mynaric Group operates predominantly within the euro zone and is therefore exposed to low foreign currency risks from operating activities. Sales are also conducted in foreign currencies (USD). The cash inflows generated in USD will be used to finance Mynaric USA, Inc. As of 31 December 2019, there were mainly receivables in USD in the amount of EUR 0 (previous year: EUR 201 thousand). As of 31 December 2019, there was also a fixed-term deposit of USD 1,750 thousand, with the first installment due at 24 February 2020, and USD 875 thousand due by 24 August 2020 earmarked for financing Mynaric USA Inc. No significant purchases are made in foreign currency (USD).

9.9.5 **Interest rate risk**

Interest rate risks are understood as the negative impact of fluctuating interest rates on the net profit of Mynaric. The Mynaric Group has interest-bearing financial assets in the form of a fixed-rate, fixed-term deposit of USD 1,750 thousand, USD 875 thousand of which is due on 24 February 2020 and the remainder on 24 August 2020, but does not have interest-bearing financial liabilities. Therefore, there are no special interest rate risks.

9.10 **Significant accounting policies**

Mynaric’s reported financial condition and results of operations can be impacted by the accounting methods, assumptions and estimates which form the basis of its consolidated financial statements. Mynaric’s critical accounting policies, as well as the judgments made in the creation and application of such policies, and the sensitivities of the reported results to changes in these policies and related assumptions and estimates should be considered along with Mynaric’s consolidated financial statements. For a detailed discussion, see note VI to the Audited Consolidated Financial Statements and note VI to the Unaudited Interim Consolidated Financial Statements in this Prospectus in Section “*20 Financial Information.*”

9.11 **Additional information relating to the audited financial statements of the Company prepared in accordance with German GAAP as of and for the financial year ended 31 December 2019**

The audited financial statements of the Company prepared in accordance with German GAAP as of and for the financial year ended 31 December 2019 have been prepared in accordance with the German Commercial Code and an English-language translation of these financial statements is included in the Prospectus beginning on page F-121. These financial statements are used to calculate our distributable profit (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such distributable profit. The accounting principles set forth in German GAAP may differ from IFRS in material respects.

9.11.1 **Annual Statements of Profit or Loss**

In the fiscal year ended 31 December 2019, the Company posted a net loss of EUR 852 thousand, compared to a net loss of EUR 1,567 thousand in the year ended 31 December 2018. Due to an accumulated net loss of EUR 5,377 thousand as of 31 December 2019, distributable profits were not available as of that date.

Sales

The Company's sales increased from EUR 2,321 thousand in the fiscal year ended 31 December 2018 to EUR 4,050 thousand in the fiscal year ended 31 December 2019 as a result of higher shared services provided to the Company's subsidiaries, Mynaric Lasercom GmbH and Mynaric Systems GmbH.

Other operating income

The Company's other operating income increased significantly, from EUR 3 thousand for the fiscal year ended 31 December 2018 to EUR 320 thousand for the fiscal year ended 31 December 2019. This change was driven by reversal of provisions and high income from exchange rate differences.

Total output/results of operations

As a result of the foregoing factors, total results of operations increased, from EUR 2,324 thousand for the fiscal year ended 31 December 2018 to EUR 4,369 thousand for the fiscal year ended 31 December 2019.

Personnel expenses

Personnel expenses increased from EUR 1,541 thousand for the fiscal year ended 31 December 2018 to EUR 1,937 thousand for the fiscal year ended 31 December 2019. This increase was primarily due to higher compensation costs as a result of increased headcount.

Amortization of other intangible assets, depreciation of property, plant and equipment

Amortization of other intangible assets, depreciation of property, plant and equipment decreased, from EUR 212 thousand for the fiscal year ended 31 December 2018 EUR to 177 thousand for the fiscal year ended 31 December 2019. This change was primarily due to an impairment loss in 2018 on an ERP system no longer in use.

Other operating expenses

Other operating expenses increased, from EUR 2,266 thousand for the fiscal year ended 31 December 2018 to EUR 3,358 thousand for the fiscal year ended 31 December 2019. This increase was primarily the result of higher rental costs for the new company building and the costs of capital increase.

Interest and similar income

Interest and similar income increased, from 128 thousand for the fiscal year ended 31 December 2018 to EUR 287 thousand for the fiscal year ended 31 December 2019. This increase was primarily due to income received from U.S. dollar fixed-term deposits in connection with the financing of Mynaric's U.S. subsidiary, Mynaric USA Inc.

9.11.2 **Annual Statements of Financial Position**

As of 31 December 2019, the total assets of the Company amounted to EUR 40,831 thousand, compared to EUR 31,862 thousand as of 31 December 2018.

Fixed assets

The Company's fixed assets increased from EUR 16,437 thousand as of 31 December 2018 to EUR 28,111 thousand as of 31 December 2019. The increase was primarily driven by increases in shares in affiliated companies and investments in leasehold property.

Current assets

The Company's current assets decreased from EUR 15,362 thousand as of 31 December 2018 to EUR 12,586 thousand as of 31 December 2019. This decrease was primarily driven by a decrease in cash and cash equivalents, offset in part by an increase in receivables from affiliated companies.

Equity

The equity of the Company amounted to EUR 40,022 thousand, compared to EUR 29,874 thousand as of 31 December 2018. The increase was primarily driven by an increase in capital reserve and, to a lesser extent, subscribed capital, offset in part by increased retained losses.

Liabilities

The Company's liabilities decreased significantly, from EUR 1,557 thousand as of 31 December 2018 to EUR 199 thousand as of 31 December 2019. The decrease was primarily the result of lower liabilities to affiliated companies and trade payables.

10. Markets and competition

To the extent not otherwise indicated, market data, forecasts and statements regarding Mynaric's position in the markets in which it operates and market and industry developments and trends, including growth rates, are based on the Company's assessments and estimates, using underlying data from third parties. See Section "2.4 Sources of Market Data" for an overview of sources used. The forward-looking statements in this section are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments that may be inaccurate. See Sections "1. Risk Factors" and "2.3 Forward-Looking Statements".

10.1 Market overview and drivers

Laser-based networks carried by satellites and aircraft can deliver high-speed internet, even in the most remote and inaccessible regions of the planet. In this context, companies such as Amazon (project Kuiper), Loon (an Alphabet/Google subsidiary), SpaceX (project Starlink), OneWeb (financed by Bharti and the UK government) and Telesat among others are planning to set up an internet "above the clouds" in the form of large networks of flying vehicles (known as constellations), which are typically linked to one another via laser communications.

The market is currently split between communication and surveillance applications. The two most promising near-term markets are satellite constellations in the communications domain and airborne monitoring applications in the surveillance domain.

Satellite constellations for the purpose of communications are currently pursued by a number of companies. Total investments by constellation builders amount to billions of USD per system. Demand for satellite constellations is driven by the promise of connecting remote and rural areas and considerable cost savings expanding networks into the air and space as opposed to using physically cabled networks on the ground. Prospective users of satellite constellations come from industrial sectors operating in remote areas such as agriculture, aviation, oil, gas and mining, infrastructure and shipping, from governmental organizations in the civil and defense domain with a need for global and secure reliable connectivity and from the consumer domain with the desire to connect the so far three billion people, who are as yet unconnected, globally. The philanthropic benefit is clear: a world with no digital divide. But the financial benefits, in the Company's view, are even clearer. A market that can only adequately sell to 50% of the world's population is missing substantial income from markets yet to be realized. Laser communications are expected to be deployed as part of these constellations for the purpose of high-throughput data transmission between the satellites and to establish optical mesh networks in space. The so-called backbone inter-satellite links decrease the reliance on ground infrastructure for providing global connectivity services and the mesh network architecture increases the overall resilience and flexibility of the network. The Company expects that 10 to 25% of the costs of every satellite of a laser communications equipped constellation are or will be allocated to laser communications capabilities of the kind the Company offers.

In the surveillance applications segment, manufacturers of airborne platforms such as fixed or rotary wing unmanned autonomous systems (UAS) of various sizes and high-altitude pseudo satellites (HAPS) are considered as a near-term market by the Company. Surveillance applications serve commercial, civil and governmental purposes in agriculture, oil, gas and mining, disaster response, border control and defense sectors among others. Surveillance applications in these domains intent to use airborne vehicles equipped with advanced sensor systems to capture radar, infrared or visual pictures of the ground. Increasing fidelity of the sensor systems and related growth of generated data creates the need for high-throughput and secure connectivity triggering demand for laser communications products of the kind the Company offers.

10.2 Value chain

Mynaric operates at the subsystem supplier level of the aerospace networks market which is underpinning two distinct branches: communication and surveillance. Mynaric designs and manufactures subsystems, specifically laser communication products, utilizing standard and custom-made components from component suppliers in various markets. The Company provides these subsystems to system integrators, so-called primes, in the space or aviation domain, which typically design, manufacture and sell complete systems such as satellites or airframes for specific communications and surveillance applications. System operators procure their systems from these system integrators and are responsible for financing and operations of the actual systems such as satellite constellations or airborne surveillance.

10.3 Key trends and anticipated developments

The increase in the number of connected devices and the persisting digital divide of approximately half the world's population having no internet connectivity are the driving force behind companies' plans to establish communication networks above the clouds. Increasing macroeconomic and geopolitical complexity, resource scarcity, data-driven defense and border control activities as well as an accelerating speed of the world's operations are the driving forces to establish more advanced surveillance capabilities from air and space.

In the communications domain, companies such as Amazon (project Kuiper), Loon (an Alphabet/Google subsidiary), SpaceX (project Starlink), OneWeb (financed by Bharti and the UK government), Telesat and others building their own internet in the air and space to provide global connectivity and tap new markets. These prime mover companies have been successfully developing technology as well as validating its application within their systems and are now moving from the drawing board to implementation. For instance, OneWeb launched the first 74 satellites of its constellation of several hundred to thousand satellites in 2019 and early 2020. Even though OneWeb filed for bankruptcy in March 2020, by July 2020 OneWeb has found new investors in Bharti and the UK government which will invest more than USD 1bn to "effectuate the full end-to-end deployment of the OneWeb system" (source: https://spacenews.com/british-government-and-bharti-global-buy-oneweb-plan-1-billion-investment-to-revive-company/, accessed on 8 October 2020). SpaceX already launched the first two test satellites in early 2018, another 60 test satellites in mid 2019 and started with bulk launch of around 60 satellites per launch to deploy the full constellation from November 2019, reaching total of 595 satellites in early August 2020 (https://spacenews.com/spacex-launches-starlink-and-blacksky-satellites/ accessed on 8 October 2020). SpaceX ultimately plans a constellation of thousands of Starlink satellites to provide broadband internet access, and is preparing a beta test of the service to customers in parts of North America later this year. Amazon received regulatory approval to operate roughly 3,200 satellites in August 2020. Amazon will invest USD 10 billion in its satellite constellation named Kuiper designed to increase the availability of high-speed broadband service to consumers, government, and businesses (Source: https://spacenews.com/amazons-kuiper-constellation-gets-fcc-approval/ accessed on 8 October 2020). The Company anticipates that these early adopters will drive large-scale deployments over the next few years.

With progress accelerating up, this is having a positive knock-on effect on other companies: encouraging other players to enter the market with new proposals or speeding up their existing plans. The Company expects that laser communications will be a key part of these systems due to its ability to maximize the data throughput per satellite and minimize the reliance on ground infrastructure both improving the potential revenue per satellite or airborne network node for the system operator and improving security of the communication network as a whole. Market research organization Northern Sky Research (NSR) expects cumulative revenue for laser communication inter-satellite links of USD 3.7 billion and demand for over 11,000 units between today and 2029 (https://www.nsr.com/nsr-report-constellations-drive-a-3-8-billion-opportunity-for-optical-satcom-equipment/, accessed on 8 October 2020). The Company expects that after initial deployments of the first satellite constellations considered by the NSR report additional satellite constellations will follow as well as passenger aircraft constellations, as well as quantum key distribution/quantum communications networks to cater for the rising demand for secure broadband capacity in the long-term.

In the surveillance domain airframe manufacturers are eager to manufacture ever more capable airborne monitoring solutions for their customers utilizing higher and higher fidelity sensor systems. The number of unmanned aerial systems (***UAS***) and related spending is projected to increase significantly in the next decade. The market research organization Teal Group expects defense-related expenses on UAS to grow by a compound annual growth rate (***CAGR***) of 3% per year and commercial and civil spending to grow by a CAGR of 13% per year until 2028. While today's market is with 60% predominantly in the defense domain the market is predicted to turn more dominated by majorly civil and commercial by 2028. Around USD 12 billion was spend on UAS systems globally in 2019 which is expected to grow to over USD 24 billion annually by 2028. In total, over USD 187 billion is expected to be spent on UAS systems for defense, civil and commercial applications over the next 10 years (source:

https://www.tealgroup.com/index.php/pages/press-releases/64-teal-group-predicts-worldwide-military-uav-production-of-almost-99-billion-over-the-next-decade-in-its-2019-2020-uav-market-profile-and-forecast and https://tealgroup.com/index.php/pages/press-releases/60-teal-group-predicts-worldwide-civil-drone-production-will-almost-triple-over-the-next-decade, accessed on 8 October 2020). The Company expects that the projected industry growth combined with the increasing need for high-throughput secure wireless communication creates favorable conditions for the rapid adoption of laser communication capabilities on UAS which have solely relied on radio communications links in the past. The Company expects that first uses of laser communications capabilities in the airborne domain will be in the defense domain which will be followed by deployments in civil and commercial applications.

10.4 Competitive environment

The Company believes its competition comes primarily from companies that have grown out of the legacy space environment tailored to the needs of governmental and military customers. Their history dictates that they maintain a strong focus on bespoke one-off customer projects, while the Company focuses solely on products that can be produced at scale and in an industrialized manner. Such approach permits the Company to plan for industrial scale, serial production of its catalogue and capitalize on planned mass use of laser technology that its clients and target sector clients will need in their development. The Company believes it can achieve multiple orders of magnitude cost reductions compared to legacy systems of competitors by focusing on an industrial approach and standardized products.

Globally, only a very limited list of about one to two dozen companies work on laser communications capabilities for the aerospace sector. The Company's main competitors, each of whom is primarily focused on acquiring bespoke projects and so far only mostly compete in the space domain, are:

- **TESAT Spacecom**, an Airbus subsidiary headquartered in Germany, specializing in the production of payload equipment for communication satellites;
- **Thales Alenia Space**, a joint venture between Thales and Leonardo headquartered in France, that designs, operates and delivers satellite-based systems that help customers position and connect; and
- **Ball Aerospace**, a Ball Corporation subsidiary headquartered in Colorado, USA, specializing in the development and testing of terrestrial-based applications for laser technology.

As all these competitors share a similar background and developmental history, the Company believes advantages over each are identifiable in its industrial focus, comparative production flexibility and cost-savings. While these competitors possess well-grounded technical maturity and advanced know-how, the Company believes they find themselves tied to development of bespoke one-off, non-scalable projects due to their focus, structures, staff, processes and supply chains.

The Company is not aware of any company globally offering standardized airborne laser communications products today and sees itself as the market leader in the industrialization of laser communication products for aerospace applications. The Company believes it is the only company that is imminently poised to deliver flight terminals for laser communications in air, and among the first in the industry to be able to deliver a product suitable for satellite constellations. Further, Mynaric is the only company of which the Company is aware of that offers products for all altitudes of aerospace applications ranging from the ground over commercial airspace and the stratosphere up to low Earth orbit.

11. Business

11.1 Overview

Employees of DLR's Navigation and Communications Institute founded parts of the Mynaric Group in 2009, prior to which the founders had gained many years' experience in laser communications at DLR. The Mynaric Group's principal business areas comprise the development and enhancement of laser communications products and the development and manufacture of ground terminals and flight terminals for air (airplanes, unmanned drones, stratospheric balloons) and space (satellite) applications. The ground terminals facilitate communications connections from the air or outer space to the ground.

The amount of data generated on a global scale is steadily increasing. This, in turn, has resulted ever-increasing demand for faster and, in particular, omnipresent connectivity to the Internet and other communications networks. Such networks are currently based in large part on ground infrastructure, which cannot be expanded to all regions for legal, economic and logistical reasons. In Mynaric's view, this makes an expansion of existing network structures on the ground by way of communications technology located in air and space necessary. Mynaric targets sales of products in connection with the creation of an "Internet above the clouds", which is expected to come to fruition through the development of global data aerospace communications networks.

Mynaric believes that wireless laser communications are particularly suitable for the development of so-called aerospace communications networks, which comprise a large volume of platforms such as drones, aircraft, stratospheric balloons and satellites. From a multitude of such platforms, which can be connected by laser communications, a dynamic aerospace communications network can be created. Such networks are referred to as constellations in the industry. Laser communications can enable aerospace communications between platforms, as well as between platforms and corresponding ground terminals over long distances of multiple hundreds up to thousands of kilometers, at data speeds of multiple gigabits per second. As a result, laser communications are expected to be utilized in particular for so-called backbone connections as data superhighways for these communications networks. A Backbone connection refers to the core area of a telecommunications network, which requires especially high data speeds as a result of the bundling of all the data arising from various users. Because of its high capacity, Mynaric considers laser communications to be a crucial technology for these future data networks above the clouds.

Applications related to connectivity among aircraft or satellites for surveillance purposes represent a further potential market for Mynaric's products. Such applications are increasingly equipped with higher-capacity sensors, enabling highly precise air and satellite photograph recording. Traditionally, such aerial photographs were utilized by the defense industry, border control and climate monitoring. Increasingly, however, they are being used by commercial industries such as agriculture, oil and mining. The rapid increase in data generated on aircraft and satellites has resulted in higher demand for laser communications, which can quickly transmit such data to data processing centers, *inter alia*.

11.2 **Technology**

The Mynaric Group's wireless laser communications products utilize lasers in the near infrared range at a wavelength of about 1550 nanometers for the transmission of data, which are embossed upon the laser beam via a high frequency intensity modulation. Because infrared electromagnetic waves have a much higher frequency than radio frequency waves, in theory a much higher data transmission speed can be achieved by using wireless laser communications compared to radio frequency systems. As far as the Company is aware, the current world record for wireless laser communication data speed is 13.16 Tbps (terabits per second) (Source: https://www.dlr.de/content/en/articles/news/2018/2/20180510_dlr-and-adva-set-a-new-world-record-in-optical-free-space-data-transmission_27323.html, accessed on 8 October 2020), compared to competing microwave radio frequency systems which achieve a mere 36 Gbps (gigabits per second) (source: https://code.facebook.com/posts/183097092210150/connectivity-a-building-block-approach/, accessed on 8 October 2020). This supports the Company's assumptions regarding the high capacity physical traits of laser communications.

Laser communications are characterized by a high resistance to interception, which is a further marketing advantage for this sector. The underlying reason for this is the narrow beam width of the lasers utilized in laser communications, because a potential attacker would need to be located directly in the beam's path in order to intercept, interrupt or manipulate data transmitted. Also, radio frequency waves are marked by a much wider beam angle, and in certain cases even spread spherically, which accords potential attackers a broader area for the interception, manipulation, theft and interruption of data.

The narrow beam width of the lasers utilized in laser communications requires that the laser beam must continuously be retraced and repositioned between the sender and the receiver of the data, to the extent they are moving relative to one another. Because this is generally the case with communications objects such as aircraft and satellites for which laser communications are appropriate, corresponding laser communications equipment with an appropriate alignment mechanism should be attached to each such object at its respective end point. For example, in order to establish a communications connection between two aircraft, so-called flight terminals are required to be installed on each aircraft. The terminals are able to equalize airplane motion and vibrations continuously, using special mobile mirrors and rapid software algorithms. A flight terminal on an aircraft and a ground terminal are required for establishing a connection between the aircraft and the ground, in order to ensure the continuous alignment and maintenance of operation of the optical laser connection. As part of Mynaric's research and development activities, a number of pre-serial prototypes of ground terminals and corresponding flight terminals that are necessary for establishing wireless laser communications between the ground and the air have already been produced for testing purposes, primarily on the basis of customers' orders. The related electronic, mechanic, optic and software products have also been developed in this regard.

11.3 History and key milestones

The Mynaric business was established in 2009 by former scientists of the German Aerospace Center (*Deutsches Zentrum für Luft- und Raumfahrt –* ***DLR***) with the goal of commercializing decades' worth of experience in wireless laser communications for aerospace applications.

In 2012, Mynaric started working with customers on developing prototypes for air-to-ground and air-to-air demonstrations of laser communication solutions to advance know-how and showcase the maturity level of the technology. From there, Mynaric quickly established an international reputation for wireless laser communications for airborne applications and expanded its market reach to include a wide variety of world-class customers and suppliers.

In 2016, Mynaric expanded into North America by establishing an office there to serve customers in the USA and Canada, as well as work on establishing greater visibility for the Company in this key market. Now based in Los Angeles, California, Mynaric USA Inc. supports American customers on special projects and necessary product modifications.

In 2017, Mynaric listed its shares on the Frankfurt Stock Exchange to raise growth capital to enter serial production and push for product maturity. The brand Mynaric was established in September 2017.

In 2019, Bulent Altan, a former SpaceX Vice-President, joined the Management Board to lead the Company, and the Company moved in at its new headquarters in southern Germany.

In 2020, the company finalized development of the first product versions of its flagship products CONDOR for inter-satellite links of satellite constellations and HAWK Air for air-to-air and air-to-ground links of airborne vehicles. The Company subsequently started pre-production of these products.

11.4 Market opportunity and global megatrends

The world grows more inter-connected every day and there is no end in sight on industries', consumers' and governments' appetite for ever increasing amounts of data. The global number of networked devices is forecasted to grow to 29.3 billion or 3.6 per capita by 2023 (source: https://www.cisco.com/c/en/us/solutions/service-provider/visual-networking-index-vni/index.html, accessed 8 October 2020). While many of these devices will by connected by terrestrial infrastructure such as fiber optic networks, the Company believes that demand for connectivity by aerospace networks will grow significantly due to three mega trends overlapping with the general demand for more data:

- Emerging Markets: approximately three billion people are not yet connected to the Internet and present a significant untapped economic and social potential;

- Industrial Internet of Things: connectivity in remote and rural areas is required by agriculture, automotive, aviation, infrastructure, oil, gas and mining, railway, shipping, transportation and other industries; and

- Cybersecurity: secrecy, authenticity and reliability of data have become increasingly critical as industries, governments and consumers become dependent on data in all aspects of their operations.

The Company believes that the aerospace networks market, is currently at a pivotal juncture from which it will move from projection and planning to procurement and deployment. Blueprints that companies active in the market have nurtured for some time are now being taken from the drawing board and translated into initial satellites launches that will deliver future connectivity. Mynaric believes it is well positioned to take full advantage of these developments. Just as the aerospace networks market is beginning to mature, the Company finds itself in a transformative phase of its existence in moving to production of the products it has been envisioning since its foundation.

11.5 Key competitive strengths

The Company believes that its business is characterized by a number of key competitive strengths that set its products apart from other wireless communication technologies and competitors offering laser communication solutions.

11.5.1 Laser communications' strengths over competing technologies

Laser communication operates at frequencies much higher than radio communications and consequently allows for data rates inaccessible to radio communication technologies especially in long distance scenarios. Data rates of several Terabit per second have already been achieved experimentally with the technology by third parties and are in the Company's view feasible economically in the future. It's small beam divergence and size makes the technology inherently robust against interception, manipulation or jamming as a potential adversary would need to stay within the laser beam between two moving vehicles without interrupting the link – a task practically almost impossible to implement. The small beam size also results in significantly more power efficient data transmission that is typically several orders of magnitude above comparable radio communication systems for long distance wireless data transmission. Laser communication is – in contrast to all radio communication technologies and frequency bands – not regulated by the International Telecommunication Union and can be used without restrictions and does not require radio spectrum licenses that are both costly and time consuming to acquire. As interference with other systems is unlikely due to the small beam size any restrictive regulation in the future is unlikely, in the Company's view.

11.5.2 The Company's strengths over its competition

The Company follows a unique industrial and product-focused approach compared to its competitors. The Company sees the most attractive market for its standardized products in the industrial market serving large-volume applications while competitors are mostly aligned to serve bespoke projects. The Company has a strong focus on developing standard products suitable for volume deployment, scalable manufacturing and a broad customer base. It utilizes production methods, a supply chain and processes that are novel to the aerospace industry but promise to significantly reduce costs of laser communication systems while increasing manufacturing output. The Company focuses on a product business in which the Company bears most of the risk of product development itself and mostly compensates for the development costs via future product sales. This contrasts with project business mostly followed by competitors in which customers compensate for the development costs. This approach gives the Company considerable latitude to develop products it deems most suitable for a broad customer base and biggest commercial success especially compared to its competitors, which have to align themselves with the standards, processes, audits, certifications and operational and technical oversight typically linked with offering bespoke solutions as part of individual projects.

11.6 Corporate strategy

The Company's corporate strategy is derived from its vision representing the goal of the Company's activities, with its mission representing the path the Company uses to achieve its vision. The strategy is operationally implemented in the Company by deriving mid-term next steps and short-term action items to fulfill the value propositions. Specific action items are carried into the organization by defining department or personal goals of key employees accordingly. The derivation as well as communication of the corporate strategy is controlled through the Company's ISO 9001:2005 certified quality management process.

11.6.1 Vision

"Eliminating the barriers of connectivity."

The Company believes that the future requires broadband, secure and ubiquitous connectivity for people and machines alike no matter the location on Earth or whether on Earth at all. Remote industrial sites, isolated villages, vessels in the middle of the ocean, passenger airplanes, high flying drones, satellites and even asteroid mining stations and Martian settlements all will need to be securely interconnected according to the Company. Therefore, the Company aligns its operations to continuously eliminate the barriers of connectivity to improve access to data. The Company believes that by aligning all its activities to this goal it creates lasting customer, shareholder and societal value in a world that is increasingly driven by data.

11.6.2 Mission

"Enable global connectivity by creating affordable laser communication solutions for aerospace networks."

The Company implements its vision by enabling communication service providers, and other enterprises and organizations, to establish global connectivity through airborne and space communication networks. The Company does that by providing affordable laser communication solutions suitable for these applications.

11.6.3 Value propositions

***"Standardized and modularized products at a price tag that allows for large-volume deployment*"**

The Company realizes that laser communications could be used in a vast array of applications to unlock significant customer value which presents a major opportunity to create shareholder value. Yet, wide scale adoption is in the Company's view dependent on the establishment of industrialized products and related supply chains. Therefore, the Company focuses on standardized and modularized products suitable for a wide array of customers and applications which is fundamentally different from the classical aerospace approach of developing bespoke systems for individual customers. The Company continuously optimizes its supply chain, processes, staff and design process for industrialization and mass production and leverages the advances of industries not related to the aerospace sector to continue to drive the industrialization of laser communications. The Company's products are designed to be utilized in applications requiring hundreds, thousands and eventually tens of thousands of units and are economically priced to allow deployment at such scale. Every product is designed from scratch for volume manufacturing unlocking substantial opportunities for economies of scale. The Company understands product-centricity as a key strategic pillar and structures its product portfolio, customer interaction and all its operations to enable laser communication's rise from a niche technology to one that is sold, deployed and used on an industrial level and at scale every day.

"Industry-leading ease of use and simplified integration of Mynaric's products with out-of-the box usability and flawless functionality"

The absolute market volume in general and the Company's market share specifically is assumed to be a direct function of how easily customers can unlock the value of laser communications in general and the Company's products specifically in their applications. The Company strives to simplify the adaptation and utilization of its products as much as possible to create customer value from day one and subsequently drive faster adaptation of its products. A consequence of this strategic pillar is continuously expanded product documentation to enable customers to help themselves as much as possible and the offering of to the customer's needs tailored support services by the Company if required. The Company's international presence to provide customers with local capabilities is another result.

"Disrupting established and enabling new markets through Mynaric's products"

The Company acknowledges the novelty of laser communication and the early stage of the technology's life cycle. It addresses this novelty by setting out to actively shape the market of laser communications rather than passively react to market developments. This allows the company to create value through its products in established markets currently served by competing technologies as well as creating value by enabling entirely new markets through its products. The unshakeable assumption of the existence of this large-scale market for aerospace laser communication in the future is a key strategic pillar of the Company and a major guide for its decisions and operations already today.

11.7 Quality policy

The Company defines quality as the perfect balance between the reliable functionality, cost-efficiency and availability of its products. To fully meet its quality standards, the Company has introduced an ISO 9001:2015 based quality management system. The Company sees its employees, partners and suppliers as the guarantors of its success and considers them crucial for fulfilling and continuously improving the Company's quality standards:

- ***The Company puts functionality at the center of its work:*** Its products shall function as defined by the Company and as promised to - and as expected by - its customers. The products shall not include unnecessary functions negatively impacting cost or availability.

- ***The Company is committed to cost-efficiency:*** It aims to push the price of its products to their absolute minimum and aims for cost savings of several magnitudes. This cost-efficiency is not intended to lower the Company's revenues, but instead shall act as a catalyst enabling the Company's customers to deploy their systems - and with them the Company's products - at scale, creating the thriving aerospace communications ecosystem the Company wants to enable.

- ***For the Company the rapid availability of its products is a matter of course:*** Only a product that can be delivered in the quantities and in a timely fashion to the Company's customers is considered to be a good one. The Company, therefore, strives to always look for opportunities to streamline the manufacturability of its products as well as the processes that build them.

The management of the Company, puts these standards above all else, because customer satisfaction is seen as the benchmark for the Company's quality, and all three standards are considered as critically important to the success of the Company's customers. The Company's customers are expected to want the most straightforward solutions to some of their most difficult challenges. To aid them in their mission, the Company's quality promise sets out to deliver its promised performance at a price, and within the timeframe the Customers require.

The implementation of this promise lies for the Company in distilling complex and individual customer and market insight to define and execute a roadmap of standardized products. The Company does this because it considers only standardized and readily available products to be able to ultimately help its customers to realize long-term success.

The Company commits to continue lowering the barriers for the use of its products. Its priority is to optimize functionality, cost, and availability of its products simultaneously, and to never stop enhancing its processes and procedures.

11.8 Product offering

11.8.1 Heritage

DLR has pursued wireless laser communications in air and space as part of its research and development efforts for over 20 years. Between 2006 and 2009, the Mynaric Group's founders participated in DLR's trials campaigns that formed part of publicly subsidized research projects. Mynaric has itself conducted comparable campaigns starting in 2009. In the field of wireless laser communications to be utilized in aviation, as early as 2013, Mynaric began producing so-called flight terminals as prototypes and has successfully demonstrated these prototypes multiple times. Through the utilization of flight terminals in aircraft, wireless data connectivity over long distances and at high data speeds can be established between the air and the ground, or between two airborne vessels. In

2013, Cassidian, an airbus subsidiary, commissioned Mynaric and DLR jointly to test an air-to-ground connection from a tornado airplane travelling at a speed of 750 km/h and an altitude of six kilometers. The test was a success, achieving data speeds to the ground terminals of one gigabit per second over a distance of up to 60 kilometers. In 2015, Mynaric and DLR collaborated once again, demonstrating the establishment of a ground-to-ground connection between two of the Canary Islands, exceeding 145 kilometers. In 2016, the Mynaric Group on behalf of multiple customers successfully established an air-to-air connection between two stratospheric air platforms, with data speeds of one gigabit per second and in 2017 the Company achieved a 10 Gbps (Gigabit per second) connection from air to ground. In 2018 the Company delivered its first ground terminal capable of establishing laser communication connections with satellites in low earth orbit to a customer.

11.8.2 **Ground terminals**

Ground terminals are installed on and operate from the ground and can be used for establishing laser communication connections between vehicles in the air and in space and the ground. Exemplarily, they can be used for the transmission of surveillance data from Earth observation satellites to the ground or from unmanned aerial systems to the ground in intelligence, surveillance and reconnaissance scenarios. Beginning in 2018 Mynaric has started to produce small quantities of ground terminals intended for demonstration purposes at its headquarters in Gilching, Germany.

In this category, in October 2019 the Company announced the introduction of the ARMADILLO ground terminal, which is optimized for bidirectional air-to-ground airborne data communication applications. It also announced the introduction of the RHINO ground terminal, which provides for high-throughput downlink and uplink for satellites in low Earth orbit. Both products have been sold to initial customers that have in turn conducted comprehensive demonstration campaigns but are not a current focus of the Company given the market prospects of flight terminals in the air and space domain.

11.8.3 **Flight terminals (air)**

Flight terminals are installed on and operate from airborne vehicles and can be used to establish a link from one airborne vehicle to another or from an airborne vehicle to the ground. For example, they can be used for transmitting data securely from one unmanned aerial vehicle to another in a temporary communication network deployed in a disaster scenario, a border control application or in a defense theater. Mynaric has combined many years of experience and customer input to develop its first product version for the airborne domain.

In this category, in October 2019 the Company announced the introduction of the HAWK AIR flight terminal, which is designed for a diverse array of airframes and – twinned with a small size, weight and power (SWaP), long link distances and high data rates – is optimized for air-to-air and air-to-ground scenarios. The first HAWK AIR flight terminals are currently in production and first pre-production units have been tested as of the date of the Prospectus prior to their shipment to customers. The Company plans to produce more than 15 HAWK AIR flight terminals in 2020 that are intended for a mix of own testing and demonstration demand, contractual obligations towards customers and spares earmarked for prospective customers. The first HAWK AIR product version currently in production is intended to showcase the productized capabilities of laser communications in the designated target environment to customers. First deliverables to a lead customer in the United States are scheduled for the second half of 2020.

11.8.4 **Flight terminals (space)**

In the field of wireless laser communications applications in outer space, Mynaric offers flight terminals to be attached to satellites in order to establish connections between satellites or possibly between satellites and the ground. Through space flight terminals, global, high capacity telecommunications networks in outer space are expected to be created in the future, in the form of so-called satellite constellations comprising hundreds to thousands of satellites. These satellite constellations will be established in the low Earth orbit by satellites typically in the 100 to 500kg weight range designed for a limited lifetime of typically 5 to 7 years and under stringent cost efficiency requirements.

In this category, in October 2019 the Company announced the introduction of the CONDOR flight terminal. The CONDOR laser communication terminal provides backbone inter-satellite connectivity in low Earth orbit and is specifically developed for broadband constellations. First CONDOR terminals are currently in production and are in qualification at the time of the prospectus. The first CONDOR product version currently in production is intended to showcase the productized capabilities of laser communications in the designated target environment to customers. First deliverables into customer hands are scheduled for first half of 2021.

In September 2020, the Company's subsidiary, Mynaric USA Inc., was selected as vendor for laser communication products by an undisclosed customer for a US governmental program. Mynaric expects to be awarded with a multi-million Euro contract in the mid-seven digit range for the delivery of CONDOR terminals following the selection of the customer.

11.9 Company departments

11.9.1 Engineering / Research and Development

Since its foundation, employees of the Mynaric Group have developed ground terminals that are necessary for the creation of aerospace laser communications networks, as well as flight terminals to be employed in flying objects including aircraft, drones and satellites. The Mynaric Group's technology builds upon on over 20 years of research, particularly by DLR. The research and development work in the laser technology field forms the foundation of the Mynaric Group's business activities of the sale of self-produced ground terminals and flight terminals to be employed in aerospace communication scenarios.

The Company's internal know-how is primarily based upon integration techniques, detailed solutions, material and component selection and findings from test series using prototypes that the Mynaric Group produced. This know-how is constantly updated through new knowledge gained from ongoing development activities that the Mynaric Group undertakes.

In developing its laser communications products, the Mynaric Group utilizes components, designs and software originating from DLR's technological development activities, including, among other things, various control programs for ground and flight terminals.

For a number of years, the Mynaric Group has also sought access to other external resources, components and developments, with respect to which the Company has placed orders or are otherwise useful for its products.

The goal of the Company’s engineering department is to develop cost-effective, mass-producible standardized laser communication products and to build tools and testbeds for handover to production.

Research and development costs for the six months ended 30 June 2020 amounted to EUR 6.2 million, compared to EUR 2.9 million for the six months ended 30 June 2019. For the fiscal year ended 31 December 2019, research and development costs amounted to EUR 8.3 million, compared to EUR 5.9 million in the fiscal year ended 31 December 2018 and EUR 2.8 million in the year ended 31 December 2017.

11.9.2 Product sales & support

Mynaric operates in a market that requires intimate customer interaction, technical know-how and trust. Prospective customers may not be aware of economic implications and technical capabilities of the Company’s products. Customer decision processes are often multi-faceted, interdisciplinary and span across hierarchies and over extended time to account for the significant operational and economic implications of utilizing laser communication solutions.

As a result, the product sales & support department aims to create value for the Company’s customers through the products, consultancy and technical support and to be recognized as a trusted partner.

11.9.3 Production

Production is a key component in Mynaric’s strategy to become a serial manufacturer for laser communication products and resources in the production department are currently increased. While only a limited number of units have been produced to date production capacity is expected to be ramped up substantially in the future to serve market demand.

The production department's goal is to operate the scalable manufacturing of Mynaric's products to match customer demand while minimizing required resources.

11.9.4 **Other departments**

The Company has three additional technical departments:

- Future Technologies: researching into future technologies that enable more cost-competitive and capable products.
- Chief Engineering: performing independent technical validation of the product development department's work.
- Systems: develop solutions that utilize our laser communication products or know-how for new business opportunities or for customers in need of broader systems.

The Company additionally operates several support departments that ensure smooth operations of all business activities. These include communications, finance & legal, human resources, information technology, office management and process management.

11.10 **Real property owned and leased**

Mynaric leases offices in Germany (Gilching) and the United States (Los Angeles, California). Mynaric entered into a new lease agreement, including various amendments, for office space in Gilching, Germany for an initial term of ten years starting on 1 May 2019.

11.11 **Intellectual property and IT**

As of the date of this Prospectus, Mynaric owns five trademarks one of which is still pending for registration and 40 Internet domains. The Company does not own any patents.

11.12 **Employees**

11.12.1 **Overview**

Mynaric employed an average of 130 full-time equivalent employees as of 30 June 2020 (31 December 2019: 82). Since 30 June 2020 and until the date of this Prospectus, there has been no material change in the number of employees.

The following table shows the unaudited average figures of Mynaric's staff (full-time) as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, each broken down by region:

	As of 30 June	**As of 31 December**	**As of 31 December**	
	2020	**2019**	**2018**	**2017**
	(unaudited)			
Germany	127	72	68	46
United States	3	6	5	5
Total	**130**	**78**	**73**	**51**

Given the still low number of employees and the breadth of its departments, the Company does not believe a breakdown by main category of activity would be material. The Company does not employ a significant number of temporary employees.

11.12.2 **Pension liabilities**

The Mynaric Group companies have not had any pension liabilities since their respective founding dates. No amounts have been set aside or accrued by the Company or its subsidiaries to provide for pension, retirement or similar benefits.

11.12.3 **Employee incentive plans**

11.12.3.1 **Initial stock option plan**

In the Company's general shareholders' meeting held on 8 September 2017, an initial stock option plan was adopted. Under the terms of the plan, until and including 31 December 2019, the Management Board was authorized, with the consent of the Supervisory Board, to grant stock options for up to 100,000 shares in the Company to members of the Management Board or to managing directors of the Company's affiliates, and for up to 100,000 shares in the Company to employees of the Company or its affiliates. The foregoing authorization applied to the Supervisory Board to the extent members of the Management Board were to be granted stock options.

The vesting period for the stock options was four years. The stock options could only be exercised within two years of the end of the vesting period, in each case within four weeks following the announcement of the Company's annual or semiannual financial results, and

- one third of the stock options could be exercised if the volume-weighted six month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange is no lower than 20% of the exercise price at the end of the vesting period;

- a further third could be exercised if the volume-weighted six month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange is no lower than 30% of the exercise price at the end of the vesting period; and

- the last third could be exercised if the volume-weighted six month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange is no lower than 50% of the exercise price at the end of the vesting period.

The exercise price under this plan was equal to the volume-weighted one-month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange following the first trading date of the shares.

To the extent the stock options expire as a result of the termination of office or employment before vesting, the corresponding number of stock options may be granted to other qualified recipients. Options may be converted into shares issued in connection with the Conditional Capital 2017 (as defined in Section 16.1.4 below) or into treasury shares. At its discretion, the Company may also redeem the stock options in cash.

In total, the Company granted approximately 20,000 stock options pursuant to this plan. In the Company's general shareholders' meeting held on 12 June 2019, the maximum number of stock options allowed to be granted under the initial stock option plan was reduced to 1,500 stock options, and a new stock option plan was adopted.

11.12.3.2 **Stock option plan 2019**

Under the terms of a new plan adopted in the Company's general shareholders' meeting held on 2 July 2019, until and including 31 December 2022, the Management Board is authorized, with the consent of the Supervisory Board, to grant stock options for up to 135,000 shares in the Company to members of the Management Board or to managing directors of the Company's affiliates, and for up to 135,000 shares in the Company to employees of the Company or its affiliates. The foregoing authorization applies to the Supervisory Board to the extent members of the Management Board are to be granted stock options.

The vesting period for the stock options is four years. The stock options may only be exercised within three years of the end of the vesting period, in each case within four weeks following the announcement of the Company's annual or semiannual financial results, and if the volume-weighted six-month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange is no lower than 20% of the exercise price at the end of the vesting period.

The exercise price under this plan is equal to the volume-weighted six-month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange on the sixth-last day of the applicable fiscal quarter in which the stock option is granted.

To the extent the stock options expire as a result of the termination of office or employment before vesting, the corresponding number of stock options may be granted to other qualified recipients. Options may be converted into shares issued in connection with the Conditional Capital 2017 (as defined in Section 16.1.4 below) or into treasury shares. At its discretion, the Company may also redeem the stock options in cash.

11.12.3.3 **Stock option plan 2020**

Under the terms of a new plan adopted in the Company's general shareholders' meeting held on 12 June 2020, until and including 31 December 2025, the Management Board is authorized, with the consent of the Supervisory Board, to grant stock options for up to 14,473 shares in the Company to members of the Management Board or to managing directors of the Company's affiliates, and for up to 20,000 shares in the Company to employees of the Company or its affiliates. The foregoing authorization applies to the Supervisory Board to the extent members of the Management Board are to be granted stock options.

The vesting period for the stock options is three years. The stock options may only be exercised within three years of the end of the vesting period, in each case within four weeks following the announcement of the Company's annual or semiannual financial results. The exercise price under this plan is equal to the volume-weighted six-month average stock price of the Company's shares on the Xetra (or a comparable successor trading venue) of the Frankfurt Stock Exchange on the day before the issue period. The minimum exercise price shall be at least equal to the lowest amount of expenditure within the meaning of Section 9 (1) of the German Civil Code (AktG).

The stock option plan may be exercised at the Company's discretion either from Conditional Capital 2020 or treasury shares.

11.13 **Legal and administrative proceedings**

The Company and its subsidiaries are from time to time involved in court, administrative and regulatory proceedings in Germany and other countries, which are not described herein and that are incidental to the normal conduct of Mynaric’s business, including ordinary course litigation with former employees. Mynaric does not believe that the outcome of any such proceeding, if decided adversely to Mynaric’s interests, will have a material adverse effect on Mynaric’s results of operation, cash flows or financial condition.

Mynaric is currently unaware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Mynaric is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Company or Mynaric's financial position or profitability.

11.14 **Material contracts**

The following provides an overview of contracts that are material to Mynaric’s business or profitability. Apart from the agreements summarized below, there are no other commercial or financial contracts which are, in the Company's view, material to Mynaric’s business.

11.14.1 **Cooperation and licensing agreement between the German Aerospace Center (Deutsches Zentrum für Luft- und Raumfahrt – DLR) and Mynaric Lasercom GmbH**

Effective as of 3 June 2013, Mynaric Lasercom GmbH entered into a cooperation and licensing agreement with DLR. This agreement was amended effective as of 12 November 2014 and 8 October 2015, and terminates on 31 December 2027.

Under the terms of the initial agreement, DLR granted Mynaric Lasercom GmbH a nonexclusive license for DLR's patents (PCT-Filing No. PCT/EP2012/069354 "Tracking device for a laser beam" dated 1

October 2012 and German Patent Filing No. 10 2012 217 954.2 "Flight terminal with extra-hemispherical field of view" dated 1 October 2012) and know-how related to ground and flight terminals for optical free communication. Mynaric Lasercom GmbH is obligated to pay DLR an annual, revenue-based license fee ranging between 1% and 3% of the net invoice value depending on the date of application under the terms of the initial agreement.

Under the terms of the 2014 amendments, DLR granted Mynaric Lasercom GmbH an exclusive license with respect to the subject-matter areas, "ground-based optical communications," "air-based optical communications," "ground-air communications." In view of these enhanced entitlements, Mynaric Lasercom GmbH is obligated to pay DLR an annual license fee 1% higher than the fee agreed upon under the terms of the initial agreement.

Under the terms of the 2015 amendments, DLR granted Mynaric Lasercom GmbH in part exclusive rights of use with respect to work results arising out of two additional system projects DLR is implementing. Since the amendments became effective, Mynaric Lasercom GmbH is obligated to pay DLR a sliding-scale annual license fee of 4% of the net invoice value from 2016 to and including 2020, subject to a minimum fee of €32,000 (excluding VAT) for the years 2017 to and including 2020, to the extent it is granted exclusive rights of use.

11.14.2 **License Agreement between a German Technology Research Institute and Mynaric Lasercom GmbH**

Effective as of 14 September 2020, Mynaric Lasercom GmbH entered into a cooperation in form of a license agreement with a German technology research Institute with a duration until 31 December 2034. Under the terms of this agreement the institute grants Mynaric the right and will enable Mynaric to manufacture certain optical components based on the know-how and the intellectual property of the institute. Mynaric is obliged to pay a down payment, as well as royalties calculated on the basis of a variable percentage of the direct costs for each licensed product, for each year of the agreement's duration.

11.14.3 **Collaboration Agreement between a French Technology Research Institute and Mynaric Lasercom GmbH**

Effective as of 21 January 2020, Mynaric Lasercom GmbH entered into a cooperation in form of a collaboration agreement with a French technology research institute for a period of three years. Under the terms of this agreement the institute and Mynaric Lasercom GmbH will collaborate in a research and development project regarding certain optical components based on the know-how and the intellectual property of the institute with a following phase, during which the institute will supply Mynaric Lasercom GmbH with these components. Mynaric is obliged to order a certain amount of research and development volume and to order a certain quantity of the components supplied by the institute for an agreed price.

11.14.4 **Collaboration Agreement between a major US aerospace and defense company and Mynaric USA, Inc.**

Effective as of 14 April 2020, Mynaric USA, Inc. entered into a cooperation in form of a collaboration agreement with a major US aerospace and defense company. Under the terms of this agreement Mynaric USA, Inc. will deliver certain products and furnish the necessary materials, articles and personnel for an agreed upon price.

11.14.5 **Firm Fixed Price Contract between a European Aerospace Company and Mynaric Systems GmbH**

Effective as of 19 December 2019, Mynaric Systems GmbH entered into a firm fixed price contract with a European aerospace company. Under the terms of this agreement Mynaric Systems GmbH. will deliver certain products in a mid-seven figure Euro-range.

11.14.6 **Loan Agreement**

On 24 July 2020, Mynaric borrowed EUR 2.5 million from Formue Nord Markedsneutral A/S as lender in a private loan pursuant to the terms of a loan agreement between the two parties. Under the terms of the agreement, the loan is to be repaid by no later than 31 December 2020. Interest on the loan accrues at a rate of 1 percent per annum beginning 30 days until the loan is repaid and settled on the lender's account. Under the terms of the agreement there is also an interest-bearing commitment fee of 5 percent of the loan which will be added to the loan value, and additional default interest will accrue at 3 percent per the beginning of each 30- day period after 31 December 2020.

11.14.7 **Convertible Bond**

In August 2020, Mynaric issued a convertible bond with a total nominal value of EUR 5,000,000 by partially utilizing the authorization granted by the Annual General Meeting of the Company on 12 June 2020 to issue convertible bonds (Conditional Capital 2020/II).

The convertible bond has a term from August 1, 2020 to December 31, 2020 (both inclusive). The convertible bonds are 50 bearer bonds with equal rights and a nominal value of EUR 100,000 each.

Hauck & Aufhäuser Privatbankiers AG was commissioned as a selling agent to offer the convertible bonds to qualified investors for subscription.

The statutory subscription right of the shareholders was excluded based on the authorization of the Annual General Shareholders' Meeting on June 12, 2020, since the issue volume of the convertible bonds only amounted to 3.1% of the share capital. Each bond bears interest of 1% per month. In addition, creditors of these convertible bonds receive a special interest payment of 5% per bond.

If the conversion right is exercised, each creditor of these convertible bonds has the right to convert one partial bond with a nominal value of EUR 100,000 each with an additional payment of EUR 16.00 per partial bond into 1,786 shares of the Company. Accordingly, the conversion price is EUR 56.00 per share of the Company.

11.15 **Insurance coverage**

Mynaric's insurance coverage includes, inter alia, general liability insurance, product liability insurance, transportation insurance, and loss of property and earnings insurance.

The Company has also obtained directors' and officers' (***D&O***) liability insurance (*Vermögensschaden-Haftpflichtversicherung*) for the benefit of the members of the Management Board and the Supervisory Board, with a total coverage of approximately EUR 5 million per fiscal year. The D&O insurance provides coverage in case of liability claims due to breaches of duty and wrongful acts by these board members. The D&O insurance also provides for a deductible for all members of the Management Board in line with the respective provisions of the German Stock Corporation Act (*Aktiengesetz*), i.e., each member of the Management Board remains personally responsible in the case of any finding of personal liability, as the case may be, for 10% of the total amount of such personal liability. Claims in the United States or Canada, or pursuant to United States or Canadian law are subject to deductible in the amount of 10% of the related damages, at minimum of EUR 50,000 and a maximum of EUR 100,000 for each claim.

On the basis of its current knowledge and risk management, Mynaric believes that its insurance coverage, including the maximum coverage amounts and terms and conditions of the policies, are standard and appropriate. Mynaric cannot guarantee, however, that it will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance policy. Mynaric may increase its insurance coverage in the future as it deems appropriate.

12. Regulatory environment

12.1 Regulations affecting the development and manufacture of Mynaric's products

Mynaric's products and business operations are subject to a variety of laws, rules and regulations in the jurisdictions in which the Group operates. The Group's business activities in Germany are subject to a wide array of regulatory requirements under German and EU laws, and international treaties.

While laser communication is not regulated by the International Telecommunication Union as of the date of this Prospectus and can be used without restrictions and does not require costly licenses, the Company cannot guarantee that relevant laws, rules and regulations will not become more comprehensive and stringent in the future. If the Group fails to comply with any applicable laws, rules or regulations, it may be subject to civil liability, administrative orders, fines or even criminal sanctions. As the regulatory framework applicable to Mynaric's business operations is subject to revision and continuous development, it is difficult to predict the future cost of compliance with applicable regulatory requirements and technical standards accurately. Additional or more stringent laws, rules, regulations and technical standards could increase costs or limit Mynaric's ability to continue business operations in the same manner as it has done in the past.

The following provides only a brief overview of certain selected areas of regulation applicable to the Group's business operations in Germany.

12.1.1 Laser safety provisions

Directive 2006/25/EC of the European Parliament and the Council of 5 April 2006 on the minimum health and safety requirements regarding the exposure of workers to risks arising from physical agents (artificial optical radiation), which is the 19th individual directive within the meaning of Article 16(1) of the Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work, provide the regulatory framework for applicable safety procedures related to laser communications in the EU. In Germany, these directives have been implemented in the Regulation for Employee Protection Against Artificial Optical Radiation Risks (*Verordnung zum Schutz der Beschäftigten vor Gefährdungen durch künstliche optische Strahlung* (*Arbeitsschutzverordnung zu künstlicher optischer Strahlung – OStrV*)) and the Regulation on Preventive Occupational Medicine *Verordnung zur arbeitsmedizinischen Vorsorge (ArbMedVV) 2013,* which provide for, among other things, the adoption of technical rules related to the assessment of laser radiation risks, measurements and calculations related to laser radiation exposure, and measures for protection against risks, which include the appointment of a laser safety officer (*Laserschutzbeauftragter*), the use of laser protective glasses and protective screens at enterprises that operate laser products.

12.2 Regulation of production facilities and storage sites

12.2.1 Emissions

In many countries, the emission of air pollutants, noise, odors and vibrations is governed by specific laws and regulations. The operation of industrial facilities is typically subject to permits and operators of these facilities are required to prevent impermissible emissions. Operators of facilities are required to maintain all installations in compliance with the respective permits in terms of the reduction of certain emissions and implementation of safety measures. In some cases, continuous improvement or retrofitting of installations to maintain facilities at “state of the art” safety standards may be required. Compliance with these requirements is monitored by local authorities, and operators may be required to submit emission reports on a regular basis. Non-compliance with maximum emission levels or other requirements imposed by the relevant authority may result in administrative fines, subsequent orders or, in severe cases, the withdrawal of the permit by the relevant authority, provided that such measures comply with the principle of proportionality.

12.2.2 Regulation of hazardous incidents

Operators of facilities storing hazardous goods in larger quantities are required to comply with safety standards set forth in Council Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (***Seveso III Directive***) and the respective national implementing laws. As the former Directive 96/82/EC (***Seveso II Directive***) before it, the provisions of the Seveso III Directive are designed to prevent major accidents involving dangerous substances, such as emissions, fires and larger explosions, and to limit detrimental consequences in the event of an accident. The degree of additional safety requirements depends on the amounts of various categories of hazardous substances stored in the relevant facility. The Seveso III Directive aims to increase the rights for EU citizens to access information and justice, as well the public participation in decision-making.

In Germany, the Seveso III Directive was implemented on 7 December 2016, with the Seveso III transposition law (*Seveso-III Umsetzungsgesetz*). Legislation includes, inter alia, the amendment of certain provisions of the German Federal Emission Control Act, the Environmental Impact Assessment Act (*Umweltvertäglichkeitsprüfungsgesetz*) and the Environmental Legal Remedies Act (*Umweltrechtsbehelfgesetz*). Further legislative changes came into force on 14 January 2017 with the amendment of the twelfth ordinance under the German Federal Emissions Control Act (German Hazardous Incidents Ordinance, *Störfall-Verordnung*).

12.2.3 **Production, possession and handling of waste**

Directive 2008/98/EC on waste (***Waste Framework Directive***) governs the collection, transportation, recovery and disposal of waste. The Waste Framework Directive requires EU Member States to take appropriate measures for the prevention of waste and to ensure that waste is recovered or disposed of without endangering human health or causing harm to the environment. Member States must adopt appropriate permitting, registration and inspection requirements.

The Group is subject to statutory provisions regarding waste management. These provisions may govern permissible methods of, and responsibility for, the generation, handling, possession, discharge and recycling of waste depending on the dangers posed by the waste, among other factors. In particular, the discharge of waste is often restricted to licensed facilities. Under the German Act on Recycling (*Kreislaufwirtschaftsgesetz*), generators, owners, collectors and transporters of waste must demonstrate to the competent authority and to other parties that they have properly disposed of hazardous waste (*gefährliche Abfälle*) by proof of waste disposal (*Entsorgungsnachweis*). Documentation requirements include certain details regarding the handling, type, amount and origin of hazardous waste. In many European jurisdictions, plants must use licensed contractors for the disposal of hazardous or non-hazardous waste.

The Company believes that it is in compliance with the waste management laws. In particular, it cooperates with several service providers in waste management matters.

12.2.4 **Environmental damage regulation**

The Group is subject to Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage, as implemented into member state law. The German Environmental Damage Act (*Umweltschadensgesetz*) creates an obligation to prevent damage to the environment and to remedy such damage regardless of fault. The Group's obligations thereunder reach beyond the rules of German civil liability for ground water and soil contamination and cover environmental losses that may not be eligible for compensation under other laws. The obligations and liabilities under the German Environmental Damage Act constitute public law obligations to avoid or remedy environmental damage. In addition, non-governmental environmental organizations may institute legal proceedings in the event the relevant authority has failed to take the necessary steps for enforcement.

12.2.5 **German Act on Environmental Liability**

If damage is caused to persons or property by one of its facilities, the Group may also be held strictly liable under the German Act on Environmental Liability (*Umwelthaftungsgesetz*). Liability under this statute may arise for damages caused by substances or gases that spread through soil, air or water. Under the statute, there is a presumption that any damage has been caused by a facility if the facility is generally capable of causing the damage in question. Should one of Mynaric's sites fall under the German Hazardous Incidents Ordinance in the future, the Group might be required to provide financial security (*Deckungsvorsorge*) for environmental damage on the site.

12.2.6 **Health and safety**

The Group is required to comply with applicable laws and regulations to protect employees from dangers arising at work and against occupational injuries in all jurisdictions in which it operates. Under such laws and regulations, employers typically must establish work conditions and procedures in a manner that effectively prevents danger to employees. Such rules and regulations comprise rules on technical protection as well as rules on social protection. In particular, employers must observe certain medical and hygienic standards, and comply with certain occupational health and safety requirements, such as permissible maximum levels for noise at work, the use of personal safety equipment and requirements related to the handling of hazardous, e.g., carcinogenic, substances.

12.2.7 **German occupational health and safety requirements**

German law establishes a system of rules and regulations to protect employees' health and safety at work. German occupational safety regulation is largely shaped by the requirements of EU law, including Regulation (EU) 2016/425 of the European Parliament and of the Council of 9 March 2016 on personal protective equipment and repealing Council Directive 89/686/EEC, and is in particular also contained in the German Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work (*Arbeitsschutzgesetz, ArbSchG*) and in the German Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists (*Arbeitssicherheitsgesetz, ASiG*), which require employers to provide for their employees' safety. The ArbSchG sets out the fundamental duties of employers and employees regarding health protection. It places employers under an obligation to assess the hazards of the workplace and to take the appropriate preventive measures, as well as to instruct employees in relation to these measures. Employers must make precautions for especially hazardous workplaces and situations. They must also provide preventive occupational healthcare. The ASiG contains employers' obligation to appoint and train appropriately qualified officers to support them in occupational health and safety matters, including ergonomic workplace design. These experts are obliged to advise employers in the entire range of health and safety factors in the working environment. This begins with the planning of operating facilities and the purchasing of equipment and extends to advising employers in the assessment of working conditions. The aforementioned general obligations are substantiated in several regulations which are further detailed in technical guidelines. Germany's occupational safety regulatory regime also includes the German Work Equipment Regulation (*Betriebssicherheitsverordnung, BetrSichV*), which includes rules that work equipment must not endanger the health and safety of employees, the German Workplaces Regulation (*Arbeitsstättenverordnung, ArbStättV*), which specifies how factories, workshops, offices, warehouses and shops must be equipped, and a number of technical guidelines enacted under these regulations.

The Group is also subject to the Regulation on Hazardous Substances (*Gefahrstoffverordnung* ***GefStoffV***), which contains, *inter alia*, provisions regarding the handling and storage of hazardous substances. It particularly sets forth provisions for the protection of employees who deal with hazardous substances. For instance, it places employers under the obligation to assess the dangers resulting from hazardous substances, to implement preventive measures and to instruct employees about these measures. Moreover, it requires compliance with additional notification obligations vis-à-vis the competent authority and in accordance with applicable safety requirements. The provisions state the priority of technical and organizational measures over personal safety equipment, a principle which has been further enhanced by the recent revision of the Regulation on Hazardous Substances. Ongoing changes, inter alia, in the state of the art regarding the handling and storage of hazardous substances might cause the Group to incur costs, e.g., for changing operational sequences. Compliance with employment safety regulations is subject to regulatory supervision. The law enforcement authorities are provided with wide-ranging enforcement powers including the right to enter a Company's premises, to search for documents and to examine the work equipment and the personal health equipment. They are also authorized to impose fines. The Company believes that it is in compliance with applicable occupational health and safety laws.

12.3 **Dual-use export control regime**

12.3.1 **Overview**

Dual-use export controls affect the research and development, production and trade of typically high-tech, advanced products across a wide range of industries, including energy, aerospace, defense and security, telecommunications and information security, life sciences, chemical and pharmaceutical industries, material-processing equipment, electronics, semiconductor and computing, lasers and navigation. The trade in dual-use items – i.e. items including software and technology that can be used for both civilian and military purposes and goods which can be used for both non-explosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices – is subject to controls to prevent the risks that these items may pose for international security. The controls derive from international obligations (in particular UN Security Council Resolution 1540, the Chemical Weapons Convention and the Biological Weapons Convention) and are in line with commitments agreed upon in multilateral export control regimes.

12.3.2 **EU dual-use export control regime**

The EU export control regime is governed by Regulation (EC) No 428/2009 (Dual-Use Regulation), which provides for common EU control rules, a common EU control list of dual-use items and harmonized policies for implementation. Under the EU regime, the export of dual-use items is subject to control and dual-use items may generally not leave the EU customs territory without an export authorization. The Dual-Use Regulation is binding and directly applicable throughout the EU. EU Member States nevertheless need to take certain measures for implementing of some of its provisions, including in relation to breaches and applicable penalties. The existence of a common control system generally allows for the free movement of dual-use items within the EU Single Market; thus, dual-use items may generally be traded freely within the EU, except for some particularly sensitive dual-use items set out in Annex IV of the Dual-Use Regulation, whose intra-community transfer within the EU is subject to prior authorization. For the export of dual-use items listed in Annex I of the Dual-Use Regulation an export authorization is required. There is also an authorization requirement for other dual-use items not listed in Annex I of the Dual-Use Regulation, if the items in question are or may be intended for use in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive devices, or the development, production, maintenance or storage of missiles capable of delivering such weapons. On 28 September 2016, the EU Commission adopted a proposal for a modernization of the EU export control system. The Commission proposal was discussed in the Council and the European Parliament in the course of 2017, as part of the legislative process; it is currently again being discussed within the Council.

12.3.3 **German dual-use export control regime**

In Germany, besides the Dual-Use Regulation, export control of dual-use items is governed by the Foreign Trade and Payments Regulation and the Foreign Trade and Payments Act, among other provisions. Export authorizations are generally granted by the Federal Office of Economics and Export Control.

12.3.4 **U.S. International Traffic in Arms Regulations**

As of the date of this Prospectus, Mynaric's largest potential customer base is located in the United States. Mynaric believes that further potential markets may develop in Asia and a number of European countries. Mynaric's products could therefore be subject to international trade restrictions in these markets in the future. In the United States, Mynaric's products are not currently restricted under arms control provisions, such as the International Traffic in Arms Regulations (***ITAR***) but may become restricted in the future. The related approval process could have a detrimental effect on potential customers' demand on the one hand and could also limit the potential customer base to only those entities that are allowed to import and purchase arms products under relevant regulations on the other.

Generally, ITAR is a United States regulatory regime to restrict and control the export of defense and military related technologies to safeguard U.S. national security and further U.S. foreign policy objectives. Defense-related articles and services on the United States Munitions List (***USML***) are covered by the regulations, which implement the provisions of the Arms Export Control Act (AECA), and are described in Title 22 (Foreign Relations), Chapter I (Department of State), Subchapter M of the Code of Federal Regulations. The Department of State Directorate of Defense Trade Controls (DDTC) interprets and enforces ITAR. The related Export Administration Regulations, discussed in greater detail in Section 13.3.5 below, are enforced and interpreted by the Bureau of Industry and Security in the Commerce Department. The U.S. Department of Defense is also involved in the review and approval process. Physical enforcement of the ITAR (as well as all import and export laws of the United States) is performed by Homeland Security Investigations Special Agents under Immigration and Customs Enforcement, an agency of the U.S. Department of Homeland Security.

For practical purposes, ITAR regulations dictate that information and material pertaining to defense and military related technologies (items listed on the U.S. Munitions List) may not be shared with non-U.S. persons unless authorization from the U.S. Department of State is received or a special exemption is used. U.S. persons can face heavy fines if they have, without authorization or the use of an exemption, provided foreign persons with access to ITAR-protected defense articles, services or technical data. ITAR does not apply to information related to general scientific, mathematical or engineering principles that are commonly taught in schools and colleges or information that is in the public domain. Nor does it apply to general marketing information or basic system descriptions.

12.3.5 **U.S.** Export Administration Regulations

Certain of the Group's products are already subject to the United States Export Administration Regulations (**EAR**). In general, the EAR govern whether a person may export a thing from the U.S., re-export the thing from a foreign country, or transfer a thing from one person to another in a foreign country. The EAR apply to physical things as well as technology and software. The EAR contain a list called the Commerce Control List (***CCL***). The CCL is a limited list of items within the scope of the EAR which merit particular attention because they could potentially have a military use in addition to a commercial use. CCL-listed items are therefore often referred to as "dual use." The CCL, however, is not an exhaustive list of things that are within the scope of the EAR; to the contrary, the overwhelming majority of things that fall within the scope of the EAR are not listed on the CCL; instead, they are given the designation "EAR99." Items that are listed on the CCL are organized according to alpha-numeric designations called "Export Control Classification Numbers."

13. Shareholder information

13.1 Current shareholders; controlling interest

Mynaric AG's share capital as of the date of this Prospectus amounts to EUR 3,194,734.00 divided into 3,194,734 ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*). All shareholders have the same voting rights.

As described in further detail in Section 16.5 below, pursuant to Section 20 of the German Stock Corporation Act (*Aktiengesetz*), any corporate entity that acquires more than one-quarter of the Company's shares must notify the Company of such acquisition in writing without delay. The Company has not received any such notifications to date, and is thus not aware of any single shareholder who, directly or indirectly through subsidiaries or third parties, owns more than one-quarter of the voting rights in the Company and would, therefore, be considered to hold a controlling interest in the Company. The Company is also not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Issuer.

14. General Information on the company and the Mynaric Group

14.1 Formation and incorporation

The Company was formed on 6 April 2017 as a German stock corporation (*Aktiengesellschaft*), pursuant to Articles of Association dated 6 April 2017, under the legal name Blitz 17-625 AG having its registered office in Munich, Germany. The formation was registered in the Commercial Register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on 18 April 2017 under registration number HRB 232763. On the basis of a resolution by the general shareholders' meeting held on 19 May 2017 and registered in the Commercial Register on 23 May 2017, the registered office of the Company was moved to Gilching, Germany. The Company's name was changed to Mynaric AG by resolution of the general shareholders' meeting on 7 August 2017 and entered in the Commercial Register on 30 August 2017.

14.2 Commercial name, registered office, LEI

The Company is a German stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany. The legal name of the Company is Mynaric AG. It is registered in the Commercial Register under registration number HRB 232763.

The Company is the parent company of the Mynaric Group. The Company and the Mynaric Group operate under the commercial name “mynaric”.

The Company’s registered business address is Dornierstraße 19, 82205 Gilching, Germany (telephone + 49 8105 79990).

The Legal Entity Identifier (LEI) of the Company is 8945004QR4AMZMH84X56.

14.3 Fiscal year and duration

The Company’s fiscal year is the calendar year. The Company was established for an unlimited period of time.

14.4 Corporate purpose

Pursuant to Section 2 of the Articles of Association, the purpose of the Company is the development, production, distribution and operation of equipment, software, systems and solutions for communications networks, in particular in the air and space travel industries, and related products; as well as the holding and administration of participations in companies active in this field and the provision of related services. The Company is entitled to undertake any business activities and to take all measures which serve the purpose of the Company. For this purpose, the Company may also establish, acquire or dispose of other companies or branches in Germany and abroad or conclude company agreements with other companies.

14.5 Group structure

The Company is the parent company of the Mynaric Group. The business activities of the Mynaric Group are conducted by the parent company and its subsidiaries.

14.6 Subsidiaries

The following table provides an overview of the Company's subsidiaries as of the date of this Prospectus. The shareholdings are directly held by the Company. As of the date of this Prospectus, no amount was outstanding under the issued shares for each of the below listed subsidiaries.

Legal name	Seat	Business Area	Direct Interest and Voting Power Held
Mynaric Lasercom GmbH	Gilching, Germany	Operating entity	100.00%
Mynaric Systems GmbH	Gilching, Germany	Operating entity	100.00%
Mynaric USA, Inc.	Los Angeles, California, United States	Operating entity	100.00%

14.7 Auditors

RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (***RSM***), Georg-Glock-Straße 4, 40474 Düsseldorf, through its office located at Maximiliansplatz 10, 80333 Munich, Germany, on the basis of the resolutions of the Company's general shareholders' meeting held on 2 July 2019 and 17 July 2018 was engaged as auditor of the Company's annual financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) (***HGB***) and German generally accepted accounting principles (together with HGB, ***German GAAP***) as of and for the fiscal year ended 31 December 2019 and 31 December 2018. Since then, RSM has also acted as the auditor of the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (***IFRS***) as of and for the fiscal years ended 31 December 2019 and 31 December 2018 (with unaudited comparable figures for the year ended 31 December 2017) (*the* ***Audited Consolidated Financial Statements***). RSM has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.

Previously, Mynaric AG engaged BTU Treuhand GmbH (***BTU***), Sonnenstraße 9, 80331 Munich, Germany, as the auditor of its financial statements prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2017 covering the stub period from the Company's formation until 31 December 2017. BTU issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon and on the statements of changes in equity and the cashflow statement for the financial year ended 31 December 2017, that were derived from the Company's annual financial statements for the financial year ended 31 December 2017 and the underlying accounting records.

The Audited Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements have been prepared in accordance with IFRS and reviewed by RSM.

Each of RSM and BTU is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstrasse 26, 10787 Berlin, Germany.

14.8 Announcements, Paying Agent

In accordance with the Articles of Association, the announcements of the Company are published in the German Federal Gazette (*Bundesanzeiger*), unless otherwise required by law.

In accordance with Regulation (EU) 2017/1129, announcements in connection with the approval of this Prospectus or any supplements thereto will be published in the form of publication provided for in this Prospectus, in particular through publication on the Company's website (www.mynaric.com). Printed copies of this Prospectus and any supplements thereto are available at the Company's office at Dornierstraße 19, 82205 Gilching, Germany (telephone +49 8105 79990) free of charge.

The paying agent is Quirin Privatbank AG. The mailing address of the paying agent is: Bürgermeister-Smidt-Strasse 76, 28195 Bremen, Germany.

15. Description of the Company's share capital and applicable regulations

15.1 Provisions relating to the share capital of the Company

15.1.1 Current and future share capital, shares

As of the date of this Prospectus, the share capital of the Company amounts to EUR 3,194,734.00 and is divided into 3,194,734 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany and are denominated in euro and represented by a Global Share Certificate, which is deposited with Clearstream, Mergenthalerallee 61, 65760 Eschborn.

Each share carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights and the shares carry full dividend entitlement.

All existing shares of the Company are held by the existing shareholder.

15.1.2 Development of the share capital

The Company was formed on 6 April 2017 as a German stock corporation (*Aktiengesellschaft*), pursuant to Articles of Association dated 6 April 2017, under the legal name Blitz 17-625 AG having its registered office in Munich, Germany. The formation was registered in the Commercial Register on 18 April 2017 under registration number HRB 232763. At formation, the Company's share capital amounted to EUR 50,000.00.

The following table sets out the increases in the Company's share capital from the founding of the Company to the date of this Prospectus:

Date of the shareholder resolution to increase the share capital	**Nominal amount of the capital increase**	**Resulting issued capital**	**Date of entry in the Commercial Register**
7 August 2017	1,950,000.00	2,000,000.00	30 August 2017
7 August 2017 (from authorized capital)	2,343.00	2,002,343.00	5 October 2017
7 August 2017 (from authorized capital)	134,892.00	2,137,235.00	5 October 2017
7 August 2017 (from authorized capital)	61,069.00	2,198,304.00	5 October 2017
9 October 2017	440,000.00	2,638,304.00	27 October 2017
7 August 2017 (from authorized capital)	66,000.00	2,704,304.00	21 November 2017
7 August 2017 (from authorized capital)	200,000.00	2,904,304.00	14 May 2019
2 July 2019 (from authorized capital)	290,430.00	3,194,734.00	7 February 2020

15.1.3 Authorized capital

As of the date of this Prospectus, the Company has an authorized capital pursuant to Section 4 para. 3 of the Articles of Association in conjunction with Section 202 et seqq. of the German Stock Corporation Act (*Aktiengesetz*). Thereunder, the Management Board of the Company is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the Company on or before 11 June 2025, on one or more occasions, by up to a total of EUR 1,597,367.00 through the issuance of up to 1,597,367 new bearer shares with no par value (*Stückaktien*) in return for contributions in cash or in kind (the ***Authorized Capital 2020***).

Shareholders are generally to be granted a subscription right. The new shares may also be taken up by a credit institution or a financial institution operating in Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 KWG or a syndicate of such credit or financial institutions, subject to an undertaking to offer the shares to shareholders for subscription.

The Management Board is furthermore authorized, in each case subject to the Supervisory Board's consent, to exclude the subscription right of shareholders one or more times in the following cases:

- to the extent necessary in order to even out fractional amounts;
- where the new shares are issued against contributions in kind for the purpose of acquiring companies or interests in companies or parts of companies or for the purpose of acquiring receivables from the Company;
- where a capital increase against cash contributions does not exceed 10% of the share capital and the issue amount of the new shares is not significantly lower than the stock exchange price (Section 186 para. 3 sentence 4 Aktiengesetz (***AktG***)); when making use of this authorization under exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186 para. 3 sentence 4 AktG must be considered.

The Management Board is further authorized, subject to the consent of the Supervisory Board, to determine the further details regarding the capital increase and the conditions for the issuance of shares. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the scope of implementation of the capital increase from authorized capital.

15.1.4 **Conditional capital**

As of the date of this Prospectus, the Company has a conditional capital pursuant to Section 4 paras. 4 and 5 of the Articles of Association in conjunction with Section 192 et seqq. of the German Stock Corporation Act (*Aktiengesetz*).

Conditional capital 2017/I

The share capital of the Company was conditionally increased by up to EUR 1,500.00 by issuing up to 1,500 new bearer or registered unit shares (***Conditional Capital 2017***). The conditional capital increase served exclusively to grant subscription rights to shares (stock options) to employees of the Company or of companies affiliated with the Company that are granted on the basis of this authorization. The shares will be issued at the issue price specified in the above authorization. The conditional capital increase will only be carried out to the extent that subscription rights are exercised and the Company neither grants treasury shares nor a cash settlement to satisfy the subscription rights. The new shares participate in profits from the beginning of the financial year for which, at the time the subscription right is exercised, no resolution has yet been passed by the general shareholders' meeting on the appropriation of the balance sheet profit. The Management Board of the Company is authorized to determine the further details of the conditional capital increase and its implementation.

Conditional capital 2020/I

The share capital of the Company was conditionally increased by up to EUR 34,473.00 on the basis of the authorization of the general shareholders' meeting held on 12 June 2020 (***Conditional Capital 2020/I***). The conditional capital increase serves exclusively to grant subscription rights to shares (stock options) to employees of the Company or of companies affiliated with the Company that are granted on the basis of this authorization. The shares will be issued at the issue price specified in the above authorization. The conditional capital increase will only be carried out to the extent that subscription rights are exercised and the Company does not hold treasury shares or a cash settlement to satisfy the subscription rights. The new shares will participate in profits from the beginning of the financial year for which, at the time the subscription right is exercised, no resolution has yet been passed by the general shareholders' meeting on the appropriation of the balance sheet profit. The Management Board of the Company or, to the extent that members of the Management Board of the Company are affected, the Supervisory Board of the Company, is authorized to determine the further details of the conditional capital increase and its implementation. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the issue of subscription shares.

Conditional capital 2020/II

The share capital of the Company was conditionally increased by up to EUR 1,277,893.00 through the issue of up to 1,277,893 new bearer or registered unit shares (***Conditional Capital 2020/II***), on the basis of the authorization of the general shareholders' meeting held on 2 July 2019. Whereas the Management Board is authorized, with the approval of the Supervisory Board on one or more occasions until 2 July 2025 to issue bearer convertible and/or warrant bonds in the total nominal amount of up to EUR 150 million (***Bonds***) with a maturity of no more than 20 years and to grant the holders of the Bonds conversion rights and warrants to new shares with a proportionate amount of the share capital of up to a total of EUR 1,277,893.00. The Bonds may be issued once or several times, in whole or in part, and also simultaneously in different tranches. The shareholders are generally entitled to a subscription right. The statutory subscription right may also be granted in such a way that the Bonds are taken over by one or more credit institutions with the obligation to offer them to the shareholders for subscription. However, the Management Board is authorized under certain conditions, with the consent of the Supervisory Board, to waive the subscription rights of the shareholders of the Company, in whole or in part. The shares will be issued at the issue price specified in the above authorization. The conditional capital increase will only be carried out to the extent the holders of convertible and/or warrant bonds make use of their conversion or option rights or impose conversion obligations from such convertible bonds or warrants. The new shares will participate in profits from the beginning of the financial year for which, at the time the subscription right is exercised, no resolution has yet been passed by the general shareholders' meeting on the appropriation of the balance sheet profit. The Management Board of the Company or, to the extent that members of the Management Board of the Company are affected, the Supervisory Board of the Company, is authorized to determine the further details of the conditional capital increase and its implementation. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the issue of subscription shares. In August 2020, Mynaric issued a convertible bond with a total nominal value of EUR 5,000,000 by partially utilizing the Conditional Capital 2020/II.

15.1.5 **Authorization to issue convertible bonds and/or Warrant bonds**

At the date of this Prospectus, except for the convertible bond issued in August 2020 (see 11.14.7), the Company has not issued any convertible securities, exchangeable securities or securities with warrants.

15.1.6 **Authorization to purchase and use treasury shares**

At the date of this Prospectus, the Company does not hold any treasury shares, nor does any third party hold any shares of the Company on behalf of, or for the account of, the Company. None of the Company's subsidiaries holds any shares of the Company.

15.1.7 **General provisions governing a liquidation of the Company**

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated by a resolution of the general shareholders’ meeting that is passed by a majority of the votes cast, provided that those votes also represent 75% or more of the share capital represented at the general shareholders’ meeting at which such vote is taken. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of the Company’s liquidation, any assets remaining after all of the Company’s liabilities have been settled will be distributed among the shareholders in proportion to their shareholdings. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors that must be observed in the event of liquidation.

15.2 **General provisions governing a change in the Share Capital**

Under the German Stock Corporation Act (*Aktiengesetz*), a German stock corporation (*AG*) requires a resolution of the general shareholders’ meeting to be passed by a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, to increase its share capital. However, Section 18 of the Articles of Association provides that resolutions of the general shareholders’ meeting will be passed with a simple majority of the valid votes cast, unless a higher majority is required by mandatory law or by the Articles of Association. In so far as the law requires a capital majority in addition to a majority of votes for resolutions of the Company’s general shareholders’ meeting, a simple majority of the share capital represented will be sufficient to the extent legally permissible. Accordingly, certain capital measures that do not mandatorily require a majority of at least 75% of the share capital represented at the vote, such as capital increases from the Company's own funds, may be adopted by a simple majority.

Shareholders can also create authorized capital. This requires a resolution passed by a majority of the votes cast as well as a majority of at least 75% of the share capital represented when the resolution is passed, authorizing the Management Board to issue a specific quantity of shares within a period not exceeding five years. The nominal amount of the authorized capital may not exceed 50% of the share capital existing at the time the authorization is granted.

In addition, shareholders can create conditional capital by a resolution passed with a majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, for the purposes of (i) issuing shares to holders of convertible bonds or other securities granting a right to subscribe for shares, (ii) issuing shares as consideration in a merger with another company, or (iii) issuing shares offered to managers and employees. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to issue shares to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce share capital require a simple majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed.

15.3 General provisions governing subscription rights

In principle Section 186 of the German Stock Corporation Act (*Aktiengesetz*) grants to all shareholders the right to subscribe for new shares issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have a right to request admission to trading for subscription rights. The general shareholders' meeting may, subject to a majority of at least 75% of the share capital represented at the vote, resolve to exclude subscription rights. Exclusion of shareholders' subscription rights also requires a report from the management board that justifies and demonstrates that the Company's interest in excluding subscription rights outweighs the interest of the shareholders being granted subscription rights. Excluding shareholders' subscription rights when new shares are issued is specifically permissible where:

- the company is increasing share capital against cash contributions;
- the amount of the capital increase does not exceed 10% of the share capital at issue; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price.

15.4 Exclusion of minority shareholders

Under Sections 327a et seq. of the German Stock Corporation Act (*Aktiengesetz*), which governs the so-called "squeeze-out under stock corporation law", upon the request of a shareholder holding 95% of the share capital (***Majority Shareholder***), the general shareholders' meeting of a stock corporation may resolve to transfer the shares of minority shareholders to the Majority Shareholder against the payment of adequate compensation in cash. The amount of the cash payment that must be offered to minority shareholders has to reflect "the circumstances of the Company" at the time the general shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. The minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), in the course of which the fairness (*Angemessenheit*) of the cash payment is reviewed.

In addition, under Section 62 paragraph 5 of the German Transformation Act (*Umwandlungsgesetz*), a Majority Shareholder holding at least 90% of a stock corporation's share capital can require the general shareholders' meeting to resolve that the minority shareholders must transfer their stock to the Majority Shareholder against the payment of adequate compensation in cash, provided that (i) the Majority Shareholder is a stock corporation, a partnership limited by shares (*Kommanditgesellschaft auf Aktien*

– *KGaA*), or a European company (SE) having its seat in Germany, and (ii) the squeeze-out is performed to facilitate a merger under the German Transformation Act (*Umwandlungsgesetz*) between the Majority Shareholder and the stock corporation. The general shareholders' meeting approving the squeeze-out must take place within three months of the conclusion of the merger agreement. The procedure for the squeeze-out is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to have the appropriateness of the cash compensation reviewed.

Under Section 319 et seq. of the German Stock Corporation Act (*Aktiengesetz*), the general shareholders' meeting of a stock corporation may vote for integration (*Eingliederung*) with another stock corporation that has its registered office in Germany, provided the prospective parent company holds all shares of the company to be integrated. The former shareholders of the integrated company are entitled to adequate compensation, which, generally, must be provided in the form of shares in the parent company. Where the compensation takes the form of shares in the parent company, it is considered appropriate if the shares are issued in the same proportion as the shares the parent company would have been issued per share in the integrated company if a merger had taken place. Fractional amounts may be paid out in cash.

15.5 **Shareholder notification requirements**

The Company's shares are included in the Scale segment of the open market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Thus, as of the date of the Prospectus, shareholders of the Company are not subject to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) governing disclosure requirements for significant shareholdings.

However, certain shareholders of the Company which qualify as an enterprise (*Unternehmen*), as they pursue business interests apart from the shareholding in the Company, are subject to the provisions of the German Stock Corporation Act (*Aktiengesetz*) governing disclosure requirements for significant shareholdings. Pursuant to section 20 of the German Stock Corporation Act (*Aktiengesetz*), an enterprise is required to promptly notify the Company as soon as it holds more than 25% of the shares of the Company, and as soon as it holds less than 25% thereafter. The provision applies to every enterprise regardless of its legal form, in particular it is not required that the enterprise has the legal form of a German stock corporation (*Aktiengesellschaft*). The addressee of such notification under section 20 of the German Stock Corporation Act (*Aktiengesetz*) is that of the Company. Counting towards the threshold are shares which are held by the enterprise but also shares which are held by another enterprise controlled by it or shares held by a third person which holds the shares on behalf of the enterprise, pursuant to section 16 para. 2 sentence 1 and para. 4 of the German Stock Corporation Act (*Aktiengesetz*). In addition, shares count towards the threshold even if the shares do not yet belong to the enterprise but regarding which it has an acquisition right or obligation. If the enterprise fails to comply with these requirements, it cannot exercise the rights conferred on it by these shares (including voting and dividend rights) until the failure has been remedied.

Section 21 of the German Stock Corporation Act (*Aktiengesetz*) requires the company itself which has the legal form of a German stock corporation (*Aktiengesellschaft*) to notify an enterprise having its seat in Germany if it acquires shares in this enterprise. In this case, the notification obligation is triggered as soon as the company holds more than 25% of the shares in the enterprise, and as soon as it holds less than 25% thereafter. As the enterprise in which the company holds shares has to be a corporation, the provision only applies if the entity in which the company holds the shares has the legal form of a stock corporation (*Aktiengesellschaft*), of a partnership limited by shares (*Kommanditgesellschaft auf Aktien-KGaA*) or of a limited liability company (*Gesellschaft mit beschränkter Haftung*). Pursuant to Section 21 para. 4 of the German Stock Corporation Act (*Aktiengesetz*), the same sanction applies as for Section 20 of the German Stock Corporation Act (*Aktiengesetz*).

15.6 **Disclosure of transactions of persons discharging management responsibilities**

Pursuant to Article 19 of MAR, persons discharging managerial responsibilities (***Executives***) must notify the Company and the BaFin of every transaction conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto (so-called managers' transactions). The same applies to persons closely associated with Executives. Transactions that must be notified also include, among others, the pledging or lending of financial instruments, transactions undertaken by any person professionally arranging or executing transactions on behalf of an Executive or a closely associated person, including where discretion is exercised, as well as transactions made under a life insurance policy. The notification requirement applies to any subsequent transaction once a total amount of EUR 20,000 has been reached within a given calendar year. Notification must be made promptly and no later than three business days after the date of the transaction.

For the purposes of MAR, Executive means a person within the Company who is a member of the administrative, management or supervisory body of the Company or a senior executive who is not such member but who has regular access to inside information relating directly or indirectly to the Company and who has power to take managerial decisions affecting the future developments and business prospects of the Company. A person closely associated with an Executive means a spouse, a registered civil partner (*eingetragener Lebenspartner*), a dependent child as well as a relative who has shared the same household for at least one year on the date of the transaction concerned. A person closely associated also includes a legal person, trust or partnership, the managerial responsibilities of which are discharged by an Executive of the Company or by another person closely associated with him. Finally, the term includes a legal person, trust or partnership, which is directly or indirectly controlled by an Executive of the Company or by another person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

The Company must ensure that the information of which it is notified is promptly made public. In any case, it must be made public no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with European Securities and Markets Authority's implementing technical standards. Furthermore, according to the WpHG, the Company must without undue delay transmit the information to the German Company Register (*Unternehmensregister*) and notify BaFin. Non-compliance with the notification requirements may result in a fine.

16. **Corporate bodies**

16.1 **Overview**

The Company's corporate bodies are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the general shareholders' meeting (*Hauptversammlung*). The powers and responsibilities of these governing bodies are determined by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association (*Satzung*) and the rules of procedure for the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) and the Management Board (*Geschäftsordnung für den Vorstand*).

Simultaneous management and supervisory board membership in a German stock corporation (*AG*) is not permitted under the German Stock Corporation Act (*Aktiengesetz*). However, in exceptional cases and for an interim period, a member of the supervisory board may take a vacant seat on the management board of the German stock corporation. During this period, which is limited for a maximum period of one year, such individual may not perform any duties for the Supervisory Board.

The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and the rules of procedure for the Management Board, including the schedule of responsibilities (*Geschäftsverteilungsplan*), taking into account the resolutions of the general shareholders' meeting. The members of the Management Board represent the Company in dealings with third parties.

For this purpose, the Supervisory Board has adopted rules of procedure for the Management Board. Matters subject to the prior consent of the Supervisory Board or of a committee of the Supervisory Board pursuant to the rules of procedure of the Management Board currently include, in particular:

- the formation, acquisition, sale and dissolution of companies, enterprise departments, fixed and current assets related to operations and participations, silent partnerships as well as related transactions;

- establishment and discontinuation of branches of the Company; changes to material strategic objectives of the existing business;

- entry into and termination of lease agreements with a fixed term exceeding one year, provided that the annual rent exceeds EUR 250,000;

- adoption of measures or entry into agreements or making investments related to property plant and equipment, and financial assets, exceeding the approved budget, with a value of over EUR 250,000;

- entry into credit agreements exceeding an amount of EUR 500,000;

- changes to human resources policy principles, including the introduction, modification and termination of generally applicable polices related to employee compensation, the introduction of occupational pensions or retirement plans or employee profit participation plans as well as economically comparable arrangements (such as trusts, shareholder loans and option agreements);

- entry into and termination of agreements with employees with total annual compensation (base salary and including variable compensation components, but excluding fringe benefits and long-term incentive plans) exceeding a gross annual amount of EUR 200,000, including in the context of the recruitment of replacement staff;

- termination of employment or other restructuring measures affecting more than 10% of the Company's total head count;

- commencement and termination of legal action having a material affect or a financial risk exceeding EUR 200,000, both by and against the Company;

- acquisition, sale or encumbrance of real estate, sections of land and comparable rights as well as their development;
- granting shareholder loans and credit to non-affiliates, provided these do not concern the granting of mere terms of credit related to ordinary course supply and services, and the portion not covered by related credit insurance exceeds EUR 200,000;
- entry into speculative financial transactions (particularly investment in currencies, derivatives or securities);
- granting security interests to third parties (excluding affiliates), particularly the assumption of suretyships and other guarantees;
- entry into agreements with members of the Management Board or related persons or corporations, with the exception of agreements with consolidated companies;
- whole or partial sales of material portions of the Company's assets or mergers of the Company;
- establishment or modification of administrative headquarters, branches or permanent establishments for tax purposes;
- grants and revocations of *procura* and general powers of attorney in accordance with applicable German laws;
- adoption of the annual consolidated budget (investment, finance, revenue, profit and staffing plans) as well as the implementation of related measures in affiliated companies that are not included in the consolidated budget;
- disposal tangible and intangible assets (including trademarks, domains and patents) related to the Company's operations outside the ordinary course of business;
- entry into, modification or termination of enterprise agreements within the meaning of Sections 291 et seq. of the German Stock Corporation Act (*Aktiengesetz*);
- entry into, modification or termination of joint venture agreements or consortium contracts and other partnership agreements outside the ordinary course of business; and
- changes to material accounting policies.

Furthermore, the Management Board must obtain the approval of the Supervisory Board if the Management Board is involved in transactions of the kind referred to above or in capital increases and capital decreases with respect to affiliated entities by providing instructions, consent or through voting rights.

In addition to the aforementioned transactions and measures, the Supervisory Board may modify the rules of procedure for the Management Board and may make other types of transactions and measures subject to a requirement of its consent within the rules of procedure of the Management Board or of the Supervisory Board or by a resolution of its members. The Supervisory Board may also give revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider in their decision-making a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must take into consideration the shareholders’ rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be individually or jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for compensatory damages, as the case may be.

Under German law, a shareholder generally has no right to proceed directly against members of the Management Board or Supervisory Board to assert a breach of their duties to the Company. In general, only the Company has the right to enforce claims for damages against the members of the Management Board or Supervisory Board. With respect to claims against Supervisory Board members, the Company is represented by the Management Board, and the Supervisory Board represents the Company with respect to claims against members of the Management Board. Under a decision of the German Federal Supreme Court (*Bundesgerichtshof*), the Supervisory Board is required to assert damages claims against the Management Board if they are likely to succeed unless significant interests of the Company conflict with the pursuit of such claims and outweigh the reasons for bringing such claim.

Even if either the Supervisory Board or the Management Board decide not to pursue a claim against the respective other governing body for violations of their duties, the Management Board and the Supervisory Board must nevertheless assert the Company's claims for damages if a resolution to this effect is passed by the general shareholders' meeting with a simple majority vote. The general shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert the claims. Such a special representative may also be appointed by the court upon a petition by shareholders whose shares cumulatively make up 10% of the share capital or a pro rata share of EUR 1,000,000.

In addition, the general shareholders' meeting may appoint a special auditor (*Sonderprüfer*) to audit transactions, particularly management transactions, by simple majority vote. If the general shareholders' meeting rejects a motion to appoint a special auditor, the court must appoint a special auditor upon the petition of shareholders whose shares cumulatively constitute 1% of the share capital at the time the petition is filed or constitute a pro rata share of EUR 100,000 if facts exist that justify the suspicion that the behavior in question constituted dishonesty or gross violations of the law or the Articles of Association. If the general shareholders' meeting appoints a special auditor, the court must appoint another special auditor upon the petition of shareholders whose shares cumulatively constitute 1% of the share capital at the time the petition is filed or constitute a pro rata share of EUR 100,000 if this appears necessary, in particular because the appointed special auditor is unsuited.

Shareholders and shareholder associations can solicit other shareholders to file a petition, jointly or by proxy, for a special audit, for the appointment of a special representative, or to convene a general shareholders' meeting or exercise voting rights in a general shareholders' meeting in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of law or the Articles of Association, shareholders who collectively hold 1% of the share capital or a pro rata share of EUR 100,000 may also, under certain further conditions, seek damages from members of the Company's governing bodies in their own names through court proceedings seeking leave to file a claim for damages. Such claims, however, become inadmissible if the Company itself files a claim for damages.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board three years after such claims arose and if the shareholders grant their consent at the general shareholders' meeting by simple majority vote and if no objection is raised and documented in the minutes of the general shareholders' meeting by shareholders whose shares cumulatively constitute 10% of the share capital.

Under German law, individual shareholders and all other persons are prohibited from using their influence on the Company to cause a member of the Management Board or the Supervisory Board to take an action detrimental to the Company. A shareholder with a controlling influence may not use that influence to cause the Company to act contrary to its own interests unless there is a domination agreement (*Beherrschungsvertrag*) between the shareholder and the Company and unless the influence remains within the boundaries of certain mandatory provisions of law or compensation is paid for the disadvantages that arise. Any person who intentionally uses his or her influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders is liable to compensate the Company and the affected shareholders for the resulting additional losses. Alongside a person who uses his or her influence to the detriment of the Company, the members of the Management Board and Supervisory Board can be jointly and severally liable, if they acted in violation of their duties.

16.2 **Management Board**

16.2.1 **General information about the Management Board**

The Management Board consists of one or more members with the Supervisory Board determining their number. Even if the share capital exceeds EUR 3,000,000, the Management Board may consist of one person. The Supervisory Board appoints members of the Management Board for a maximum term of five years by law. The Supervisory Board may appoint members of the Management Board to act as chairperson of the Management Board and as deputy chairperson of the Management Board.

Resolutions of the Management Board must be passed by simple majority of the votes of the members of the Management Board participating in the passing of the resolution. In the event of a tie, the chairperson has the deciding vote.

The members of the Management Board must conduct the Company's business in accordance with the law, the Articles of Association, the rules of procedure for the Management Board, the schedule of responsibilities and their respective service contracts.

If only one member has been appointed, he or she represents the Company alone. If several Management Board members are appointed, the Company is represented by two Management Board members jointly or by one Management Board member together with an authorized signatory (*Prokurist*).

The Supervisory Board may revise the provisions related to representation, in particular by granting members of the Management Board sole power of representation. Furthermore, the Supervisory Board may determine in general or in individual cases that individual or all members of the Management Board are entitled to represent the Company in legal transactions with themselves as representatives of a third party; Section 112 of the German Stock Corporation Act (Aktiengesetz) will remain unaffected.

The Supervisory Board may determine by resolution or in the rules of procedure for the Management Board that certain types of transactions require its approval.

Further details, particularly regarding composition, duties, overall responsibility, allocation of responsibility for particular functions and internal organization are governed by the rules of procedure of the Management Board which were resolved upon by the Supervisory Board on 20 September 2017 and entered into force on the same day.

16.2.2 **Members of the Management Board**

The following table lists the current member of the Management Board and their responsibilities:

Name/Position	**First appointed on**	**Appointed until**	**Responsibilities**
Bulent Altan	13 March 2019	31 March 2022	Chief Executive Officer with a focus on general management, business development and products
Stefan Berndt- von Bülow	18 September 2020	30 September 2023	Chief Financial Officer

The following description provides a summary of the *curriculum vitae* of the current members of the Management Board and indicates their principal activities outside the Mynaric Group to the extent those activities are significant with respect to the Mynaric Group.

Bulent Altan received a Master of Science degree (*Dipl.Inf.*) in computer science degree from the Technical University of Munich and a Master of Science degree in Aeronautics & Astronautics from Stanford University. After his studies, he started his career at SpaceX in 2004. Space Exploration Technologies Corp., doing business as SpaceX, is a private U.S. aerospace manufacturer and space transportation services company headquartered in Hawthorne, California. At SpaceX, Mr. Altan was responsible for growing the company's avionics department, and was also as a Vice President, responsible for the avionics, software and guidance, navigation and control of the Falcon rockets as well as the Dragon capsules. Mr. Altan left SpaceX between 2014 to 2016, during which time he held positions as partner and mentor at the Munich-area industrial start-up accelerator TechFounders, as well as taking on the role of Head of Digital Transformation and Innovation at Airbus Defence and Space. Mr. Altan returned to SpaceX in 2016, where he, in his most recent role for the company, was the Vice President of Satellite Mission Assurance, including for SpaceX's Starlink satellite mega-constellation. Mr. Altan is also co-founder and partner of the venture capital firm, Global Space Ventures, which invests exclusively in space-related businesses. In March 2019, Mr. Altan was appointed as managing director (*Vorstand*) of Mynaric AG to drive adoption of laser communication technology in the satellite industry and recently became the Company's chief executive officer in June 2020.

Stefan Berndt- von Bülow graduated in Business Administration (*Dipl.Kaufmann.*) at the Ludwig-Maximilians-Universität of Munich. After his studies, he started his career at LKC Kemper, Czarske, v. Gronau, Berz Auditors, Lawyers, Tax consultants in 2002. At LKC, Mr. Berndt-von Bülow's main task was the independent preparation and examination of end-of-year accounts, preparation of tax returns and supervision of company audits. In 2008 he joined SHS VIVEON AG as Head of Accounting and Investor Relations. He also was the director of the subsidiary company SHS VIVEON GmbH and in this capacity participated and voted in meetings of the management board of SHS VIVEON AG. He was mainly responsible for several implementation of capital measures and the supervision of the merger and acquisitions. In 2017 he started at G&D Currency Technology as Head of Finance and Accounting. The main responsibility was to prepare the balance sheet for the entire group and to arrange multi-million-dollar financing for a major project. At the end of 2018 he joined Mynaric AG as Head of Finance. In September 2020, Mr. Berndt-von Bülow was appointed as managing director (*Vorstand*) of Mynaric AG.

The members of the Management Board may be reached at the Company's offices at Dornierstraße 19, 82205 Gilching, Germany (telephone +49 8105 79990).

The following overview lists all of the companies and enterprises in which the members of the Management Board currently hold seats or has held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they were a partner during the last five years, with the exception of the Company and its subsidiaries:

Bulent Altan

- Current seats: Since January 2014, managing director of Altan International LLC
- Past seats: October 2017 – September 2019: managing director of Global Space Ventures LLC

Stefan Berndt- von Bülow

- Current seats: none
- Past seats: none

16.2.3 Remuneration and other benefits of the members of the Management Board

16.2.3.1 Remuneration in the fiscal year ended 31 December 2019

In the fiscal year ended 31 December 2019, the total remuneration (including fixed and variable components as well as benefits in kind) Mr. Altan received amounted to EUR 163 thousand in the aggregate, compared to EUR 0 thousand in the aggregate in the fiscal year ended 31 December 2018.

In the fiscal year ended 31 December 2019, the total remuneration (including fixed and variable components as well as benefits in kind) Mr. Berndt-von Bülow received amounted to EUR 152 thousand in the aggregate, compared to EUR 47 thousand in the aggregate in the fiscal year ended 31 December 2018. During these financial periods, Mr. Berndt-von Bülow acted as the Company's head of finance, but was not yet a member of its Management Board.

16.2.3.2 **Additional benefits**

Additional benefits are granted to the members of the Management Board, such as the reimbursement of out-of-pocket expenses (including travel expenses) incurred in the course of providing services to the Company in accordance with the applicable expense policies of the Company. Additionally, all members of the Management Board are covered against third-party liabilities under a D&O insurance policy at the Company's expense with a deductible in line with the respective provisions of the German Stock Corporation Act (*Aktiengesetz*) of 10% of the damage (see Section "*11.15 Insurance Coverage*").

16.2.3.3 **Non-compete**

During the term of their service agreement, the members of the Management Board are subject to certain non-compete obligations, including a prohibition from working (as an employee, in a self-employed or any other capacity) for, or investing in (subject to certain exceptions), a company that is a direct or indirect competitor of the Company or that is affiliated with such a competitor.

16.2.3.4 **Severance payment**

In the event of a revocation from office, Mr. Altan, the Company's chief executive officer, is entitled to a three-month severance payment and certain other benefits under the employment agreement between him and Mynaric USA, Inc., where he also serves as chief executive officer.

16.2.4 **Shareholdings of the members of the Management Board in the Company**

As of the date of this Prospectus, based on information the Company has received, Mr. Altan and Mr. Berndt-von Bülow holds each 30,000 options. The Company is not aware of any further similar interests.

16.3 **The Supervisory Board**

16.3.1 **General information about the Supervisory Board**

In accordance with Section 9(1) of the Articles of Association, the Supervisory Board consists of five (5) members.

The Supervisory Board is appointed for the period up to the end of the general shareholders' meeting which resolves to ratify the actions of the Supervisory Board for the fourth financial year after the commencement of the term of office. The fiscal year in which the election takes place is not counted. Re-election is possible.

At the same time as the ordinary members of the Supervisory Board, substitute members may be elected for one or more specific Supervisory Board members. They will become members of the Supervisory Board in an order to be determined at the time of election if members of the Supervisory Board as whose substitute members they were elected to serve resign from the Supervisory Board before the end of their terms of office. If a substitute member takes the place of the retired member, his or her office will expire at the end of this general shareholders' meeting if a new election for the retired member takes place in a subsequent general shareholders' meeting after the retiring member has been elected, otherwise at the end of the remaining term of office of the retired member.

If a Supervisory Board member is elected to replace a retired member, his or her office will continue for the remainder of the term of office of the retiring member. If the by-election of a member of the Supervisory Board who has resigned prematurely resulted in the resignation of a replacement member who has resigned after the end of his or her term of office, the resolution on the election of a successor will require a majority of three-quarters of the votes cast.

Each member of the Supervisory Board may resign from office with three months' notice. The resignation must be made by written declaration to the Management Board with notification of the chairperson of the Supervisory Board. The right to resign from office for good cause remains unaffected.

In the first meeting after its election, the Supervisory Board must elect a chairperson and one or more deputies from among its members. The election is to be made for the term of office of the elected members or for a shorter period determined by the Supervisory Board. Among several deputies, the order determined at their election applies.

If the chairperson or one of the deputies resigns from office prematurely, the Supervisory Board must immediately hold a new election for the remaining term of office of the resigning member.

The meetings of the Supervisory Board must be convened in writing by the chairperson of the Supervisory Board with 14 days' notice. The day of dispatch of the invitation and the day of the meeting are not included in the calculation of the notice period. In urgent cases, the chairperson may shorten this period appropriately and convene the meeting verbally, by telephone or in writing using electronic media (including e-mail).

The agenda must be communicated with the invitation to the meeting. If the agenda has not been properly announced, resolutions may only be passed on it if no member of the Supervisory Board objects.

As a rule, resolutions of the Supervisory Board are passed at meetings. Outside meetings, written, telex or telephone resolutions or resolutions by electronic media may be passed at the direction of the chairperson of the Supervisory Board if no member objects to this procedure within a reasonable period of time determined by the chairperson. The chairperson must immediately prepare written minutes of such resolutions and forward them to all members. The following provisions apply *mutatis mutandis* to voting outside the scope of meetings.

A member must also participate in the adoption of resolutions if he or she abstains from voting.

Resolutions of the Supervisory Board must be passed by a simple majority of the votes cast, unless the law provides otherwise. Abstention from voting is not deemed to constitute voting. In the case of elections, the proportional majority applies. In the event of a tie, the vote of the chairperson of the Supervisory Board will be decisive; this also applies to elections.

The chairperson of the Supervisory Board is authorized to make the declarations of intent required to implement the resolutions of the Supervisory Board on behalf of the Supervisory Board.

Minutes must be kept of the deliberations and resolutions of the Supervisory Board, which are to be signed by the chairperson of the meeting or, in the case of votes outside the scope of meetings, by the chairperson of the vote.

The Supervisory Board must determine its own rules of procedure in accordance with the law and the Articles of Association. The current version of the Supervisory Board's internal rules of procedure was passed by resolution of the Supervisory Board on 5 December 2017.

16.3.2 **Members of the Supervisory Board**

The table below lists the current members of the Supervisory Board.

Name	**Member since**	**Appointed until**	**Position**	**Principal occupation**
Dr. Manfred Krischke	2017	2023	Chairperson	Engineer
Dr. Gerd Gruppe	2017	2023	Deputy chairperson	Corporate consultant
Dr. Thomas Billeter	2018	2023	Member	Corporate consultant
Peter Müller-Brühl	2018	2023	Member	Entrepreneur
Thomas Hanke	2020	2023	Member	Corporate consultant

The following overview lists all of the companies and enterprises in which the members of the Supervisory Board currently hold seats or have held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they were partners during the last five years, with the exception of the Company and its subsidiaries:

Dr. Manfred Krischke

Current seats:

- Since December 2013: managing director of CloudEO AG
- Since December 2011: chief executive officer of SCANDO Beteiligungsgesellschaft GmbH
- Since January 2014: director and president of CloudEO International Holding Inc.
- Since November 2015: managing director of CloudEO US LLC
- Since October 2015: managing director of EOmaven GmbH
- Since January 2017: supervisory board chair of Hyperganic AG
- Since October 2017: chief executive officer of CBN Founders GmbH
- Since October 2017: protector of CBN Foundation

Past seats:

- 2011-2015: Chief executive officer of MKTechCap UK

Dr. Gerd Gruppe

Current seats:

- Since September 2017: member of the board of trustees of the International Academy of Astronautics
- Since March 2017: member of the Advisory Council of the European Space Policy Institute

Past seats:

- April 2011 - December 2017: member of the management board of the German Aerospace Center (*DLR*)
- July 2015 – December 2017: member of the advisory board of the ESA BIC Darmstadt
- May 1997 - October 2018: member of the common board of trustees of the Max Planck Institutes for Astrophysics and Extraterrestrial Physics
- July 2013 – July 2019: member of the board of trustees of the Max Planck Institutes for Solar System Research
- January 2006 – 2020: member of the board of trustees of the Fraunhofer Institute for Integrated Circuits IIS

Dr. Thomas Billeter

Current seats:

- Since 2014 – partner of Impact51 AG
- Since 2016 – member of the supervisory board of Nomoko AG
- Since 2018 – member of the supervisory board of Bitsaboutme AG
- Since 2016 – member of the supervisory board of Workspace2go AG
- Since 2013 – member of the supervisory board of MysmartHeart AG
- Since 2014 – member of the supervisory board of Start34 AG
- Since 2009 – member of the supervisory board of Tallyfox AG
- Since 2017 – member of the supervisory board of Creadi AG
- Since 2019 – member of the supervisory board of Systemcredit AG

Past seats:

- None

Peter Müller-Brühl

Current seats:

- Since September 2013: chief operating officer and member of the management board of GreenCom Networks AG
- Since December 2014: chairman of the supervisory board of Cloudeo AG
- Since October 2016: managing director of Feißt Beteiligung GmbH
- Since December 2011: managing director of EOversal UG
- Since November 2011: managing director of EOmaven GmbH
- Since December 2019: member of the supervisory board of XPAY AG

Past seats:

- Until October 2016: managing director of EOenergia UG

Thomas Hanke

Current seats:

- Co-Founder of Elevat3 Capital Ltd.
- Since December 2019: member of the supervisory board of XPAY AG
- Since August 2013: member of the advisory committee of Springlane GmbH

- Since December 2019: member of the supervisory board of XPAY AG

Past seats:

- April 2016 - March 2019: member of the Management Board of Heliad Management GmbH

- January 2018 - December 2018: member of the Management Board of Tiani Spirit GmbH Wien.

The following description provides summaries of the curricula vitae of the current members of the Supervisory Board and indicates their principal activities outside the Mynaric Group to the extent those activities are significant with respect to the Mynaric Group.

Dr. Manfred Krischke received a doctorate in aerospace engineering from the Technical University of Munich. He is the co-founder and chief executive officer of CloudEO AG, which operates a vendor independent, data agnostic market platform through which customers can obtain professional geo-information services from leading national and international providers at low cost. He was also the founder and chief executive officer of RapidEye, a start-up using satellites to map and monitor agriculture and forestry, before its acquisition in 2015. Dr. Krischke has been a member of the Supervisory Board of the Company since May 2017.

Dr. Gerd Gruppe studied engineering and received a degree from RWTH Aachen. In addition, he obtained a doctorate in energy marketing from the University of Augsburg in 1985. Since the end of the 1980s, Dr. Gruppe was employed in various positions at the Bavarian Ministry of Economic Affairs and in this capacity he was involved in the development of the Galileo Control Centre, the Robotic and Mechatronic Centre, as well as the development of the ESA Business Incubator and its predecessor organizations. Dr. Gruppe was a member of the executive body of the German Aerospace Center (DLR) where he was the head of Space Administration between April 2011 and the end of 2017. Dr. Gruppe has been a member of the Supervisory Board of the Company since September 2017.

Dr. Thomas Billeter holds an engineering degree and an MBA from the ETH Zurich as well as a PhD in economics from the University of Zurich. He has also completed the Advanced Management Program of Harvard Business School. He started his career with IBM, Ascom and McKinsey and then took over several C-level positions in innovative technology companies. He now and serves as a board member in a wide range of technology start-ups. Dr. Billeter has been a member of the Supervisory Board of the Company since July 2018.

Peter Müller-Brühl holds business degrees from Middlesex University in London and the European School of Business (ESB) in Reutlingen, as well as an MBA from Ottawa University. He started his career in executive management positions in the publishing automotive industry. In his last corporate role, he acted as CIO/CTO Germany for DaimlerChrysler AG. He went on to gain 10 years' experience as a serial entrepreneur in various technology start-ups as co-founder and member of executive management teams, and currently serves as chief executive officer and member of the management board of GreenCom Networks AG. Mr. Müller-Brühl has been a member of the Supervisory Board of the Company since July 2018.

Thomas Hanke holds a business administration degree from University of Würzburg, Mr. Hanke worked in various positions in the areas of small & mid cap private equity and venture capital between 2009 and 2019. After managing a venture capital fund for 3 years, he started his own business as a consultant for M&A and venture deals in early 2019. Mr. Hanke holds advisory board mandates at a number of start-up and growth companies. Mr. Hanke has been a member of the Supervisory Board of the Company since July 2020.

All members of the Supervisory Board may be reached at the Company's offices at Dornierstraße 19, 82205 Gilching, Germany (telephone +49 8105 79990).

16.3.3 **Supervisory Board Committees**

Under the Articles of Association, the Supervisory Board can set up committees in accordance with the law. The Supervisory Board's decision-making authority may be delegated to these committees to the extent permitted by law. Given its current size of only five members, the Supervisory Board has not established any audit, remuneration or other committees as of the date of this Prospectus.

16.3.4 **Remuneration of the members of the Supervisory Board**

The remuneration of the Supervisory Board members is regulated by Section 14 of the Articles of Association. The members of the Supervisory Board receive a fixed annual compensation in the amount of EUR 10,000. Notwithstanding the foregoing, the chairperson of the Supervisory Board receives a fixed annual compensation in the amount of EUR 20,000, and the deputy chairperson EUR 15,000. The remuneration is payable after the end of the financial year. Members of the Supervisory Board who hold their office in the Supervisory Board or who hold the office as chairperson only during a part of the fiscal year will receive a corresponding portion of the compensation. In addition to the aforementioned compensation, the Company will reimburse the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value-added tax on their compensation and out-of-pocket expenses. Section 113(2) of the German Stock Corporation Act (*Aktiengesetz*) remains unaffected.

The total remuneration of the Supervisory Board for the 2019 financial year amounted to EUR 63,000, compared to EUR 65,000 in 2018.

The members of the Supervisory Board are covered by the Company's D&O insurance with coverage in line with best market practice. For more information, see Section "*11.15 Insurance Coverage*".

16.3.5 **Shareholdings of the Supervisory Board members in the Company**

As of the date of this Prospectus, based on information the Company has received, Peter Müller-Brühl holds 4,445 shares in the Company. The Company is not aware of any further similar interests.

16.4 **Certain information regarding the members of the Management Board and Supervisory Board**

In the last five years, no member of the Management Board or Supervisory Board has been convicted of fraudulent offences.

In the last five years, except for the following, no current member of the Management Board or Supervisory Board has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager:

- As a managing director of CloudEO AG, Munich. Dr. Krischke was involved in that company's insolvency proceedings. In January 2015, the company's name was changed into CloudEO Abwicklungsgesellschaft AG and its assets transferred to CloudEO Erwerbsgesellschaft AG, Munich, which was subsequently renamed CloudEO AG. CloudEO Abwicklungsgesellschaft AG is still in the process of being liquidated.

In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the members of the Management Board or Supervisory Board, nor have sanctions been imposed by the aforementioned authorities.

No court has ever disqualified any of the members of either board from acting as a member of the administrative, management, or supervisory body of an Issuer, or from acting in the management or conduct of the affairs of any Issuer for at least the previous five years.

There are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board as regards the Company on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

Neither the members of the Management Board other than Mr. Altan, nor the Supervisory Board have entered into a service agreement with a Group company that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the other body.

16.5 The General Shareholders' Meeting

Pursuant to Section 16 paragraph 1 of the Articles of Association, the annual general shareholders' meeting must be held, at the option of the body convening such a meeting, either at the registered seat of the Company, at the place of a German stock exchange or in a German city with more than 500,000 inhabitants.

The annual general shareholders' meeting is convened by the Management Board or, in certain cases prescribed by law, by the Supervisory Board.

Only shareholders who have registered in writing (126b BGB) prior to the annual general shareholders' meeting by submitting proof of their shareholding are entitled to attend, and to exercise their voting rights at, such a meeting.

Shareholders must enclose with their registration a special written proof of shareholding issued by their custodian banks as proof of entitlement to attend the annual general shareholders' meeting. The proof must refer to the beginning of the 21st day prior to such a meeting. The Company is entitled to demand further suitable evidence in case of doubt as to the correctness or authenticity of the evidence. If this proof is not provided or not provided in a proper form, the Company may reject the shareholder.

Registration and proof of entitlement must be received by the Company no later than the sixth day prior to the annual general shareholders' meeting at the address specified for this purpose in the notice convening such a meeting; the statutory provisions apply to the calculation of the deadline. The Management Board is entitled to provide for a shorter registration period, measured in days, in the convening of the general shareholders' meeting; in this case, the shorter period ordered by the Management Board for the receipt of registration and proof of entitlement will be decisive. Further shortening of deadlines due to statutory provisions remains unaffected.

Further details regarding registration and proof of entitlement may be provided in the notice of the convening of the general shareholders' meeting.

Shareholders may be represented by proxy at the general shareholders' meeting and when exercising their voting rights. The granting of the power of attorney, its revocation and the proof of the power of attorney must be in writing (Section 126b of the German Civil Code (*Bürgerliches Gesetzbuch/BGB*)). The convening of the general shareholders' meeting may allow for simplifications with respect to the granting of the power of attorney, its revocation and the proof of the power of attorney and, to the extent legally permissible, may specify details of the granting and revocation of the power of attorney, including the manner in which the proof of power of attorney is transmitted to the Company. The authorization of proxies nominated by the Company may also be granted by fax or electronic media, provided that this is provided for by the Management Board in the notice convening the general shareholders' meeting. Section 135 of the German Stock Corporation Act (*Aktiengesetz*) remains unaffected.

The chairperson of the general shareholders' meeting is the chairperson of the supervisory board or another person designated by the supervisory board for this purpose. A member of the Management Board or the notary notarizing the meeting may not be appointed as chairperson of the meeting.

The chairperson chairs the discussions and determines the order in which the agenda items are addressed, the type and order of voting and the order in which the contributions are made. The chairperson may set reasonable time limits for each shareholder's right to speak and ask questions and determine further details regarding the deliberations. In particular, the chairperson is entitled to set a reasonable time limit for the entire general shareholders' meeting, for individual items on the agenda or for individual speakers at the beginning of the general shareholders' meeting or during its course.

The chairperson of the meeting is authorized to permit the transmission of extracts or complete images and sound of the general shareholders' meeting in a manner to be determined by the chairperson in further detail.

The general shareholders' meeting adopts its resolutions by a simple majority of the votes cast and, insofar as a capital majority is required, by a simple majority of the share capital represented when the resolution is adopted, unless the law or the Articles of Association prescribe otherwise. Abstention does not count as voting.

16.6 **Corporate governance**

The German Corporate Governance Code (the ***Code***) makes proposals concerning the management and supervision of German listed companies. The current version of the Code was adopted on 16 December 2019 and published in the German Federal Gazette (*Bundesanzeiger*) on 20 March 2020. The Code contains recommendations and suggestions for corporate governance in relation to shareholders and the general shareholders' meeting, the management board and the supervisory board, transparency and accounting and auditing of financial statements. Compliance with the Code's recommendations or suggestions is not obligatory. German stock corporation law only requires the management board and the supervisory board of a listed company to provide an annual statement regarding whether or not the recommendations in the Code were complied with.

Because it is not a listed company for these purposes, the Company has no obligation to render a declaration as to compliance with the Code, and, as of the date of this Prospectus, the Company does not comply with or implement the recommendations of the Code.

17. **Certain relationships and related-party transactions**

In accordance with IAS 24, transactions with persons or companies which are, inter alia, members of the same Group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in the Company's audited financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

Set forth below is an overview of such transactions with related parties for the fiscal years ended 31 December 2019 and 31 December 2018, the year ended 31 December 2017 as well as for the current fiscal year up to and including the date of this Prospectus. Further information of related party transactions, including quantitative amounts, are contained in the notes to the Audited Consolidated Financial Statements and the notes to the Unaudited Interim Consolidated Financial Statements, which are included in Section "20 Financial Information" of this Prospectus. Business relationships between companies of the Mynaric Group are not included.

The Mynaric Group had business transactions with related parties in the fiscal years ended 31 December 2019 and 31 December 2018, the year ended 31 December 2017 as well as in the current fiscal year until the date of the Prospectus. Other than as described below, all transactions are performed substantially on the same terms, including interest rates and security, as for transactions of a similar nature with third party counterparts. All such transactions with related parties were thus, in the Company's view, carried out on an arm's length basis.

The Mynaric Group has identified the members of the Management Board, the members of the Supervisory Board and Ariane Knapek, the wife of former Supervisory board member Dr. Markus Knapek, who works for the Company on a part-time basis and receives remuneration that is in line with geographic and market standards, as individual related parties who were parties to related-party transactions.

Further, the Mynaric Group has identified the Company's subsidiaries, all of which are fully consolidated, and MCConsult GbR, Gilching (owned by the Company's former managing director, Dr. Wolfram Peschko) as corporate related parties who were parties to related-party transactions.

Mynaric incurred EUR 135 thousand in services provided by related parties in the six months ended 30 June 2020, compared to EUR 115 thousand in the six months ended 30 June 2019; and EUR 273 thousand in services provided by related parties in the fiscal year ended 31 December 2019, compared to EUR 298 thousand in services provided by related parties in the fiscal year ended 31 December 2018, and EUR 205 thousand in the year ended 31 December 2017.

See note X to the Audited Consolidated Financial Statements and note X to the Unaudited Interim Consolidated Financial Statements included in this Prospectus in Section "*20 Financial Information*."

18. Underwriting

18.1 General

On 8 October 2020, the Company and the Underwriter entered into the Underwriting Agreement.

Under the terms of the Underwriting Agreement and subject to certain conditions, the Underwriter will acquire such number of New Shares as will be specified in the Underwriting Agreement. In connection with the Offering, the Underwriter and any of its affiliates may take up a portion of the securities in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any New Shares or related investments and may offer or sell such New Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to New Shares being offered or placed should be read as including any offering or placement of New Shares to the Underwriter or any of its affiliates acting in such capacity. In addition, the Underwriter or certain of its affiliates may enter into financing arrangements (including swaps or contracts for difference with investors) in connection with which such Underwriter (or its affiliates) may from time to time acquire, hold or dispose of New Shares. The Underwriter does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

18.2 Underwriting agreement

In the Underwriting Agreement, the Underwriter and the Company agreed to the Offer Price and the final number of New Shares to be purchased by the Underwriter with a view to offering them to investors in this Offering. The Underwriter agreed to acquire the New Shares from the Company and to sell such shares as part of the Offering. The Underwriter agreed to remit the purchase price (less agreed upon commissions and expenses) of the placed New Shares to the Company at the time the shares are delivered.

The obligations of the Underwriter are subject to various conditions, including, but not limited to, (i) the absence of a material event, e.g., a material adverse change in or affecting the business, prospects, management, consolidated financial position, shareholders' equity or results of operations of Mynaric, or a suspension in trading of the Company's securities or in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange, (ii) receipt of customary certificates, legal opinions, auditor letters, and (iii) the introduction of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Underwriter has provided and may in the future provide services to Mynaric in the ordinary course of business and may extend credit to and have regular business dealings with Mynaric in their capacity as financial institutions. For a more detailed description of the interests of the Underwriter in the Offering, see Section "*3.12 The Offering–Interests of Parties Participating in the Offering*".

18.3 Commissions

The Underwriter will offer the New Shares at the Offer Price. The Company will pay the Underwriter a placing commission of 4.00% of the gross proceeds from the Offering (the ***Placing Fee***). The Placing Fee may be deducted from the gross proceeds of the Offering. In addition to the Placing Fee, the Company will pay the Underwriter a management fee of 0.50% of the overall commissions' gross proceeds in connection with the settlement of the transaction and the inclusion of the New Shares to trading in the Scale Segment of the open market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company will also agree to reimburse the Underwriter for certain expenses incurred by them in connection with the Offering.

18.4 Termination/ Indemnification

The Underwriting Agreement provides that the Underwriter may, under certain circumstances, terminate the Underwriting Agreement, including after the shares have been listed, up to delivery and settlement. Grounds for termination include, in particular, if:

- the Company or the Mynaric Group has sustained since the date of the latest audited financial statements included in the Offering documents a loss or interference with respect to its business from fire, explosion, flood or other calamity (whether or not covered by insurance), or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the offering documents;

- since 30 June 2020 there has been any material change or development reasonably likely to result in a material change to the share capital of the Company;
- since 30 June 2020, there has been any material change or development reasonably likely to result in a material change in the long-term debt of the Company or the Mynaric Group;
- since 30 June 2020, there has been any material adverse change, or any development involving a prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Mynaric Group or such as would prevent the Company from performing any of its material obligations under the Underwriting Agreement;
- since 30 June 2020, the Company or the Mynaric Group has incurred any material liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business;
- a not only temporary suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange;
- a not only temporary general moratorium on banking activities in Frankfurt am Main (Germany), London (United Kingdom) or New York (United States) declared by the relevant authorities or a material, not only temporary, disruption in commercial banking or securities settlement or clearance services in Germany, the United Kingdom or the United States;
- a change or development involving a prospective change in German taxation affecting the Company, the shares in the Company or the transfer thereof or the imposition of exchange controls by Germany, the United Kingdom or the United States;
- the outbreak or escalation of hostilities involving Germany, the United Kingdom or the United States or the declaration by Germany, the United Kingdom or the United States of a national emergency or war which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States; or
- the occurrence of any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates in Germany or the United States which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any distributions already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Company has agreed in the Underwriting Agreement to indemnify the Underwriter against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

18.5 Selling restrictions

The distribution of this Prospectus and the sale of the New Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company or the Underwriter to permit a public offering of the New Shares anywhere other than Germany or the possession or distribution of this document in any other jurisdiction, where action for that purpose may be required. This Prospectus has been approved solely by BaFin as competent authority under Regulation (EU) 2017/1129 (see Section "*2.1 Responsibility Statement*").

The New Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The New Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal regulations. The New Shares may be sold in or into the United States only to persons who are QIBs within the meaning of Rule 144A or another exemption from registration, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other U.S. legal regulations, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the New Shares may take place. Any offer or sale of shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sales is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States.

Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than Germany except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the ***Order***), and/or (ii) who are high net worth entities falling within Article 49 para. 2(a) through (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as ***Relevant Persons***). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No offer to the public of any New Shares which are the subject of this Offering has been and will be made in any member state of the EEA, other than the offers contemplated in this Prospectus in Germany (once the Prospectus has been approved by BaFin and published in accordance with Regulation (EU) 2017/1129), except that offers to the public of New Shares in any member state of the EEA are permitted in accordance with the following exceptions under the Regulation (EU) 2017/1129:

- to any qualified investor as defined in Article 2 lit. e) of the Regulation (EU) 2017/1129;
- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 lit. e) of the Regulation (EU) 2017/1129), subject to obtaining the prior consent of the Underwriter for any such offer; or
- in any other circumstances falling within Article 1 para. 4 of the Regulation (EU) 2017/1129.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any New Shares in any member state of the EEA means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the New Shares, so as to enable an investor to decide to purchase or subscribe to New Shares.

19. **Warning on tax consequences**

Income received from the New Shares is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Issuer's state of incorporation, statutory seat and place of effective management, i.e., Germany, might have an impact on the income received from the Shares.

Persons interested in purchasing any of the New Shares should seek advice from their own tax counsel regarding the tax implications of purchasing, holding, disposing, donating and bequeathing New Shares, and the regulations on reclaiming previously withheld withholding tax (*Kapitalertragsteuer*). Due consideration to a shareholder's specific tax-related circumstances can only be given within the scope of an individual tax consultation.

20. FINANCIAL INFORMATION

20.1 *Unaudited interim consolidated financial statements of Mynaric AG prepared in accordance with IFRS as of and for the six-month period ended 30 June 2020:*

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-5
Interim Consolidated Balance Sheet	F-6
Interim Consolidated Statement of Changes in Shareholders' Equity	F-7
Interim Consolidated Statement of Cash Flow	F-8
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Review Report	F-41

20.2 *Audited Consolidated Financial Statements of Mynaric AG prepared in accordance with IFRS as of and for the fiscal year ended 31 December 2019, and independent auditor's report thereon:*

Consolidated Statements of Profit or Loss and Other Comprehensive Income	F-44
Consolidated Statements of Financial Position	F-45
Consolidated Statements of Changes in Shareholders' Equity	F-46
Consolidated Statements of Cash Flow	F-47
Notes to the Consolidated Financial Statements	F-48
Independent Auditor's Report	F-78

20.3 *Audited Consolidated Financial Statements of Mynaric AG prepared in accordance with IFRS as of and for the fiscal year ended 31 December 2018, and independent auditor's report thereon:*

Consolidated Statements of Profit or Loss and Other Comprehensive Income	F-84
Consolidated Statements of Financial Position	F-85
Consolidated Statements of Changes in Shareholders' Equity	F-86
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Independent Auditor's Report	F-118

20.4 ***Audited financial statements of Mynaric AG prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2019, and independent auditor's report thereon:***

Statements of Balance Sheet	F-122
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20.5 ***Audited financial statements of Mynaric AG prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2018, and independent auditor's report thereon:***

Statements of Balance Sheet	F-134
Statements of Profit or Loss and Other Comprehensive Income	F-135
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Independent Auditor's Report	F-142

20.6 ***Audited financial statements of Mynaric AG prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2017, and independent auditor's report thereon:***

Statements of Balance Sheet	F-146
Statements of Profit or Loss and Other Comprehensive Income	F-147
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Independent Auditor's Certificate on Statements of Changes in Equity and Cash Flow	F-157

20.1 ***Unaudited interim consolidated financial statements of Mynaric AG prepared in accordance with IFRS on interim financial reporting (IAS 34) as of and for the six-month period ended 30 June 2020:***

Consolidated Financial Statements for the the period from 01 January to 30 June 2020 and Review Report (English Translation - The German Text is Authoritative) of

Mynaric AG
Gilching

Consolidated Statement of Income and of Comprehensive Income for the period from 1 January to 30 June 2020

		1/1/2020 -6/30/2020 EUR	1/1/2019 -6/30/2019 EUR
Sales	(1)	254,593.00	66,740.00
Decrease / increase in inventories of finished goods and work in progress	(2)	910,122.49	222,288.02
Other own work capitalized	(10)	4,813,953.27	1,828,805.44
Other operating income	(3)	491,022.34	421,810.42
Output		**6,469,691.10**	**2,539,643.88**
Cost of purchased material and services	(4)	-2,697,814.22	-597,423.17
Personnel expenses	(5)	-7,514,661.09	-3,806,213.07
Depreciation and amortisation of other intangible assets, property, plant and equipment	(10-12)	-883,560.86	-513,067.09
Other operating expenses		-3,077,525.58	-1,323,124.54
Operating loss		**-7,703,870.65**	**-3,700,183.99**
Interest and similar income	(6)	16,902.36	15,010.17
Interest and other borrowing costs	(6)	-64,633.82	-23,778.95
Net financial result	(6)	**-47,731.46**	**-8,768.78**
Earning before tax (EBT)		**-7,751,602.11**	**-3,708,952.77**
Income tax expense	(7)	-198,460.86	-127,648.06
Consolidated net loss for the period		**-7,950,062.97**	**-3,836,600.83**
Other comprehensive income			
Exchange rate differences (after taxes)	(19)	34,065.21	-22,625.57
Items which may be subsequently reclassified to profit and loss		**34,065.21**	**-22,625.57**
Other comprehensive income after tax		**34,065.21**	**-22,625.57**
Comprehensive income		**-7,915,997.76**	**-3,859,226.40**
Number of shares, basic	(8)	3,135,690	2,757,343
Number of shares, diluted	(8)	3,142,974	2,757,343
Earnings per share, basic	(8)	-2.54	-1.39
Earnings per share, diluted	(8)	-2.53	-1.39
Allocation of consolidated net loss			
Shareholders of the company		**-7,950,062.97**	**-3,836,600.83**
Allocation of comprehensive income			
Shareholders of the company		**-7,915,997.76**	**-3,859,226.40**

Consolidated Balance Sheet
as at 30 June 2020

ASSETS		6/30/2020 EUR	12/31/2019 EUR
Assets			
Intangible assets	(10)	14,859,405.66	10,224,365.26
Right-of-use from leasing agreements	(11)	6,341,333.00	6,700,276.38
Property, plant and equipment	(12)	5,190,892.71	3,854,640.19
Other non-current receivables and assets	(14)	348,536.71	225,874.53
Non-current assets		**26,740,168.08**	**21,005,156.36**
Inventories	(13)	6,151,423.82	3,255,359.63
Trade receivables	(14)	238,713.88	75,760.00
Income tax receivables		0.00	10,604.95
Other financial and non-financial assets	(15)	1,164,729.38	1,275,292.26
Cash and cash equivalents	(16)	6,656,821.75	8,913,950.86
Current assets		**14,211,688.83**	**13,530,967.70**
TOTAL ASSETS		**40,951,856.91**	**34,536,124.06**

EQUITY AND LIABILITIES		6/30/2020 EUR	12/31/2019 EUR
Equity			
Subscribed capital	(17)	3,194,734.00	2,904,304.00
Capital reserve	(18)	58,636,174.54	46,174,385.96
Exchange rate differences	(19)	-18,569.31	-52,634.52
Retained earnings		-32,125,026.04	-24,174,963.07
TOTAL EQUITY		**29,687,313.19**	**24,851,092.37**
Liabilities			
Other provisions	(20)	25,400.00	25,400.00
Leasing liabilities	(11)	5,742,038.28	6,079,700.73
Non-current liabilities		**5,767,438.28**	**6,105,100.73**
Other provisions	(19)	2,461,729.18	1,531,220.44
Leasing liabilities	(11)	671,009.95	664,094.18
Trade payables	(22)	1,999,787.14	1,207,212.16
Contract liabilities		115,215.00	0.00
Financial and non-financial liabilities	(21)	249,364.17	177,404.18
Current liabilities		**5,497,105.44**	**3,579,930.96**
TOTAL EQUITY AND LIABILITIES		**40,951,856.91**	**34,536,124.06**

Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 30 Juni 2020

	Subscribed capital	*Capital reserves*	*Exchange rate differences*	*Retained earnings*	*Total*
	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2019	**2,704,304.00**	**35,688,894.76**	**-9,829.46**	**-16,346,652.03**	**22,036,717.27**
Capital increase March 2019	200,000.00	10,800,000.00			11,000,000.00
Costs of capital increase		-322,358.98			-322,358.98
Share-based payments		27,867.81			27,867.81
Consolidated net loss for the period				-3,836,600.83	-3,836,600.83
Other comprehensive income			-22,625.57		-22,625.57
Balance at 30 June 2019	**2,904,304.00**	**46,194,403.59**	**-32,455.03**	**-20,183,252.86**	**28,882,999.70**
Balance at 31 December 2019	**2,904,304.00**	**46,174,385.96**	**-52,634.52**	**-24,174,963.07**	**24,851,092.37**
Capital increase February 2020	290,430.00	12,052,845.00			12,343,275.00
Costs of capital increase		-517,336.50			-517,336.50
Share-based payments		926,280.08			926,280.08
Consolidated net loss for the period				-7,950,062.97	-7,950,062.97
Other comprehensive income			34,065.21		34,065.21
Balance at 30 June 2020	**3,194,734.00**	**58,636,174.54**	**-18,569.31**	**-32,125,026.04**	**29,687,313.19**

Consolidated Cash Flow Statement
for the period from 1 January to 30 June 2020

	1/1/2020 -6/30/2020 EUR	**1/1/2019 -6/30/2019** EUR
Operating loss	**-7,703,870.65**	**-3,700,183.99**
Interest paid	-64,633.82	-23,778.95
Interest received	16,902.36	15,010.17
Goodwill impairment	0.00	3,500.00
Depreciation and amortisation of property, plant and equipment and other intangible assets	883,560.86	509,567.09
Expense of share-based payments	926,280.08	27,867.81
Change in other provisions	930,508.74	-3,862.53
Change in accounts receivable and other assets	-3,723,154.92	-570,824.47
Change in accounts payable and other liabilities	864,534.97	-921,564.31
Cash flows from operating activities	**-7,869,872.38**	**-4,664,269.18**
Purchase of goodwill	0.00	-3,500.00
Purchase of property, plant and equipment and intangible assets	-6,497,411.42	-2,464,565.71
Proceeds from other financial assets	777,857.50	773,277.55
Proceeds from disposal of non-current assets	1,502.02	-5,802.05
Cash flows from investing activities	**-5,718,051.90**	**-1,700,590.21**
Proceeds from capital increase	11,627,477.64	10,549,992.96
Cash payments for the settlement of leasing liabilities	-330,746.68	-108,321.61
Cash flows from financing activities	**11,296,730.96**	**10,441,671.35**
Exchange rate differences	**42,826.13**	**-41,895.35**
Net increase/decrease in cash	**-2,248,367.19**	**4,034,916.61**
Changes due to exchange differences	-8,761.92	19,269.78
Cash and cash equivalents at beginning of period	8,913,950.86	12,922,548.50
Cash and cash equivalents at end of period	**6,656,821.75**	**16,976,734.89**

Appendix

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

I. GENERAL PRINCIPLES

The headquarters of Mynaric AG is Dornierstrasse 19, 82205 Gilching, Germany. It is entered in the Commercial Register of the Munich District Court under the number HRB 232763. The Company's shares are listed on the Regulated Unofficial Market (Scale segment) of the Frankfurt Stock Exchange. The objective of the Company is the development, manufacture, sale and operation of equipment, software, systems and solutions for communication networks, in particular aerospace and related products, as well as the holding and administration of investments in companies active in this field and the provision of related services. Mynaric AG acts as an active holding company that finances and manages the subsidiaries within the Group and is also the ultimate parent company. The Mynaric Group is primarily active in the manufacture and sale of products and projects and in the provision of services in the field of laser technology, in particular in the aerospace, telematics and satellite services sectors.

II. PRINCIPLES AND METHODS

Mynaric AG prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU on the balance sheet date while taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of Section 315e of the German Commercial Code (HGB).

The consolidated financial statements were prepared in accordance with the going concern and cost principle, and with the exception of fair value measurements for equity financial instruments. In addition to the consolidated statement of income and of comprehensive income and the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity are also shown. The total cost method has been applied to the consolidated statement of shareholders' income. The reporting currency is the euro. All amounts are in thousands of euros (TEUR) unless otherwise stated. Please note that differences may arise in the use of rounded amounts and percentages due to commercial rounding.

This consolidated financial statement breaks the consolidated balance sheet and consolidated statement of income and of comprehensive income into a number of cut-off dates in order to depict a reasonable period of comparison. For information pertaining to balance sheet items, the prior year refers to 31 December 2019 ("prior year"); for information pertaining to the statement of income and of comprehensive income, the prior period refers to the period from 1 January to 30 June 2019 ("prior period").

III. CONSOLIDATION METHODS

Capital consolidation for acquired subsidiaries is performed using the purchase method. All subsidiaries under the legal or factual control of Mynaric AG are included in the consolidated financial statements.

In accordance with IFRS 3.32, any remaining positive differences between the acquisition costs of the investments and the net assets measured at fair value are capitalized as goodwill and any negative differences are recognized in profit or loss.

Sales, expenses and income as well as receivables and payables between consolidated companies are offset, and any intercompany profits are eliminated.

IV. CONSOLIDATED COMPANIES

The consolidated financial statements of Mynaric AG include Mynaric AG as well as two domestic and one foreign subsidiary. The table "Scope of Consolidation" shows the subsidiaries with their holding amounts.

Mynaric Systems GmbH, Gilching—which was acquired on 15 March 2019 as a non-operating company - was included for the first time in the consolidated statement of income for the reporting period from 1 January 2019 to 30 June 2019.

SCOPE OF CONSOLIDATION

Name of the company	Holding amount in %	Consolidation
Mynaric Lasercom GmbH, Gilching	100.0	Fully consolidated
Mynaric Systems GmbH, Gilching	100.0	Fully consolidated
Mynaric USA, Inc., Los Angeles	100.0	Fully consolidated

V. CURRENCY CONVERSIONS

Debit-side invoicing is carried out primarily in euros. Incoming and outgoing invoices in foreign currencies were converted and booked at the exchange rate on the balance sheet date or, if a hedge existed, at the hedging rate. Bank accounts in foreign currencies were converted at the exchange rate on the balance sheet date. The financial statements of the foreign subsidiary Mynaric USA, Inc., Los Angeles, were prepared in the domestic currency (U.S. dollars) and converted according to the functional currency concept in accordance with IAS 21. The currency difference resulting from the conversion of equity is recorded in other comprehensive income.

VI. ACCOUNTING AND VALUATION PRINCIPLES

New accounting standards

The International Accounting Standards Board (IASB) and the IFRIC have amended the following standards and interpretations, the application of which is mandatory for the 2020 financial year:

— Updating references to the Conceptual Framework in multiple standards and interpretations

The IASB released a revised Conceptual Framework in 2018 that largely focused on conceptual accounting elements, such as the definition of assets and debts. The revised version did not contain any material changes. One consequence was that numerous references to the Conceptual Framework in standards and interpretations needed to be adapted accordingly. To this end, the IASB released a summary explanation of the updated references to the Conceptual Framework in IFRS standards.

— Amendment to IFRS 3: Definition of a Business

The definition of a business was specified in IFRS 3 "Business Combinations" and practical examples were added. The modified IFRS 3 clarifies that three core characteristics must be met for an operation to be considered a business. The business must be able to generate marketable goods or services (*outputs*) through a value-generating process (*substantive process)* with the help of input factors (*inputs)*.

— Amendments to IAS 1 and IAS 8: Definition of "Material"

The amendments to IAS 1 and IAS 8 released in October 2018 narrowed down the principle of materiality that must generally be observed and differing definitions of materiality that occurred in individual standards were adapted to the definition in the Conceptual Framework. The new definition of materiality states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions made by the primary users of financial statements.

— Amendments to IFRS 9, IAS 39, IFRS 7: IBOR Reform

At the end of September 2019, the IASB released its interest rate benchmark reform. The goal was to avoid uncertainty in the application of IFRS 9, IAS 39 and IFRS 7 caused by IBOR reform when applying new benchmark rates. The modifications specifically focused on certain hedge accounting requirements in order to provide relief and allow the continuation of existing hedging relationships through cash flows despite uncertainty. An exception regarding retrospective evaluation under IAS 39 was also added along with relief from the separate identifiability requirement for macro hedging.

The Group has implemented all accounting standards mandatory as of January 1, 2020. The application has made no significant impact on these consolidated financial statements.

New accounting standards that have not yet been applied

The IASB has issued standards, interpretations and amendments to existing standards, the application of which is not yet mandatory or will not be mandatory until later reporting periods and which Mynaric AG has not yet adopted.

Not yet incorporated into EU law	Date of application (EU)
IFRS 17: Insurance Contracts	1/1/2023
Amendments to IAS 1	1/1/2022 or 1/1/2023
Amendments to IFRS 3	1/1/2022
Amendments to IAS 16	1/1/2022
Amendments to IAS 37	1/1/2022
2018–2020 annual improvements	1/1/2022
Amendments to IFRS 16 (COVID-19-related relief)	6/1/2020
Amendments to IFRS 4	1/1/2021

Impairment losses on financial assets

The Group has the following financial assets subject to the credit losses model according to IFRS 9:

— Trade receivables

— Bank balances with residual maturities of over three months

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the identified impairment loss was immaterial and was not recognized.

The simplified approach is used to determine expected credit losses for trade receivables.

Bank balances with a remaining term of more than three months are recognized at nominal value, with foreign currency balances being converted at the closing rate on the balance sheet date. Expected losses are negligible in the area of bank balances, which are to be regarded as other financial assets due to their maturity, and are therefore not recognized.

REVENUE RECOGNITION

Revenue recognition is based on the principle that revenue is only recognized in the amount of the consideration when control of the goods or services is transferred to the customer. The contractual provisions as well as all relevant facts and circumstances must be taken into account. In principle, accounting is carried out at the individual contract level with a customer, unless the prerequisites for grouping contracts are fulfilled. The provisions of the standard are applied uniformly to similarly structured contracts and under similar circumstances. The Group generated revenues exclusively from the sale of goods and services.

Sale of goods and services

Sales are realized on a point-in-time basis, mainly from the sale of goods and the provision of services, if the performance obligation is not fulfilled over a period of time according to IFRS 15.35–37. The guidance for determining the date of transfer of control, including a wide range of indicators for this, are taken into account.

Payment of the transaction price is generally due within 30 days. Receivables with a term of more than one year are classified as non-current.

OWN WORK CAPITALIZED

Development expenditures are recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and if it is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the production costs incurred, primarily the development hours multiplied by the applicable hourly cost rate as well as on the costs of products and services purchased. In the reporting period, development costs in the amount of EUR 1.498 million (prior period: EUR 1.049 million) have been recognized as expenses, since the IAS 38.57 criteria were not met. Of a total of EUR 6.154 million (prior period: EUR 2.878 million) in development costs, a total of EUR 4.656 million (prior period: EUR 1.829 million) was capitalized.

In addition, own-work capitalized, contains plant and equipment in the amount of EUR 158 thousand.

GRANTS

Grants totaling EUR 175 thousand (prior period: EUR 140 thousand) were recognized as revenue. Revenue from grants for development services recognized at the time the costs are incurred. Revenues from grants are not offset against expenses (gross presentation). At present, there are no indications that conditions cannot be met by donors.

FINANCIAL RESULTS

The financial result includes the results from other financial expenses for liabilities and interest income from receivables. Interest income is recognized as profit or loss using the effective interest method.

INTANGIBLE ASSETS

At each balance sheet date, Mynaric reviews the carrying amounts of its intangible assets to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. Third-party intangible assets mainly consist of software programs and licenses. These are carried at historical cost and amortized on a straight-line basis over a useful life of three to eight years. With the development completed own work capitalized was stated at acquisition cost and amortized on a straight-line basis over a useful life of five years.

PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date, Mynaric reviews the carrying amounts of its property, plant and equipment to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated in order to determine the extent of any impairment to be made. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. Property, plant and equipment are capitalized at cost and depreciated on a straight-line basis over the estimated useful life. Maintenance expenses that do not increase the value of property, plant and equipment or significantly extend their useful life are expensed. Material additions and improvements are recognized as assets. Disposals are recorded both at historical cost as well as at accumulated depreciation. Gains and losses on the disposal of property, plant and equipment are included in "Other Operating Income or Expenses." The depreciation periods for property, plant and equipment are 3 to 14 years for machinery and technical equipment and 3 to 13 years for other equipment, factory and office equipment.

INVENTORIES

Inventories are valuated at acquisition or production cost or at the lower net realizable value on the balance sheet date. Production costs are comprised of traceable direct and indirect costs.

OTHER FINANCIAL ASSETS

Depending on its business model, the Group assigns its financial assets into the following valuation categories:

— those subsequently measured at fair value (either not affecting net income - FVOCI - or affecting net income - FVPL -), and

— those measured at amortized cost (AmC).

No financial assets are currently assigned to the categories FVOCI and FVPL.

A normal market purchase or sale of financial assets is recognized on the trade date, i.e. the date on which the Group commits itself to buy or sell the asset. Financial assets are derecognized when the rights to receive the cash flow from these financial assets have expired or have been transferred and the Group has also transferred substantially all risks and opportunities associated with ownership.

On initial recognition, the Group recognizes a financial asset at fair value plus the transaction costs directly attributable to the acquisition of that asset in the case of a subsequent financial asset not recognized at fair value through profit or loss. Transaction costs for financial assets measured at FVOCI are recognized as expenses in profit and loss.

AmC: Assets held to collect contractual cash flows and for which these cash flows exclusively constitute interest and principal payments are measured at amortized cost. Interest income from these financial assets are reported within financial income using the the effective interest method. Profits or losses from derecognition of the assets are reported directly in the consolidated statement of income and, together with the foreign currency profits and losses, included in operating expenses and income. Trade receivables, cash and cash equivalents and other financial assets are assigned to this category.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments valuated at amortized cost. The loss allowance method depends on whether there is a significant increase in credit risk (general model). The expected credit loss approach uses a three-level process for allocating write-downs. All instruments are assigned to level 1 on receipt. In this case, the present value of the expected credit loss resulting from possible default events within the next twelve months after the balance sheet date must be recognized as an expense. Level 2 contains all instruments that have a significant increase in credit risk at the reporting date compared with the date of acquisition. In level 3 there is additional objective evidence of a credit loss. Level 3 also provides an objective indication of impairment. No instruments were classified Level 2 or Level 3 at the balance sheet date.

With respect to trade receivables, the Group applies the simplified approach permitted under IFRS 9, according to which the life- time expected credit losses are recorded upon initial recognition of the receivables.

To measure expected credit losses, trade receivables were combined on the basis of common credit risk characteristics.

DEFERRED TAXES

Under IAS 12, temporary differences between the tax bases of assets and liabilities and their carrying amounts under IFRS/IAS result in deferred taxes. The Mynaric Group applies a uniform tax rate of approximately 28% for calculating domestic deferred taxes. Income taxes for 2020 were calculated in detail using differentiated tax rates. Deferred tax assets are recognized pursuant to IAS 12. Deferred tax assets are recorded to the extent it is probable that taxable profit will be available against which the temporary difference can be utilized. This also applies to deferred tax assets on tax losses carried forward. If the tax assets are unlikely to be realized, they are impaired by the appropriate amount.

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

EQUITY

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. Equity comprises subscribed capital, capital reserves, currency differences (equity from unrealized gains/losses) and retained loss.

SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument on the date it was granted. More information on determining the fair value of equity-settled share-based payments can be found under [9] SHARE-BASED PAYMENTS.

The fair value determined when the share-based payments are granted is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, and is based on the Group's expectations regarding the equity instruments that are expected to vest. At each balance sheet date, the Group must review its estimates regarding the number of equity instruments that will become vested. The effects of the changes in the original estimates must be recognized in profit or loss with simultaneous adjustment of the capital reserve.

OTHER PROVISIONS

In accordance with IAS 37other provisions have been reliably assessed for transactions resulting in an outflow of company's resources to settle present obligations. Estimates are based primarily on detailed calculations. Provisions for which an outflow of resources is only expected after 12 months are classified as non-current and recognized at the present value of future cash outflows.

FINANCIAL LIABILITIES

Liabilities comprise financial liabilities, trade payables and other liabilities, and are classified in the category of financial liabilities measured at amortized cost (FLAC). Financial liabilities are accounted at amortized cost using the effective interest method. They are initially recognized at fair value, including transaction costs. Financial liabilities are derecognized when the contractual obligations are settled, canceled or expire. If the financial liabilities are not due for settlement within 12 months of the end of the reporting period, they are classified as non-current, otherwise as current.

LEASING

Upon applying IFRS 16 for the first time in the 2019 fiscal year, the Group recognizes lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are assessed at the present value of the remaining lease payments, discounted at the borrower's incremental borrowing rate.

There were no leases previously classified as finance leases.

Leases are reported on the balance sheet as a right of use and corresponding lease liability at the time the leased object is available for use by the Group. Each leasing installment is divided into repayment and financing expenses. The finance costs are recognized in profit or loss over the term of the lease, so there is a constant periodic interest rate on the remaining amount of the liability for each period. The right of use is amortized on a straight-line basis over the shorter period of useful life or term of the lease agreement.

Lease assets and liabilities are initially accounted at their present value. The lease liabilities include the present value of the following lease payments:

- fixed payments (including de facto fixed payments) less any leasing incentives to be received
- variable lease payments linked to an index or (interest) rate
- amounts expected to be payable by the lessee under residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- penalty payments for terminating the lease purchase if the lease term reflects the lessee exercising an option to terminate the lease

Lease payments are discounted at the implicit interest rate underlying the lease, provided that it can be determined. Otherwise, it will be discounted with the borrower's incremental borrowing rate, i.e., the interest rate that a lessee would have to pay if he had to raise funds to acquire an asset of comparable value and terms in a similar economic environment. The lessee's weighted average incremental borrowing rate applied is 2.0%.

Rights of use are valued at acquisition costs, which are composed as follows:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any leasing incentives received
- any initial direct costs incurred by the lessee
- estimated costs incurred by the lessee in dismantling or disposing of the underlying asset, restoring the site where it is located, or re-establishing the condition required by the lease agreement

Payments for short-term leases and leases based on low-value assets are reported in profit or loss on a straight-line basis. Leasing agreements with a term of up to twelve months are regarded as short-term leases. Low value assets include IT equipment and smaller office furniture.

The real estate lease agreement includes an extension option over two times five years to ensure maximum operational flexibility for the lessee. It can only be exercised by the Group, not by the lessor. When determining the duration of a lease, all facts and circumstances offering an economic incentive for exercising extension options will be taken into account. Maturity changes resulting from exercising extension options are included in the contract period only if the extension is sufficiently certain at the time of the consideration. This is currently not the case, so that the extension option was not included in the term of the real estate lease.

ESTIMATES

Proper and full preparation of the consolidated financial statements requires to some degree the use of assumptions and estimates that affect assets and liabilities reported, the disclosure of contingent liabilities and receivables on the face of the balance sheet and the income and expenses recognized. In individual cases, the actual values may deviate from the assumptions and estimates made. Any adjustments are taken to profit and loss upon further knowledge becoming available.

The assessment of the internally funded development expenses was based on estimates of future cash flows.

Technological progress, a deteriorating market or damage can lead to an unplanned depreciation of property, plant and equipment.

Estimates must also be made to account for tax provisions and to test deferred tax assets for impairment. In determining the value of deferred tax assets, uncertainty may arise with respect to the interpretation of complex tax legislation as well as the amount and timing of future taxable income.

The determination of the fair value of share-based payments takes into account estimated volatility.

Other provisions are recognized based on available knowledge and using the customary scope of discretion. For risks from legal disputes, the accounted provisions are based on assessments by the lawyers involved with the matter.

Impairment losses on financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses discretion in making these assumptions and selecting input factors for calculating impairment losses based on the Group's historical experience, existing market conditions and forward looking estimates at the end of each reporting period.

VII. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[1] SALES REVENUES

A total of 65% of sales revenues were generated in Asia (prior period: 0%) and 35% in Europe (prior period: 100%).

All revenues from contracts with customers are recognized when they are realized at a point of time.

[2] INCREASE/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORKS IN PROGRESS

The increase in inventories of works in progress in the amount of EUR 413 thousand is primarily attributable to space and air terminals in production (prior period: EUR 222 thousand in optical ground stations). The overall increase in of work in progress totals EUR 641 thousand (prior period: EUR 222 thousand). The position was reduced by disposals in the amount of EUR 104 thousand (prior period: EUR 0). Finished goods increased by EUR 360 thousand (prior period: EUR 0) attributable to air terminals.

[3] OTHER OPERATING INCOME

Other operating income in the amount of EUR 491 thousand (prior period: EUR 422 thousand) comprises EUR 186 thousand in income from the reversal of provisions (prior period: EUR 212 thousand), EUR 55 thousand in income from currency differences (prior period: EUR 37 thousand) and EUR 175 thousand in income from grants (prior period: EUR 140 thousand).

[4] COST OF MATERIALS

In thousands of euros	01/01–6/30/2020	01/01–6/30/2019
Cost of raw materials and supplies	2,229	181
Expenses for purchased services	469	416
Total	2,698	597

[5] PERSONNEL EXPENSES

In thousands of euros	01/01–6/30/2020	01/01–6/30/2019
Wages and salaries	6,621	3,251
Social security contributions and expenses for pensions and other employee benefits	893	555
Total	7,515	3,806

Social security contributions and expenses for pensions and other benefits include employer contributions to the German statutory pension insurance scheme. With regard to the share-based payments ([9] SHARE-BASED PAYMENTS), personnel expenses were recognized in the amount of EUR 926 thousand (prior period: EUR 28 thousand). The significant change from the prior period result from stock options for the former board members being vested on 30 June 2020.

[6] INTEREST AND OTHER FINANCIAL EARNINGS

In thousands of euros	01/01–06/30/2020	01/01–06/30/2019
FINANCIAL INCOME		
Other interest income from loans and receivables	17	15
FINANCIAL EXPENSES		
Other financial expenses	-65	-24
	-48	-9

[7] INCOME TAX EXPENSE

In thousands of euros	01/01–06/30/2020	01/01–06/30/2019
Expected taxes at tax rate of approx. 28.00% (prior period: approx. 28.00%)	2,150	1,028
Effects from temporary differences in capitalized development costs	-1,266	-495
Effects from temporary differences in other intangible assets	-3	0
Effects from temporary differences in work in progress	-3	10
Effects from temporary differences in leasing	8	3
Effects of non-tax-deductible expenses	9	5
Effects of unused tax losses and offsetting options not originally recognized that are now recognized as deferred tax assets	1,264	482
Effects of unused tax losses not recognized as deferred tax assets and offsetting options	-1,961	-906
Tax expenses for the period	198	127

Breakdown of tax expenses:

	01/01–06/30/2020		01/01–06/30/2019	
In thousands of euros	Current taxes	Deferred taxes	Current taxes	Deferred taxes
Domestic	0	-198	-4	124
International	0	0	0	0
Total	0	-198	-4	124

As a result of the start-up losses incurred to date, for domestic tax losses and interest expenses carried forward with the amount of EUR 43,256 thousand (prior year: EUR 32,723 thousand) for corporate tax and EUR 44,166 thousand (prior year: EUR 32,637 thousand) for trade tax deferred tax assets were only recognized in the amounts of recognized deferred tax liabilities. The same applies for foreign tax losses carried forward amounting to EUR 3,567 thousand (prior year: EUR 1,748 thousand). The losses carried forward do not expire.

In the fiscal year, the changes in deferred taxes not affecting income amounted to EUR 0 (prior period: EUR 0).

Deferred tax assets and liabilities:

	06/30/2020		12/31/2019		01/01–6/30/2020	01/01–6/30/2019
In thousands of euros	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Change affecting net income	
Intangible assets and property, plant and equipment	0	4,081	0	2,812	-1,269	-495
Work in progress	48	0	51	0	-3	10
Leasing	20	0	12	0	8	3
Tax loss carryforwards and tax credits	4,013	0	2,749	0	1,264	482
Offsetting	-4,081	-4,081	-2,812	-2,812	0	0
Total	0	0	0	0	0	0

[8] EARNINGS PER SHARE ACCORDING TO IFRS/IAS

Basic earnings per share are calculated by dividing the profit after tax attributable to the shares by the number of shares qualifying for dividends. This ratio may be diluted by so-called potential shares, in particular option and subscription rights. At the balance sheet date, there were 7,284 comparable rights with a positive value that were included in the computation. Due to the low number of these rights, the diluted and undiluted earnings per share were virtually identical after rounding. The Company's share capital as of 30 June 2020 is EUR 3,194,734. The calculation of earnings per share was based on 3,135,690.00 shares (prior period: 2,757,343 shares). This corresponds (after factoring in a capital increase of 290,430.00 shares) to the weighted average of common shares in issue. The consolidated net loss of EUR -7,950,062.97 (prior period: EUR -3,836,600.83) was used as the basis for the calculation.

Undiluted earnings per share from 01 January to 30 June 2020 was EUR -2.54 (prior period: EUR -1.39) while diluted earnings per share was EUR -2.53 (prior period: EUR -1.39).

[9] SHARE-BASED PAYMENTS

2017 options plan

In the 2018 fiscal year, Mynaric AG granted subscription rights to selected employees in the form of stock options (hereafter "options") from the 2017 options plan. A subscription right entitles the holder to acquire shares in the company at the respective exercise price. The waiting period for exercising the options is four years after the date on which the options were granted. The options can be exercised within two years following expiration of the vesting period to the extent that the performance targets have been achieved. The performance targets are linked to the absolute performance of the Company's share price during the waiting period. One third of the options may be exercised if the volume-weighted 6-month average price of the Company's share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the end of the waiting period is at least 20% above the exercise price, another third when at least 30% above the exercise price and the final third when at least 50% above the exercise price.

2019 options plan

In the 2019 fiscal year, subscription rights were granted to selected employees in the form of stock options from the 2019 options plan. A subscription right entitles the holder to acquire shares in the Company at the respective exercise price. The waiting period for exercising the options is four years after the date on which the options were granted. The options can be exercised within three years following expiration of the vesting period to the extent that the performance target has been achieved. The performance target is linked to the absolute performance of the Company's share price during the waiting period. The options may be exercised only if the volume-weighted 6-month average price of the Company's share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the end of the waiting period is at least 20% above the exercise price. In addition to the options for beneficiaries, the 2019 options plan (Tranche 2019 I) granted options as compensation for the waiving of claims arising from the options granted in 2018 as part of the 2017 options plan. Additional options were also granted from the 2019 options plan at the end of 2019 (Tranche 2019 II). On 31 March 2020, additional options from the 2019 options plan were granted to selected beneficiaries (Tranche 2020 I). Another grant of options occurred on 30 June 2020 for eligible board members/executives and employees (Tranche 2020 II).

This granting of options from 2017 and 2019 options plans was classified and measured as share-based payments offset by equity instruments in accordance with IFRS 2. The fair value is therefore determined only once on the grant date. The calculated expense must then be spread over what is called the “vesting period”.

The following table provides an overview of outstanding, granted, forfeited, exercised and expired options. It should be noted that the subscription rights granted in the 2019 options plan as compensation for the waiving of claims arising from the subscription rights granted in the 2017 options plan are reported as "forfeited in the reporting period". The options granted as replacement for the waiving of options from the 2017 options plan were recognized in accordance with the provisions of IFRS 2 for replacement equity instruments.

The options developed as follows in the period from 01 January to 30 June 2020:

	Tranche 2018	Tranche 2019 I	Tranche 2019 II	Tranche 2020 I	Tranche 2020 II
Options outstanding at the start of the 2020 reporting period (1/1/2020)	2,200	109,800	20,000	-	-
Options granted in the 2020 reporting period	-	-	-	19,850	43,000
Options forfeited in the 2020 reporting period	-	-	-	-	-
Options exercised in the 2020 reporting period	-	-	-	-	-
Options that expired in the 2020 reporting period	-	-	-	-	-
Options outstanding at the end of the 2020 reporting period (6/30/2020)	2,200	109,800	20,000	19,850	43,000
Options exercisable at the end of the 2020 reporting period (6/30/2020)	-	-	-	-	-

No options were exercised in the period from 01 January to 30 June 2020. The contractual residual maturities of the options from the 2017 and 2019 options plans are shown in the table below.

Valuation model and input parameters

The valuation of the existing option programs was carried out using the Monte Carlo simulation and taking into account the option conditions. The following table shows the input parameters of the model as of 6/30/2020.

	Tranche 2018	Tranche 2019 I	Tranche 2019 II	Tranche 2020 I	Tranche 2020 II
Exercise price (in EUR)	59.15	42.46	41.03	46.50	47.25
Term in years	6	7	7	7	7
Remaining term in years	3.81	6.16	6.41	6.67	6.92
Share price at valuation date (in EUR)	52.20	38.00	38.50	35.20	51.00
Expected dividend yield (in %)	0.00	0.00	0.00	0.00	0.00
Expected volatility (in %)	46.41	45.91	45.66	48.32	48.45
Risk-free interest rate (in %)	0.04	-0.74	-0.39	-0.62	-0.60
Options value (in EUR)	15.71	11.53	12.42	9.43	19.55

The term of the options and the ability to exercise them early were taken into account in the option model. Early exercise is assumed if the share price exceeds 1.2 times the exercise price. To determine the risk-free interest rate, the implicit yield of German government bonds with equivalent maturities was used. Since the stock market history of Mynaric AG is shorter than the remaining term of the options, the volatility was determined as the term-equivalent historical volatility on the basis of 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 actual volatility may deviate from the assumptions made.

Total expenses for share-based payments recognized in the reporting period are EUR 926 thousand (prior period: EUR 28 thousand). The capital reserve as of 30 June 2020 is EUR 1,063 thousand (prior year: EUR 173 thousand).

VIII. NOTES TO THE CONSOLIDATED BALANCE SHEET

[10] INTANGIBLE ASSETS

DEVELOPMENT OF INTANGIBLE ASSETS: HISTORICAL COST

In thousands of euros	
As of 01/01/2019	4,395
Additions	6,100
Disposals	0
As of 12/31/2019–01/01/2020	10,495
Additions	4,758
Disposals	0
As of 06/30/2020	15,252

DEVELOPMENT OF INTANGIBLE ASSETS—ACCUMULATED AMORTIZATION

In thousands of euros	
As of 01/01/2019	160
Additions	110
Disposals	0
As of 12/31/2019–01/01/2020	270
Additions	123
Disposals	0
As of 06/30/2020	393
Net book value as of 06/30/2020	14,859
Net book value as of 12/31/2019	10,224

The intangible assets primarily comprise own work capitalized for the development of satellite and air terminals (book value: EUR 14,707 thousand; prior year: EUR 10,139 thousand) as well as software acquired (book value: EUR 152 thousand; prior year: EUR 85 thousand). Costs for development projects are primarily attributed to the satellite terminal in the amount of EUR 9,735 thousand (prior year: EUR 6,514 thousand) as well as to the air terminal in the amount of EUR 3,984 thousand (prior year: EUR 3,216 thousand). Capitalized development costs increased during the reporting period by EUR 4,656 thousand (prior year: EUR 1,829 thousand). Development costs were amortized in the amount of EUR 88 thousand (prior period: EUR 46 thousand) due predominantly to the depreciation of developed ground stations with a service life of 3 years.

[11] RIGHTS OF USE FROM LEASING AGREEMENTS

DEVELOPMENT OF RIGHTS OF USE FROM LEASING AGREEMENTS: HISTORICAL COST

In thousands of euros	
As of 12/31/2019	7,179
Additions	0
Disposals	0
As of 06/30/2020	7,179

DEVELOPMENT OF RIGHTS OF USE FROM LEASING AGREEMENTS: ACCUMULATED AMORTIZATION

In thousands of euros	
As of 12/31/2019	479
Additions	359
Disposals	0
As of 06/30/2020	838

Net book value as of 06/30/2020	6,341
Net book value as of 12/31/2019	6,700

The book value of the leasing liabilities amounted to EUR 6,413 thousand as of Tuesday, 30 June 2020, of which EUR 5,742 thousand was long-term and EUR 671 thousand was short-term.

The estimated rights of use refer to land and buildings. The underlying lease has as term of 10 years.

[12] PROPERTY, PLANT AND EQUIPMENT

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT: HISTORICAL COST

In thousands of euros	
As of 01/01/2019	2,875
Additions	1,988
Disposals	-192
As of 12/31/2019	4,671
Additions	1,740
Disposals	-2
As of 06/30/2020	6,409

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION

In thousands of euros	
As of 01/01/2019	424
Additions	586
Disposals	-194
As of 12/31/2019	816
Additions	402
Disposals	0
As of 06/30/2020	1,218
Net book value as of 06/30/2020	5,191
Net book value as of 12/31/2019	3,855

The fixed assets comprise EUR 1,045 thousand improvements in buildings on third-party land (prior year: EUR 1,094), EUR 2,042 thousand in technical equipment and machinery (prior year: EUR 1,641 thousand) and EUR 1,563 thousand in operating and office equipment (prior year: EUR 636 thousand). Payments on account and assets under construction in the amount of EUR 541 thousand (prior year: EUR 484 thousand) primarily refer to the remaining investments in the new premises leased in 2019.

[13] INVENTORIES

Inventories increased to EUR 6,151 thousand compared to the prior year (prior year: EUR 3,255 thousand).

In thousands of euros	06/30/2020	12/31/2019
Raw materials and consumables	2,706	733
Work in progress	2,558	2,145
Finished goods	360	0
Payments on account	527	377
Total	6,151	3,255

Payments on account were assigned to inventories due to their close material relationship.

Only very minor impairments on inventories due to a lower net realizable value on the balance sheet date were necessary in the reporting period.

[14] TRADE RECEIVABLES

As of the balance sheet date, receivables were denominated in euros and U.S. dollars. The maximum default risk of the receivables is the book value on the balance sheet.

In thousands of euros	06/30/2020	12/31/2019
Trade receivables	239	76
Less impairment losses	0	0
	239	76
Impairment on 1/1	0	0
Contribution	0	210
Derecognition of receivables	0	210
Reversal	0	0
As of 12/31 and 6/30	0	0

The trade receivables as of 30 June 2020 are due in the following time intervals:

In thousands of euros	≤ 30 days	31–60 days	61–90 days	91–180 days	> 180 days
Trade receivables	239	0	0	0	0

The trade receivables as of 31 December 2019 are due in the following time intervals:

In thousands of euros	≤ 30 days	31–60 days	61–90 days	91–180 days	> 180 days
Trade receivables	76	0	0	0	0

[15] OTHER FINANCIAL AND NON-FINANCIAL ASSETS (CURRENT AND NON-CURRENT)

	06/30/2020		12/31/2019	
In thousands of euros	Current	Non-current	Current	Non-current
NON-FINANCIAL ASSETS				
VAT receivables	711	0	163	0
Accruals and deferrals	303	0	212	0
Payments on account	0	0	0	0
Other	51	0	14	0
FINANCIAL ASSETS				
Deposits	50	349	50	226
Accrued interest	0	0	65	0
Bank balances with residual maturities of over three months	0	0	771	0
Other	50	0	0	0
	1,165	**349**	**1,275**	**226**

The maximum default risk of financial assets is the book value on the balance sheet.

The balances at banks classified as other financial assets are only subject to insignificant risks of changes in value.

[16] CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled EUR 6,657 thousand at the balance sheet date (prior: EUR 8,914 thousand) and comprise mainly bank balances as well as cash on hand. This includes a fixed-term deposit of USD 875 thousand due on 24 August 2020. Bank balances are only subject to insignificant risks of changes in value. Cash and cash equivalents correspond to the funds in the cash flow statement.

[17] SUBSCRIBED CAPITAL

As of 01 January 2020, the Company's share capital was EUR 2,904,304, divided into 2,904,304 ownership shares, each with a par value of EUR 1. The Management Board and the Supervisory Board decided on 02 April 2020 to increase the Company's share capital, with partial utilization of the 2019/I authorized capital, by EUR 290,430.00 from EUR 2,904,304.00 to EUR 3,194,734.00 through the issuing of 290,430 new bearer shares, each amounting to EUR 1 of the share capital, against cash contributions.

(a) Conditional capital

The existing conditional capital for 2017 was revoked at the annual shareholders' meeting on 12 June 2020 except for a balance of EUR 1,500.00.

The shareholders' meeting on 02 July 2019 already approved a conditional capital for 2019 in the amount of EUR 270,000.00. The Management Board is authorized through 31 December 2022 ("authorization period"), with the approval of the Supervisory Board, to grant subscription rights ("stock options") on one or more occasions for:

- A total of up to 135,000 no-par value bearer or registered shares in the Company to members of the Company's Management Board or executives of affiliated companies ("beneficiaries").
- A total of up to 135,000 no-par value bearer or registered shares in the Company to employees of the Company or of affiliated companies ("beneficiaries").

Where members of the Management Board are concerned, the Supervisory Board is authorized.

At the shareholders' meeting on 12 June 2020, a new conditional capital (2020/I) in the amount of EUR 34,473.00 was approved. The additional conditional capital is used exclusively to grant subscription rights to shares (stock options) to members of the Company's Management Board or executives of affiliated companies as well as to Company employees or employees of affiliated companies.

The shareholders' meeting on 12 June 2020 approved an additional new conditional capital (2020/II) in the amount of EUR 1,277,893.00. The increase of this conditional capital is only executed to the extent that bearers of convertible and/or warrant bonds being issued by the Company until 11 June 2025 with the authorization of the shareholders' meeting on 12 June 2020 exercise their conversion/warrant rights or conversion obligations are fulfilled as such and no other forms of fulfillment are used to service these rights.

(b) Authorized capital

The 2017/I authorized capital totaling up to EUR 735,696.00 against cash and/or non-cash contributions through the issuing of up to 735,696 new no-par value bearer shares was revoked at the annual shareholders' meeting on 2 July 2019. Instead, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions by a total of up to EUR 1,352,152 by issuing up to 1,352,152 new no-par value bearer shares against cash and/or non-cash contributions until 01 July 2024 (2019 authorized capital). As decided by the Management Board and the Supervisory Board on 04 February 2020, the Company's share capital was increased, with partial utilization of the 2019/I authorized capital, by EUR 290,430.00 from EUR 2,904,304.00 to EUR 3,194,734.00 through the issuing of 290,430 new bearer shares, each amounting to EUR 1.00 per share, against cash contributions, thus decreasing the 2019/I authorized capital to EUR 1,061,722.00. The remaining 2019/I authorized capital in the amount of EUR 1,061,722.00 was revoked at the shareholders' meeting on 12 June 2020 to take effect at the time the new 2020 authorized capital is registered.

The shareholders' meeting on 12 June 2020 decided to create a new 2020 authorized capital. The Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions by a total of up to EUR 1,597,367.00 by issuing up to 1,597,367 new no-par value bearer shares against cash and/or non-cash contributions until 11 June 2025 (2020 authorized capital). The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' legal subscription rights under certain circumstances.

[18] CAPITAL RESERVE

As of 30 June 2020, the capital reserve totaled EUR 58,636 thousand. The change compared to 01 January 2020 with a balance of EUR 46,174 thousand was mainly the result of the increase in share capital decided on 04 February 2020 and the resulting additional paid-in capital totaling EUR 12,053 thousand. The capital reserve was reduced by capital procurement costs totaling EUR 517 thousand. In the reporting period, EUR 926 thousand was allocated to the capital reserve for share-based payments.

[19] CURRENCY DIFFERENCES (EQUITY FROM UNREALIZED GAINS/LOSSES)

The accumulated currency differences of EUR -19 thousand (prior year: EUR -53 thousand) comprises unrealized gains/losses from currency conversion in the amount of EUR 34 thousand (prior period: EUR -23 thousand).

[20] OTHER PROVISIONS (LONG-TERM AND SHORT-TERM)

In thousands of euros	01/01/2020	Utilization	Reversals	Additions	06/30/2020
Personnel	1,070	1,023	34	1,375	1,388
Legal disputes	150	2	148	200	200
Year-end closing and audit costs	90	42	0	57	105
Supervisory Board remuneration	45	15	0	65	95
Onerous contracts	0	0	0	495	495
Warranties	19	0	0	0	19
Other	183	159	4	165	185
	1,557	1,241	186	2,357	2,487
In thousands of euros					thereof Long-term provisions
Personnel	0				0
Legal disputes	0				0
Year-end closing and audit costs	0				0
Supervisory Board remuneration	0				0
Expected losses/onerous contracts	0				0
Warranties	19				19
Other	6				6
	25				25

Provisions for legal disputes are related to the insolvency of one of Mynaric's former customers. During the winding up of its company, the customer intends to have claims asserted related to a transaction completed and fulfilled by the Company in the past. Mynaric does not expect the claims to succeed, however, it sees itself faced with the necessary costs of defending against the claims in court.

In July 2020, Mynaric announced that it will terminate all business relations in China effective immediately. This announcement is the consequence of a notice in the form of a targeted intervention by the Federal Ministry for Economic Affairs and Energy that bans the delivery of laser communications products to China. EUR 495 thousand were accrued to cover the expected costs of dissolving the existing contractual relationships.

[21] CURRENT FINANCIAL AND NON-FINANCIAL MISCELLANEOUS LIABILITIES

In thousands of euros	06/30/2020	12/31/2019
NON-FINANCIAL LIABILITIES		
Social security contributions and wage taxes	232	171
Other	2	1
FINANCIAL LIABILITIES		
Other financial liabilities	15	5
Total	249	177

[22] ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial instruments were assigned to the following categories:

In thousands of euros	06/30/2020		12/31/2019	
	Short-term	Non-current	Current	Non-current
Amortized cost (AmC)				
Other financial assets	100	349	886	226
Cash and cash equivalents	6,657	0	8,914	0
Trade receivables	239	0	76	0
	6,996	**349**	**9,786**	**226**
Acquisition costs (FLAC)				
Trade payables	2,392	0	1,207	0
Other financial liabilities	15	0	5	0
	2,407	**0**	**1,212**	**0**

In the case of other financial assets, trade receivables and cash and cash equivalents, it is assumed that the book value corresponds to the fair value due to the short-term nature.

The non-current financial assets in the AmC category have a book value approximating their fair value. These are interest-free deposits; based on the current low level of interest rates, there is hardly any difference.

In the case of short-term financial liabilities in the amortized cost category (FLAC), such as trade payables and other financial liabilities, the book value corresponds to the fair value due to the short-term nature.

The net results comprise interest income of EUR 17 thousand and interest expenses of EUR 65 thousand. They are presented in the section on the financial result.

NET RESULTS BY VALUATION CATEGORY 2020

In thousands of euros		Other income and expense/profit and loss items
Financial assets	AmC	0

NET RESULTS BY VALUATION CATEGORY 2019

In thousands of euros		Other income and expense/profit and loss items
Financial assets	AmC	210

Trade receivables and cash and cash equivalents are generally subject to the valuation requirements of IFRS 9. The credit risk of all bank balances is classified as low at each balance sheet date. Due to the customer structure, the default risk for trade receivables is also classified as low. Expected credit losses were not recognized in the trade receivables according to IFRS 9 due to their immaterial impact. As of 30 June 2020, it was not necessary to derecognize any receivables (prior year: EUR 210 thousand).

All other short-term debt instruments measured at amortized cost are also considered to have a low default risk, since the risk of non-performance is low and it is assumed that debtors will be able to meet their contractual payment obligations. It was not necessary to recognize a valuation adjustment for the expected 12-month credit losses (Level 1).

[23] CASH FLOW STATEMENT

Cash and cash equivalents correspond to cash and cash equivalents at the balance sheet date, which comprise cash on hand and mainly bank balances.

IX. FINANCIAL RISK MANAGEMENT

LIQUIDITY RISKS

Prudent liquidity risk management means maintaining sufficient cash and cash equivalents to meet obligations that fall due. Management uses rolling forecasts to monitor the cash and cash equivalents on the basis of expected cash flows. This is generally carried out centrally for the Group. To ensure the Group's solvency and going-concern, it is necessary to implement the adapted success and liquidity plans for the years 2020 and 2021, and to ensure access to financial funds in the form of debt and/or equity capital in order to cover the financial needs of operations. Under these conditions, sufficient liquidity will be ensured to cover the financial needs that have since arisen.

MATURITY ANALYSIS FINANCIAL LIABILITIES

	06/30/2020				
In thousands of euros	< 1 year	1–2 years	3–5 years	> 10 years	Total
Trade payables	2,000	0	0	0	2,000
Other short-term financial liabilities	15	0	0	0	15
Total	2,015	0	0	0	2,015

	12/31/2019				
In thousands of euros	< 1 year	1–2 years	3–5 years	> 10 years	Total
Trade payables	1,207	0	0	0	1,207
Other short-term financial liabilities	5	0	0	0	5
Total	1,212	0	0	0	1,212

CREDIT/DEFAULT RISKS

Credit risks are considered to be low overall. In principle, there are general default risks that can generally occur at any time due to economic circumstances. The receivables portfolio is mainly divided between public-sector customers or subsidies granted and major customers who are subject to a credit analysis. Therefore, the default risk of the receivables is considered to be manageable. For this reason, receivables are not insured throughout the Group. The consideration of current and future-oriented information is based on the Group's estimates with regard to the credit default risk of the customer.

CURRENCY RISKS

The Group operates predominantly within the euro zone and is therefore exposed to low foreign currency risks from operating activities. Sales in Asia were billed in euros. Sales are also transacted in foreign currencies (USD). The cash inflows generated in USD will be used to finance the U.S. subsidiary. At the balance sheet date, there were mainly receivables in USD in the amount of EUR 9 thousand (prior year: EUR 202 thousand). There is also a fixed-term deposit of USD 875 thousand due by 24 August 2020 that is intended to finance Mynaric USA Inc. No significant purchases are made in foreign currency (USD).

INTEREST RATE RISKS

The Group has interest-bearing financial assets in the form of a fixed-rate, fixed-term deposit of USD 875 thousand due on 24 August 2020, but does not have interest-bearing financial liabilities. There are no special interest rate risks.

CAPITAL RISK MANAGEMENT

The Group's primary financial targets include the long-term increase in shareholder value, the securing of solvency at all times with regard to the going-concern of the Group and the preservation of an optimal capital structure. Ensuring that sufficient liquidity is available is of crucial importance in this context. These goals are achieved by means of an integrated controlling concept, whereby the management receives various data on individual items of the balance sheet as part of a monthly analysis. This provides information on trends for necessary business decisions. As of 30 June 2020, the Company's equity ratio was 72% (prior year: 72%). The equity ratio was calculated as the total equity in relation to the balance sheet total. The Group's overall strategy is unchanged from 2019.

X. OTHER INFORMATION

SEGMENT REPORTING

According to IFRS 8, operating segments operating segments are to be defined on the basis of the internal segment reporting, which is regularly reviewed by the Company's decision makers with respect to decisions on the allocation of resources to these segments and the assessment of their profitability. There is no such internal segment reporting in the Mynaric Group (single segment company).

Sales are broken down by region as follows:

A total of 65% of sales revenues were generated in Asia (prior period: 0%) and 35% in Europe (prior period: 100%).

One client of the Mynaric Group accounted for EUR 165 thousand (prior period: EUR 0) and 65% of total sales (prior period: 0%).

OTHER FINANCIAL OBLIGATIONS

	06/30/2020			
In thousands of euros	≤ 1 year	1–5 years	> 5 years	Total
Leasing contracts (operating leases)	391	941	59	1,391
Consulting contracts	303	228	0	531
Other	84	14	0	98
Total	778	1,183	59	2,020

Medium-term and long-term obligations from leasing contracts refer to future lease and deposit payments for the new office space in Los Angeles for Mynaric USA. When the premises are handed over, likely in the second half of 2020, these obligations will be recognized as a right of use from leasing agreement under IFRS 16.

In the current period, expenses from operating leasing agreements amounting to EUR 10 thousand (prior period: EUR 141 thousand) were recognized in other operating expenses. There are no purchase options.

The lease agreement for the real estate at the Gilching location that was concluded on 01 May 2019 for a period of 10 years is reported in accordance with IFRS 16 and is thus not included in the other financial obligations.

EMPLOYEES

During the reporting period, the Mynaric Group employed an average of 130 people (prior period: 78), of whom 23 (prior period: 18) were employees of Mynaric AG, 92 (prior period: 52) were employees of Mynaric Lasercom GmbH, 11 (prior period: 0) were employees of Mynaric Systems GmbH and 3 (prior period: 6) were employees of Mynaric USA, Inc. Board members and subsidiaries' general managers are not included in the number of employees.

CORPORATE BODIES

The Company's board members are:

— Dr. Wolfram Peschko (Dr. rer. nat.), Board of Finance & Administration, Gauting (until 27 May 2020)

— Bulent Altan (Master of Science in Aerospace), Playa Vista, California USA (Chairman of the Management Board as of 27 May 2020)

— Hubertus Edler von Janecek (Dipl.-Ing.), Munich (until 10 July 2020)

The Company's Supervisory Board members are:

— Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG

— Dr. Gerd Gruppe, Vice Chairman, Board of Aerospace Management at DLR (ret.)

— Dr. Thomas Billeter, Investor and Business Angel

— Peter Müller-Brühl, COO of GreenCom Networks AG

— Thomas Mayrhofer, attorney-at-law, partner at the law firm Pinsent Masons Germany LLP (until 12 June 2020)

— Thomas Hanke, (Dipl.-Kaufmann), independent corporate M & A consultant (as of 12 June 2020)

BOARD MEMBER HOLDINGS

According to available information, the Company's board members have the following holdings:

	Shares as of 6/30/2020	Shares as of 12/31/2019	Changes between 2019/2020
Peter Müller-Brühl	4,445	4,445	0

INFORMATION ON RELATED PERSONS AND AFFILIATED COMPANIES

In addition to the members of the Management Board and the Supervisory Board, affiliated persons in accordance with IAS 24 are Ariane Knapek. This individual is employed part-time at the Company as an employee and receives a salary in line with local and market conditions.

Affiliated companies, aside from Group subsidiaries that are all being fully consolidated, are:

- MCConsult GbR, Gilching

Transactions with affiliated parties are concluded under normal market conditions. During the reporting period, expenses totaling EUR 135 thousand (prior period: EUR 115 thousand) were incurred from affiliated companies for services received.

REMUNERATION

As a matter of principle the Management Board remuneration generally comprises fixed and variable components. Total remuneration for the Management Board for the 2020 fiscal year totaled EUR 435 thousand (prior period: EUR 401 thousand), of which EUR 145 thousand (prior period: EUR 66 thousand) were variable remuneration components and EUR 290 thousand (prior period: EUR 335 thousand) were fixed remuneration components. In the reporting period, 20,000 share-based remuneration components were issued to the Management Board.

Total remuneration for the Supervisory Board for the 2020 reporting period was EUR 65 thousand (prior period: EUR 30 thousand), of which EUR 20 thousand (prior period: EUR 10 thousand) was paid to the chair, EUR 15 thousand to the vice chair (prior period: EUR 7.5 thousand) and EUR 10 thousand (prior period: EUR 5 thousand) to each additional Supervisory Board member as compensation. Variable remuneration components were waived.

AUDITOR'S FEES AND SERVICES

In the fiscal year, the Mynaric Group reported the following audit fee:

- Annual and consolidated audit services: EUR 54 thousand (prior period: EUR 27 thousand).

EVENTS AFTER THE BALANCE SHEET DATE

Effective 10 July 2020, Management Board member Hubertus von Janecek resigned from office.

In July 2020, Mynaric announced that it will terminate all business relationships in China effective immediately. This announcement is the consequence of a notice in the form of a targeted intervention by the Federal Ministry for Economic Affairs and Energy that bans the delivery of laser communications products to China.

Beginning of August 2020, the Management Board executed the authorization obtained by resolution of the shareholders' meeting on 12 June 2020 and the Company issued convertible bonds ("2020/II conditional capital") totaling EUR 5,000,000. The convertible bonds mature on 31 December 2020 and have a fixed conversion price per share of EUR 56.00. In case of complete conversion, the current share capital would be increased by approx. 3.1%.

Together with funds amounting to EUR 2.5 millions provided as a loan at the end of July 2020, Company obtained additional liquid funds of total EUR 7.5 millions.

The coronavirus pandemic has hit the economy faster, harder and, above all, more broadly than previous crises. Wide swaths of Germany's industry and service providers are experiencing heavy drops in business compared to the previous year even after most lockdown measures were lifted. How much more the economy will suffer under the coronavirus pandemic, how much the negative effects will ultimately be felt around the world and how a recovery can be restarted still cannot be said with certainty, seeing as how the world—an the USA in particular—is still in the middle of the pandemic. Nevertheless, new technological possibilities were accepted at a high rate as normal business processes had to be suspended. This can lead in the long term to a greater openness to innovation in the technology sector. Digitization, in particular, may see a sustained boost as a result of the pandemic. Over the long term, this can have positive effects on the macroeconomic environment. In this context, however, it will need to be taken into consideration that companies' acting in these fields need to have access to capital in order to finance the respective investments. Currently, the crisis is still generating uncertainty that is difficult to evaluate (see also IW Report 35/2020: Long-term Effects of the Coronavirus Pandemic—an Orientation" by Michael Grömling, 23 July 2020).

Of course, the financial effects and economic consequences for Mynaric AG and its subsidiaries still cannot be predicted with certainty, however they are currently considered to be rather manageable. To date, the coronavirus pandemic had not had a negative impact on our market. The need for global communication is greater than ever before, which is what is keeping our clients' business models intact. The same goes for the resulting demand for Mynaric products. For this reason, it continues to be all systems go for the long term, even if there may be delays with our suppliers. On a positive note, Mynaric was not forced to reduce working hours. Work has proceeded and will continue to proceed as normally as possible within the limits of what is advisable from a legal and health perspective.

Gilching, 7 August 2020

The Management Board

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REVIEW REPORT

To Mynaric AG, Gilching

We have conducted a review of the consolidated financial statements of Mynaric AG, Gilching, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 June 2020, the consolidated statement of income and comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the period from 01 January to 30 June 2020, and the notes to the consolidated financial statements including a summary of significant accounting policies. The preparation of the consolidated financial statements in line with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § (Article) 315e HGB (Handelsgesetzbuch: German Commercial Code) remains the responsibility of the Company's legal representatives. Our responsibility is to issue a report pertaining to the consolidated financial statements based on our review.

We conducted our review of the consolidated financial statements in accordance with the Generally Accepted Standards governing the Review of Financial Statements in Germany as promulgated by the Institute of Auditors [Institut der Wirtschaftsprüfer] (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the consolidated financial statements have not been prepared, in material aspects, in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e HGB, and that they, in compliance with these requirements, do not give a true and fair view of the net assets, financial position and results of operations of the Group. A review is limited primarily to inquiries of Group's personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements have not been prepared in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e HGB, or in compliance with these requirements, do not give a true and fair view of the net assets, financial position as at 30 June 2020 and the results of operations for the period from 01 January to 30 June 2020 of the Group.

Munich, 07 August 2020

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Zelger
Wirtschaftsprüfer
(German Public Auditor)

Schön
Wirtschaftsprüfer
(German Public Auditor)

20.2 ***Audited Consolidated Financial Statements of Mynaric AG prepared in accordance with IFRS as of and for the fiscal year ended 31 December 2019, and independent auditor's report thereon:***

Ausfertigung Nr. 1
40182/09003KF

Consolidated Financial Statements and Group Management Report for the Financial Year from 01 January to 31 December 2019 and Independent Auditor's Report (English Translation - The German Text is Authoritative) of

Mynaric AG
Gilching

Consolidated Statement of Comprehensive Income
for the year from 1 January to 31. Dezember 2019

		2019	2018
		EUR	EUR
Sales	(1)	444.165,00	1.363.959,54
Decrease / increase in inventories of finished goods and work in progress	(2)	556.229,46	1.372.995,88
Other own work capitalized	(10)	6.184.746,02	3.153.765,58
Other operating income	(3)	733.627,86	402.884,70
Output		**7.918.768,34**	**6.293.605,70**
Cost of purchased material and services	(4)	-2.789.710,20	-2.634.774,14
Personnel expenses	(5)	-8.178.746,07	-7.195.131,73
Depreciation and amortisation of other intangible assets, property, plant and equipment	(10) (11) (12)	-1.204.314,15	-409.236,14
Other operating expenses		-3.426.173,45	-3.832.820,06
Operating profit (EBIT)		**-7.680.175,53**	**-7.778.356,37**
Interest and similar income	(6)	105.429,44	24,09
Interest and other borrowing costs	(6)	-92.408,42	-0,54
Net financial result	(6)	**13.021,02**	**23,55**
Profit/loss before tax (EBT)		**-7.667.154,51**	**-7.778.332,82**
Income tax expense	(7)	-161.156,53	249,07
Consolidated net loss for the year		**-7.828.311,04**	**-7.778.083,75**
Other comprehensive income			
Exchange rate differences (after taxes)	(19)	-42.805,06	-47.315,91
Items which may be subsequently reclassified to profit and loss		**-42.805,06**	**-47.315,91**
Other comprehensive income after tax		**-42.805,06**	**-47.315,91**
Comprehensive income		**-7.871.116,10**	**-7.825.399,66**
Number of shares, basic	(8)	2.831.427	2.704.304,00
Number of shares, diluted	(8)	2.831.427	2.704.304,00
Earnings per share, basic	(8)	-2,76	-2,88
Earnings per share, diluted	(8)	-2,76	-2,88
Allocation of the consolidated net loss for the year			
Shareholders of the company		**-7.828.311,04**	**-7.778.083,75**
Allocation of the comprehensive income			
Shareholders of the company		**-7.871.116,10**	**-7.825.399,66**

Consolidated Statement of Fincial Postion
as at 31 Dezember 2019

ASSETS		**31.12.2019** EUR	**31.12.2018** EUR
Assets			
Intangible assets	(10)	10.224.365,26	4.234.706,06
Right-of-use assets	(11)	6.700.276,38	0,00
Property, plant and equipment	(12)	3.854.640,19	2.450.980,19
Other non-current receivables and assets	(14)	225.874,53	1.565.438,46
Non-current assets		**21.005.156,36**	**8.251.124,71**
Inventories	(13)	3.255.359,63	2.003.163,05
Trade receivables	(14)	75.760,00	317.101,84
Income tax receivables		10.604,95	0,00
Other financial and non-financial assets	(15)	1.275.292,26	1.268.846,48
Cash and cash equivalents	(16)	8.913.950,86	12.922.548,50
Current assets		**13.530.967,70**	**16.511.659,87**
TOTAL ASSETS		**34.536.124,06**	**24.762.784,58**

EQUITY AND LIABILITIES		**31.12.2019** EUR	**31.12.2018** EUR
Equity			
Subscribed capital	(17)	2.904.304,00	2.704.304,00
Capital reserve	(18)	46.174.385,96	35.688.894,76
Exchange rate differences	(19)	-52.634,52	-9.829,46
Retained earnings		-24.174.963,07	-16.346.652,03
TOTAL EQUITY		**24.851.092,37**	**22.036.717,27**
Liabilities			
Other provisions	(20)	25.400,00	25.700,00
Lease liabilities	(11)	6.079.700,73	0,00
Non-current liabilities		**6.105.100,73**	**25.700,00**
Other provisions	(19)	1.531.220,44	1.284.187,22
Leasing liabilities	(11)	664.094,18	0,00
Trade payables	(22)	1.207.212,16	1.270.284,91
Financial and non-financial liabilities	(21)	177.404,18	145.895,18
Current liabilities		**3.579.930,96**	**2.700.367,31**
TOTAL EQUITY AND LIABILITIES		**34.536.124,06**	**24.762.784,58**

Consolidated Statement of Changes in Shareholders' Equity
for the year from 1 January to 31. Dezember 2019

	Subscribed capital	*Capital reserves*	*Exchange rate differences*	*Retained earnings*	*Total*
	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2018	**2.704.304,00**	**35.657.206,72**	**37.486,45**	**-8.568.568,28**	**29.830.428,89**
Share-based payments AOP 2017		31.688,04			31.688,04
Consolidated net loss for the year				-7.778.083,75	-7.778.083,75
Other comprehensive income			-47.315,91		-47.315,91
Balance at 31 Dezember 2018	**2.704.304,00**	**35.688.894,76**	**-9.829,46**	**-16.346.652,03**	**22.036.717,27**
Balance at 1 January 2019	**2.704.304,00**	**35.688.894,76**	**-9.829,46**	**-16.346.652,03**	**22.036.717,27**
Capital increase March 2019	200.000,00	10.800.000,00			11.000.000,00
Capital procurement costs		-420.006,57			-420.006,57
Share-based payments AOP 2019 / 2017		105.497,77			105.497,77
Consolidated net loss for the year				-7.828.311,04	-7.828.311,04
Other comprehensive income			-42.805,06		-42.805,06
Balance at 31 Dezember 2019	**2.904.304,00**	**46.174.385,96**	**-52.634,52**	**-24.174.963,07**	**24.851.092,37**

Consolidated Statement of Cash Flow
for the year from 1 January to 31. Dezember 2019

	2019 EUR	2018 EUR
Operating profit	**-7.680.175,53**	**-7.778.356,37**
Interest paid	-92.408,42	23,55
Interest received	105.429,44	249,07
Goodwill impairment	3.500,00	0,00
Depreciation and amortisation of property, plant and equipment and other intangible assets	1.171.898,11	409.236,14
Expense of share-based payments	105.497,77	31.688,04
Change in provisions	246.733,22	674.395,85
Change in accounts receivable and other assets	-1.250.846,54	-1.783.467,88
Change in accounts payable and other liabilities	-31.563,75	411.533,31
Cash flows from operating activities	**-7.421.935,70**	**-8.034.698,29**
Purchase of property, plant and equipment and other intangible assets	-8.087.519,59	-5.149.741,37
Purchase of other financial assets	0,00	-2.313.590,70
Proceeds from other financial assets	1.562.505,00	0,00
Proceeds from disposal of non-current assets	-2.606,55	19.991,81
Cash flows from investing activities	**-6.527.621,14**	**-7.443.340,26**
Proceeds from capital increase	10.418.836,90	0,00
Cash payments for the reduction of lease liabilities	-435.072,64	0,00
Cash flows from financing activities	**9.983.764,26**	**0,00**
Exchange rate differences	**-105.714,68**	**-122.400,04**
Decrease in cash	**-4.071.507,26**	**-15.600.438,59**
Changes in the value of the cash fund due to exchange differences	62.909,62	75.084,13
Cash at beginning of period	12.922.548,50	28.447.902,96
Cash at end of period	**8.913.950,86**	**12.922.548,50**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2019

I. GENERAL PRINCIPLES

The headquarters of Mynaric AG is Dornierstrasse 19 in 82205 Gilching, Germany. It is entered in the Commercial Register of the Munich District Court under the number HRB 232763. The Company's shares are listed on the Regulated Unofficial Market (Scale segment) of the Frankfurt Stock Exchange. The objective of the Company is the development, manufacture, sale and operation of equipment, software, systems and solutions for communication networks, in particular aerospace and related products, as well as the holding and administration of investments in companies active in this field and the provision of related services. Mynaric AG acts as an active holding company that finances and manages the subsidiaries within the Group and is also the ultimate parent company. The Mynaric Group is primarily active in the manufacture and sale of products and projects and in the provision of services in the field of laser technology, in particular in the aerospace, telematics and satellite services sectors.

II. PRINCIPLES AND METHODS

Mynaric AG prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU on the balance sheet date while taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of Section 315e of the German Commercial Code (HGB).

The consolidated financial statements were prepared in accordance with the going concern and cost principle, and with the exception of fair value measurements for equity financial instruments. In addition to the consolidated statement of comprehensive income and the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity are also shown. The total cost method has been applied to the consolidated statement of comprehensive income. The reporting currency is the euro. All amounts are stated in thousands of euros (TEUR) unless otherwise stated. Please note that differences may arise in the use of rounded amounts and percentages due to commercial rounding.

III. CONSOLIDATION METHODS

Capital consolidation for acquired subsidiaries is performed using the purchase method. All subsidiaries under the legal or factual control of Mynaric AG are included in the consolidated financial statements.

In accordance with IFRS 3.32, any remaining positive differences between the acquisition costs of the investments and the net assets measured at fair value are capitalized as goodwill and any negative differences are recognized in profit or loss.

Sales, expenses and income as well as receivables and payables between consolidated companies are offset, and any intercompany profits are eliminated.

IV. CONSOLIDATED COMPANIES

The consolidated financial statements of Mynaric AG include Mynaric AG as well as two domestic and one foreign subsidiary. The table "Consolidated companies" shows the subsidiaries with their participation rate.

Mynaric Systems GmbH, Gilching - which was acquired on 15 March 2019 as a non-operating company - was included for the first time in the consolidated statement of comprehensive income for the reporting period from 01 January to 31 December 2019.

CONSOLIDATED COMPANIES

Name of the company	Participation rate in %	Consolidation
Mynaric Lasercom GmbH, Gilching	100.0	fully consolidated
Mynaric Systems GmbH, Gilching	100.0	fully consolidated
Mynaric USA, Inc., Los Angeles	100.0	fully consolidated

V. CURRENCY CONVERSIONS

Debit-side invoicing is carried out primarily in euros. Incoming and outgoing invoices in foreign currencies were converted and booked at the exchange rate on the balance sheet date or, if a hedge existed, at the hedging rate. Bank accounts in foreign currencies were valuated at the exchange rate on the balance sheet date. The financial statement of the foreign subsidiary Mynaric USA, Inc., Los Angeles was prepared in the domestic currency (US dollars) and converted according to the functional currency concept in accordance with IAS 21. The currency difference resulting from the conversion of equity is recorded in other comprehensive income under "Exchange rate differences."

VI. ACCOUNTING AND VALUATION PRINCIPLES

Newly issued accounting standards

The International Accounting Standards Board (IASB) and the IFRIC have amended the following standards and interpretations, the application of which is mandatory for the 2019 financial year:

— IFRS 16 Leases

IFRS 16 abolishes the previous classification of leases on the leaseholder side into operating and finance leases. Instead, IFRS 16 introduces a uniform leaseholders' balance sheet model under which leaseholders are required to recognize assets (for the right of use) and lease liabilities for leases with a term of more than twelve months. For information on the effects of first-time application, please refer to the section on LEASING and [11] RIGHTS OF USE FROM LEASING AGREEMENTS.

— IFRIC 23 Uncertainty over income tax treatments

The tax treatment of certain items and transactions may depend on future recognition by the tax authorities or the tax courts. IFRIC 23 supplements the regulations in IAS 12 "Income taxes" with respect to the treatment of contingencies relating to the income tax treatment of items and transactions.

— Amendment to IFRS 9: Early repayment options with negative prepayment penalty

As a result of the new regulation, the existing provisions in IFRS 9 regarding termination rights are amended in such a way that, even in the case of negative compensation payments, a valuation at amortized cost (or depending on the business model, without effect on income to the fair value) is made possible. In addition, the amendment clarifies an accounting aspect for financial liabilities as a result of a modification: Accordingly, in the case of restructuring a financial liability that does not lead to its de-recognition, its book value shall be adjusted directly in profit or loss. Thus, a retrospective change in accounting may become necessary if, in the case of a modification, not the amortized cost, but the effective interest rate has been adjusted.

— Annual improvements to IFRS (Cycle 2015-2017)

The collection standard is based on the IASB's annual review of minor improvements to standards and interpretations. It comprises minor changes to a total of four standards (IFRS 3, IFRS 11, IAS 12, IAS 23).

— Amendment to IAS 19: Measurement of defined benefit net obligations under plans for retirement benefits with employee contributions

According to IAS 19, for plan amendments, reductions or compensations, a revaluation of the net liability from performance-oriented pension plans shall be made on the basis of current actuarial assumptions. Current amendments clarify that after such an event, the expenditure of service time and net interest for the remainder of the period shall be determined using the updated assumptions.

— Amendment to IAS 28: Long-term investments in affiliates and joint ventures

The amendment to IAS 28 clarifies that IFRS 9 applies to long-term investments in an affiliated company or joint venture that form part of the net investment in this affiliated company or joint venture, but which are not accounted for using the equity method.

The Group has applied all accounting standards which were mandatory as of 01 January 1 2019. From the application, in some part, there have been essential effects on the present consolidated financial statements, which are described in detail in the section "LEASING."

Newly issued accounting standards that have not yet been applied

The IASB has issued standards, interpretations and revisions to existing standards whose application is not yet mandatory or will not be mandatory until future reporting periods and which Mynaric AG has not yet adopted on a voluntary basis.

Incorporated into EU law	Date of application (EU)
Changes to the framework concept	01/01/2020
Amendments to IAS 1 and IAS 8: Essential Definition of materiality	01/01/2020
Amendments to IFRS 9, IAS 39, IFRS 7: Interest rate benchmark reform	01/01/2020

Not yet incorporated into EU law	Date of application (EU)
Insurance contracts IFRS 17	01/01/2021
Amendments to IFRS 3	01/01/2020

Impairment losses on financial assets

As financial assets subject to the model of credit losses under IFRS 9, the Group has:

— Trade receivables

— Bank balances with residual maturities of more than three months.

Cash and cash equivalents are also subject to the loss allowance of IFRS 9, but the identified loss allowance was immaterial and was therefore not recognized.

The simplified approach is used to determine expected credit losses for trade receivables. As of 12/31/2019, a write-down of TEUR 210 was required for an individual customer receivable.

Bank balances with a remaining term of more than 3 months are recognized at nominal value, with foreign currency balances being converted at the closing rate on the balance sheet date. Expected losses are negligible in the area of bank balances, which are to be regarded as other financial assets due to their maturity and are therefore not recognized.

REVENUE RECOGNITION

Revenue recognition is based on the principle that revenue only equaling the consideration is not recognized until control of the goods or services is transferred to the customer. The contractual provisions as well as all relevant facts and circumstances must be taken into account. In principle, accounting is carried out at the individual contract level with a customer, unless the provisions for combining contracts are satisfied. The provisions of the standard are applied uniformly to similarly structured contracts and under similar circumstances. The Group generated revenues exclusively from the sale of goods and services.

Sale of goods and services

Revenue is recognized on a point-in time basis, mainly from the sale of goods and the provision of services, if the performance obligation is not fulfilled over a period of time according to IFRS 15.35–37. The guidance for determining the date of transfer of control, including a wide range of indicators for this, is taken into account.

Payment of the transaction price is generally due within 30 days. Receivables with a term of more than one year are classified as non-current.

OWN WORK CAPITALIZED

Development expenditures are recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and if it is intended either for the Company's own use or for sale. A further conditions is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the production costs incurred, primarily the development hours multiplied by the applicable hourly cost rate as well as products and services purchased. In the financial year, development costs of EUR 2.201 million (previous year: EUR 2.757 million) were recorded as an expense, since the IAS 38.57 criteria were not met. Of the total development costs of EUR 8.287 million (previous year: EUR 5.911 million), an amount of EUR 6.086 million (previous year: EUR 3.154 million) was capitalized.

GRANTS

Grants totaling TEUR 140 (previous year: TEUR 227) were recognized as revenue. Revenue from grants for development services is recognized at the time the costs are incurred. Revenues from grants are not offset against expenses (gross presentation). At present, there are no indications that provisions of the donors cannot be met.

FINANCIAL RESULTS

The financial result includes income from other financial expenses for liabilities and interest income from receivables. Interest income is recognized in profit and loss using the effective interest method.

INTANGIBLE ASSETS

At each balance sheet date, Mynaric reviews the carrying amounts of its intangible assets to identify any evidence of impairments. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. Intangible assets acquired from third parties primarily consist of software programs and licenses. These are carried at historical cost and amortized on a straight-line basis over a useful life of between 3 and 8 years. With the development completed own work capitalized was stated at acquisition cost and amortized on a straight-line basis over a useful life of 5 years.

PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date, Mynaric reviews the carrying amounts of its property, plant and equipment to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated in order to determine the amount of any impairment. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. Assets classified as property, plant and equipment are carried at historical cost and depreciated on a straight-line basis over the expected useful life. Maintenance expenses that do not increase the value of property, plant and equipment or significantly extend their useful life are expensed. Material additions and improvements are recognized as assets. Disposals are recorded both at historical cost as well as at accumulated depreciation. Gains and losses on the disposal of property, plant and equipment are recorded in "Other Operating Income or Expenses." The depreciation periods for property, plant and equipment are 3 to 14 years for machinery and technical equipment, and 3 to 13 years for other equipment, as well as operating and business equipment.

INVENTORIES

Inventories are recognized at historical acquisition or production cost or at the lower recoverable value on the balance sheet date. Production costs comprise individual direct and indirect costs.

OTHER FINANCIAL ASSETS

Depending on its business model, the Group assignes its financial assets into the following valuation categories:

- those subsequently measured at fair value (either not affecting net income - FVOCI - or affecting net income - FVPL -), and
- those assessed at amortized cost (AmC)

No financial assets are currently assigned to the categories FVOCI and FVPL.

A customary purchase or sale of financial assets is recognized on the trading date, i.e., the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognized when the rights to receive the cash flows from financial assets have expired or have been transferred together with all substantial risks and opportunities arising from ownership.

The Group initially recognizes a financial asset at fair value plus - in the case of a subsequent financial asset not recognized at fair value through profit or loss - the transaction costs directly attributable to the purchase of that asset. Transaction costs for financial assets measured at FVOCI are recognized as expense in profit and loss.

AmC: Assets held to collect contractual cash flows and for which these cash flows exclusively constitute interest and principal payments are measured at amortized cost. Interest income from these financial assets is reported within finance income using the effective interest method. Gains and losses from the derecognition of the asset are reported directly in the consolidated statement of comprehensive income and, together with the currency translation gains and losses, included in operating expenses and income. Trade receivables, cash and cash equivalents and other financial assets are assigned to this category.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments measured at amortized cost. The loss allowance method depends on whether there is a significant increase in credit risk (general model). The expected credit loss approach uses a three-level process for allocating write-downs. All instruments are assigned to level 1 on receipt. In this case, the present value of the expected credit loss resulting from possible default events within the next twelve months after the balance sheet date must be recognized as an expense. Level 2 contains all instruments that have a significant increase in credit risk at the reporting date compared with the date of acquisition. In level 3 there is additional objective evidence of a credit loss. No instruments were allocated to level 2 or level 3 at the balance sheet date.

With respect to trade receivables, the Group applies the simplified approach permitted under IFRS 9, according to which the life- time expected credit losses are recorded upon initial recognition of the receivables.

When applying the simplified model, life-time expected credit losses are recognized for all trade receivables.

To measure expected credit losses, trade receivables were combined on the basis of common credit risk characteristics.

DEFERRED TAXES

Under IAS 12, temporary differences between the tax bases of assets and liabilities and their carrying amounts under IFRS/IAS result in deferred taxes. The Mynaric Group applies a uniform tax rate of approximately 28% for calculating domestic deferred taxes. Income taxes in 2019 were calculated in detail using differentiated tax rates. Deferred tax assets are recognized pursuant to IAS 12. Deferred tax assets are recorded to the extent it is probable that taxable profit will be available against which the temporary difference can be utilized. This also applies to deferred tax assets on unused tax losses. If the tax assets are unlikely to be realized, they are impaired by the appropriate amount.

Deferred tax assets and liabilities are only offset if the deferred taxes relate to income taxes levied by the same taxation authority and if the actual income tax assets can be offset against the actual income tax liabilities.

EQUITY

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. Equity comprises subscribed capital, capital reserves, currency differences (equity from unrealized gains/losses) and retained earnings.

SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument on the date it was granted. More information on determining the fair value of equity-settled share-based payments can be found under [9] SHARE-BASED PAYMENTS.

The fair value determined when the share-based payments are granted is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, and is based on the Group's expectations regarding the equity instruments that are expected to vest. At each reporting date, the Group must review its estimates regarding the number of equity instruments that will become vested. The effects of the changes in the original estimates are recognized in profit or loss with simultaneous adjustment of the capital reserve.

OTHER PROVISIONS

Other provisions have been reliably assessed for transactions resulting in an outflow of enterprise resources to settle present obligations in accordance with IAS 37. Estimates are based primarily on detailed calculations. Provisions for which an outflow of resources is only expected after twelve months are classified as non-current and recognized at the present value of future cash outflows.

FINANCIAL LIABILITIES

Liabilities comprise financial liabilities, trade payables and other liabilities, and are classified in the category of financial liabilities measured at amortized cost (FLAC). Financial liabilities are accounted at amortized cost using the effective interest method. They are initially recognized at fair value, including transaction costs. Financial liabilities are derecognized when the contractual obligations are settled, suspended or expire. If the financial liabilities are not due for settlement within twelve months of the end of the reporting period, they are classified as non-current, otherwise as current.

LEASING

Upon applying IFRS 16 for the first time, the Group recognizes lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are assessed at the present value of the remaining lease payments, discounted at the borrower's incremental borrowing rate.

There were no leases previously classified as finance leases.

Since 01/01/2019, leases are reported in the balance sheet, at the time the leased object is available for use by the Group, as a right of use and a corresponding lease liability. Each leasing installment is divided into principal repayment and financing expenses. The financing expenses are recognized in profit and loss over the term of the lease, so there is a constant periodic interest rate on the remainder of the lease liability for each period. The right of use is amortized on a straight-line basis over the shorter period of useful life or term of the lease agreement.

Lease assets and liabilities are initially accounted at their present value. The lease liabilities include the present value of the following lease payments:

- fixed payments (including faction-substance fixed payments) less any leasing incentives receivable,
- variable lease payments that depend on an index ora rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- penalty payments for terminating the lease purchase if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted at the implicit interest rate underlying the lease, provided that it can be determined. Otherwise, it will be discounted with the borrower's incremental borrowing rate, i.e. the interest rate that a lessee would have to pay if he had to raise funds to acquire an asset of comparable value and terms in a similar economic environment. The lessee's weighted average incremental borrowing rate applied is 2.0%.

Rights of use are valued at acquisition costs, which are composed as follows:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any leasing incentives received,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Payments for short-term leases and leases based on low-value assets are reported in profit or loss on a straight-line basis. Leasing agreements with a term of up to twelve months are regarded as short-term leases. Low value assets include IT equipment and smaller office furniture.

The real estate lease agreement includes an extension option for two times five years to ensure maximum operational flexibility for the lessee. It can only be exercised by the Group, not by the lessor. When determining the duration of a lease, all facts and circumstances offering an economic incentive for exercising extension options will be taken into account. Maturity changes resulting from exercising extension options are included in the contract period only if the extension is sufficiently certain at the time of consideration. This is currently not the case, so that the extension option was not included in the term of the real estate lease.

ESTIMATES

Proper and full preparation of the consolidated financial statements requires to some degree the use of assumptions and estimates that affect assets and liabilities reported, the disclosure of contingent liabilities and receivables on the face of the balance sheet and the income and expenses recognized. In individual cases, the actual values may deviate from the assumptions and estimates made. Any adjustments are taken to profit and loss upon further knowledge becoming available.

The assessment the of internally funded development expenses was based on estimates of future cash flows.

Technological progress, a deteriorating market or damage may necessitate non-scheduled depreciation of property, plant and equipment.

Estimates must also be made to account for ax provisions and test deferred tax assets for impairment. In determining the value of deferred tax assets, uncertainty may arise with respect to the interpretation of complex tax legislation as well as the amount and timing of future taxable income.

The determination of the fair value of share-based payments takes into account estimated volatility.

Other provisions are recognized based on available knowledge and using the customary scope of discretion.

Impairments of financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses discretion in making these assumptions and selecting input factors for calculating impairments losses based on the Group's historical experience, existing market conditions and forward-looking estimates at the end of each reporting period.

VII. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[1] SALES REVENUES

Sales revenues were divided between Asia at 74% (previous year: 92% in the United States) and Europe at 26% (previous year: 8%).

All revenues from contracts with customers are recognized when they are realized at a point of time.

[2] INCREASE/DECREASE IN INVENTORIES OF WORK IN PROGRESS AND SERVICES

The increase in inventories of works in progress and services in the amount of TEUR 407 (previous year: TEUR 1,064 in optical ground stations) is primarily attributable to optical ground stations and air terminals in production. The overall increase of inventories totals TEUR 556 (previous year: TEUR 1,373).

[3] OTHER OPERATING INCOME

Other operating income in the amount of TEUR 734 (previous year: TEUR 403) comprises TEUR 140 of income from grants (previous year: TEUR 227), TEUR 317 in income from the reversal of provisions (previous year: TEUR 74) and TEUR 76 in collected contract penalties from suppliers (previous year: TEUR 0).

[4] COST OF MATERIALS

In TEUR	01/01–12/31/2019	01/01–12/31/2018
Cost of raw materials and supplies	1,208	1,554
Expenditures for purchased services	1,582	1,081
Total	2,790	2,635

[5] PERSONNEL EXPENSES

In thousands of euros	01/01–12/31/2019	01/01–12/31/18
Wages and salaries	7,078	6,107
Social security contributions and expenditures on old age pensions and supports	1,101	1,088
Total	8,179	7,195

Social security contributions and expenditures on old age pensions and support include employer contributions to the German statutory pension insurance scheme. With regard to the share-based payments ([9] SHARE-BASED PAYMENTS), personnel expenses were recognized in the amount of TEUR 105 (previous year: TEUR 32).

[6] INTEREST AND OTHER FINANCIAL RESULT

In thousands of euros	01/01–12/31/2019	01/01–12/31/18
FINANCIAL INCOME		
Other interest income from loans and receivables	105	0
Other interest income from financial assets measured at amortized cost	0	0
Other financial income	0	0
	0	0
FINANCIAL EXPENSES		
Interest expenses from liabilities measured at amortized cost	0	0
Other financial expenses	92	0
	13	0

[7] TAXES ON INCOME AND PROFITS

In thousands of euros	01/01–12/31/2019	01/01–12/31/18
Expected taxes at tax rate of approx. 28.00% (previous year: approx. 28.00%)	2,130	2,155
Effects from temporary differences in capitalized development costs	-1,670	-874
Effects of temporary differences in work in progress	-56	94
Effects from temporary differences in leases	12	0
Effects of non-tax-deductible expenses	10	9
Effects of unused tax losses and offsetting options not originally recognized that are now recognized as deferred tax assets	1,714	780
Effects of unused tax losses not recognized as deferred tax assets and offsetting options	-1,979	-2,164
Tax expenses for the financial year	161	0

Breakdown of tax expenses:

In thousands of euros	01/01–12/31/2019 Current taxes	01/01–12/31/2019 Deferred taxes	01/01–12/31/2018 Current taxes	01/01–12/31/2018 Deferred taxes
Domestic	0	-161	0	0
International	0	0	0	0
Total	0	-161	0	0

As a result of the start-up losses incurred to date, deferred tax assets for domestic losses and interest expenses carried forward in the amount of TEUR 32,723 in corporate tax/ TEUR 32,637 in trade tax (previous year: TEUR 19,479/TEUR 19,463) were only recognized in the amounts of the recognized deferred tax liabilities. The same applies to foreign tax losses amounting to TEUR 1,748 (previous year: TEUR 1,099). The tax losses do not expire.

In the financial year, the changes in deferred taxes not affecting income amounted to TEUR 0 (previous year: TEUR 0).

Deferred tax assets and liabilities:

	12/31/2019		12/31/2018		01/01–12/31/2019	01/01–12/31/2018
In thousands of euros	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Change affecting net income	
Intangible assets and property, plant and equipment	0	2,812	0	1,142	-1,670	-874
Work in progress	51		107	0	-56	94
Leases	44	0	0	0	44	0
Tax loss carryforwards and tax credits	2,717	0	1,035	0	1,682	780
Netting	-2,812	-2,812	-1,142	-1,142	0	0
Total	0	0	0	0	0	0
Short-term	0	0	0	0		

[8] EARNINGS PER SHARE UNDER IFRS/IAS

Basic earnings per share are calculated by dividing the profit after tax attributable to the shares in question by the number of entitled for dividends. This ratio may be diluted by so-called potential shares, in particular options and subscription rights. There were no comparable rights with a positive value at the balance sheet date. Accordingly, there is no difference between basic and diluted earnings per share. The Company's share capital as of 12/31/2019 stands at EUR 2,904,304.00. The calculation of earnings per share was based on 2,831,427 shares (previous year: 2,704,304 shares). This (taking into account a capital increase of 200,000 shares) corresponds to the weighted average of common shares in issue. The consolidated net loss of TEUR -7,828 (previous year: EUR -7,778 thousand) was used as the basis for the calculation.

Earnings per share in 2019 are EUR -2.76 (previous year: EUR -2.88).

[9] SHARE-BASED PAYMENTS

2017 option plan

In the 2018 financial year, Mynaric AG granted subscription rights to selected employees in the form of stock options (hereafter "options") from the 2017 options plan. A subscription right entitles the holder to acquire shares in the Company at the respective exercise price. The waiting period for exercising the options is 4 years after the date on which the options were granted. The options can be exercised within 2 years following expiration of the vesting period to the extent that the performance targets have been achieved. The performance targets are linked to the absolute performance of the Company's share price during the waiting period. One third of the options may be exercised if the volume-weighted 6-months average price of the Company's share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the end of the waiting period is at least 20% above the exercise price, another third when at least 30% above the exercise price and the final third when at least 50% above the exercise price.

2019 options plan

In the 2019 financial year, subscription rights were granted to selected employees in the form of options from the 2019 options plan. A subscription right entitles the holder to acquire shares in the company at the respective exercise price. The waiting period for exercising the options is 4 years after the date on which the options were granted. The options can be exercised within 3 years following expiration of the vesting period to the extent that the performance target has been achieved. The performance target is linked to the absolute performance of the Company's share price during the waiting period. The options may be exercised only if the volume-weighted 6-months average price of the Company's share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the end of the waiting period is at least 20% above the exercise price. In addition to the options for beneficiaries, the 2019 option plan (Tranche 2019 I) granted options as compensation for the waiving of claims arising from the options granted in 2018 as part of the 2017 option plan. Additional options were also granted at the end of 2019 from the 2019 option plan (Tranche 2019 II).

This granting of options from the 2017 and 2019 option plans was classified and measured as share-based payments offset by equity instruments in accordance with IFRS 2. The fair value is therefore determined only once on the grant date. The calculated expense must then be spread over the so-called vesting period.

The following table provides an overview of outstanding, granted, forfeited, exercised and expired options. It should be noted that the subscription rights granted in the 2019 option plan as compensation for the waiving of claims arising from the subscription rights granted in the 2017 option plan are reported as "forfeited in the reporting period". The options granted as compensation for the waiving of options from the 2017 option plan were recognized in accordance with the regulations of IFRS 2 for compensation plans.

The options developed over the 2019 financial year as follows:

	Tranche 2018	Tranche 2019 I	Tranche 2019 II
Options outstanding at the start of the 2019 reporting period (01/01/2019)	20,000	-	-
Options granted in the 2019 reporting period	-	109,800	20,000
Options forfeited in the 2019 reporting period	17,800	-	-
Options exercised in the 2019 reporting period	-	-	-
Options expired in the reporting period 2019	700	-	-
Options outstanding at the end of the 2019 reporting period (12/31/2019)	1,500	109,800	20,000
Options exercisable at the end of the 2019 reporting period (12/31/2019)	-	-	-

The options developed in the previous year as follows:

	Tranche 2018
Options outstanding at the start of the 2018 reporting period (01/01/2018)	-
Options granted in the 2018 reporting period	20,000
Options forfeited in the reporting period 2018	-
Options exercised in the 2018 reporting period	-
Options expired in the 2018 reporting period	-
Options outstanding at the end of the 2018 reporting period (12/31/2018)	20,000
Options exercisable at the end of the 2018 reporting period (12/31/2018)	-

No options were exercised in the 2019 financial year. The remaining contractual term of the options from the 2017 option plan is 4.40 years, 6.75 years from the 2019 Tranche I option plan and 7.0 years from the 2019 Tranche II options plan.

Valuation model and input parameters

The valuation of the existing option programs was carried out using Monte Carlo simulation, taking into account the option conditions. The following table shows the input parameters of the model as of 12/31/2019:

	2018 Tranche	2019 Tranche I	2019 Tranche II
Exercise price (in €)	59.15	42.46	41.03
Term in years	6	7	7
Remaining term in years	4.40	6.75	7.0
Share price at valuation date (in €)	52.20	38.00	38.50
Expected dividend yield (in %)	0.00	0.00	0.00
Expected volatility (in %)	46.41	45.91	45.66
Risk-free interest rate (in %)	0.04	-0.74	-0.39
Options value (in €)	15.71	11.53	12.42

As part of the valuation for the previous year (12/31/2018), the following parameters were used:

	2018 Tranche
Exercise price (in €)	59.15
Term in years	6
Remaining term in years	5.40
Share price at valuation date (in €)	52.20
Expected dividend yield (in %)	0.00
Expected volatility (in %)	46.41
Risk-free interest rate (in %)	0.04
Options value (in €)	15.71

The term of the options and the ability to exercise them early were taken into account in the option model. Early exercise is assumed if the share price exceeds 1.2 times the exercise price. To determine the risk-free interest rate, the implicit yield of German government bonds with equivalent maturities was used. Since the stock market history of Mynaric AG is shorter than the remaining term of the options, the volatility was determined as the term-equivalent historical volatility on the basis of 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 actual volatility may deviate from the assumptions made.

Total expenses for share-based payments recognized in the reporting period are TEUR 105 (previous year: TEUR 32). The capital reserve as of 12/31/2019 is TEUR 137 (previous year: TEUR 32).

VIII. NOTES ON THE CONSOLIDATED BALANCE SHEET

[10] INTANGIBLE ASSETS

DEVELOPMENT OF INTANGIBLE ASSETS: HISTORICAL COST

In thousands of euros	
As of 01/01/2018	1,178
Additions	3,217
Disposals	0
As of 12/31/2018–01/01/2019	4,395
Additions	6,100
Disposals	0
As of 12/31/2019	10,495

DEVELOPMENT OF INTANGIBLE ASSETS: ACCUMULATED AMORTIZATION

In thousands of euros	
As of 01/01/2018	18
Additions	142
Disposals	0
As of 12/31/2018–01/01/2019	160
Additions	110
Disposals	0
As of 12/31/2019	270
Net book value as of 12/31/2019	10,224
Net book value as of 12/31/2018	4,235

The intangible assets primarily comprise capitalized expenses for the development of satellite and air terminals (carrying value: TEUR 10,139; previous year: TEUR 4,120) as well as software acquired from third parties (carrying value: TEUR 85; previous year: TEUR 115). Costs for development projects are primarily attributed to the satellite terminal in the amount of TEUR 6,514 (previous year: TEUR 2,980) as well as to the air terminal in the amount of TEUR 3,216 (previous year: TEUR 760). Capitalized development costs increased during the reporting period by TEUR 6,086 (previous year: TEUR 3,154). Development costs were amortized in the amount of TEUR 66 (previous year: TEUR 0) due predominantly to the amortization of completed development of ground stations applying a useful life of 3 years.

[11] RIGHTS OF USE FROM LEASE AGREEMENT

DEVELOPMENT OF RIGHTS OF USE FROM LEASE AGREEMENT: HISTORICAL COST

In thousands of euros	
As of 01/01/2019	0
Additions	7,179
Disposals	0
As of 12/31/2019	7,179

DEVELOPMENT OF RIGHTS OF USE FROM LEASE AGREEMENTS: ACCUMULATED AMORTIZATION

In thousands of euros	
As of 01/01/2019	0
Additions	479
Disposals	0
As of 12/31/2019	479
Net book value as of 12/31/2019	6,700

The book value for leasing liabilities amounted to TEUR 6,744 as of 12/31/2019, of which TEUR 6,080 was long-term and TEUR 664 was short-term.

The recorded rights of use refer to land and buildings. The underlying lease has as term of 10 years. Through 2018, leases were classified as either financial or operating leases. Payments for operating leases (less any incentives received from the lessor) were recognized through profit and loss on a straight-line basis over the term of the lease.

[12] PROPERTY, PLANT AND EQUIPMENT

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT: HISTORICAL COST

In thousands of euros	
As of 01/01/2018	1,039
Additions	1,933
Disposals	-97
As of 12/31/2018–01/01/2019	2,875
Additions	1,988
Disposals	-192
As of 12/31/2019	4,671

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT: ACCUMULATED DEPRECIATION

In thousands of euros	
As of 01/01/2018	234
Additions	267
Disposals	-77
As of 12/31/2018–01/01/2019	424
Additions	586
Disposals	-194
As of 12/31/2019	816
Net book value as of 12/31/2019	3,855
Net book value as of 12/31/2018	2,451

Property, plant and equipment comprise TEUR 1,094 leasehold improvements in buildings on third-party land (previous year: TEUR 0), TEUR 1,641 in technical equipment and machinery (previous year: TEUR 748) and TEUR 636 in operating and office equipment (previous year: TEUR 357). Payments on account and assets under construction in the amount of TEUR 484 (previous year: TEUR 1,346) primarily refer to the investments in the new premises leased in 2019.

[13] INVENTORIES

Inventories increased to TEUR 3,255 compared to the previous year (TEUR 2,003).

In thousands of euros	12/31/2019	12/31/2018
Raw materials, supplies and consumables	733	23
Work in progress	2,145	1,618
Finished goods	0	0
Advance payments made	377	362
Total	3,255	2,003

Advance payments were assigned to inventories due to their close relationship.

Only very negligible write-downs on inventories due to a lower net realizable value on the balance sheet date were necessary in the financial year.

[14] TRADE RECEIVABLES

As of the balance sheet date, receivables were denominated in euros and US dollars. The maximum default risk of the receivables is the carrying amount on the balance sheet.

In thousands of euros	12/31/2019	12/31/2018
Trade receivables	76	317
Less impairment	0	0
	76	317
Impairment as of 01/01	0	0
Contribution	210	0
Derecognition of receivables	210	0
Reversal	0	0
As of 12/31	0	0

Trade receivables as of 12/31/2019 are due in the following time intervals:

In thousands of euros	≤ 30 days	31–60 days	61–90 days	91–180 days	> 180 days
Trade receivables	76	0	0	0	0

Trade receivables as of 12/31/2018 are due in the following time intervals:

In thousands of euros	≤ 30 days	31–60 days	61–90 days	91–180 days	> 180 days
Trade receivables	317	0	0	0	0

[15] FINANCIAL AND NON-FINANCIAL OTHER ASSETS (CURRENT AND NON-CURRENT)

	12/31/2019		12/31/2018	
In thousands of euros	Current	Non-current	Current	Non-current
NON-FINANCIAL ASSETS				
VAT receivables	163	0	280	0
Deferrals	212	0	76	0
Payments on account	0	0	0	0
Other	14	0	9	0
FINANCIAL ASSETS				
Deposits	50	226	133	23
Accrued interest	65	0	0	0
Bank balances with residual maturities of over 3 months	771	0	771	1,543
	1,275	**226**	**1,269**	**1,566**

The maximum default risk of financial assets equals to the carrying amount reported on the face of the balance sheet.

Balances at banks classified as other financial assets are only subject to insignificant risks of changes in value. They comprise a fixed-term deposit of TUSD 875 due on 08/24/2020.

[16] CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled TEUR 8,914 (previous year: TEUR 12,923) on the balance sheet date and comprise mainly cash on hand, bank balances and a fixed-term deposit of TUSD 875 due on

02/24/2020. Bank balances are only subject to insignificant risks of changes in value. Cash and cash equivalents correspond to the funds in the cash flow statement.

[17] SUBSCRIBED CAPITAL

As of 01/01/2019, the Company's share capital was EUR 2,704,304, divided into 2,704,304 ownership shares, each with a par value of EUR 1.00. The Management Board and the Supervisory Board decided on 03/18/2019 to increase the Company's share capital, with partial utilization of the 2017/I authorized capital, by EUR 200,000.00 from EUR 2,704,304.00 to EUR 2,904,304.00 by issuing 200,000 new bearer shares, each amounting to EUR 1.00 of the share capital, against cash contributions.

(a) Contingent capital

The existing 2017 contingent capital was revoked at the Annual General Meeting on 07/02/2019 except for a balance of EUR 20,000.00. In its place, new contingent capital was created for 2019 in the amount of EUR 270,000.00. With the Supervisory Board’s approval, the Management Board is authorized through 12/31/2022 ("authorization period") to grant subscription rights ("options") on one or more occasions for:

- A total of up to 135,000 no-par value bearer or registered shares in the Company to members of the Company's Management Board or executives of affiliated companies ("beneficiaries").
- A total of up to 135,000 no-par value bearer or registered shares in the Company to employees of the Company or of affiliated companies ("beneficiaries").

As far as members of the Management Board are concerned, the Supervisory Board is authorized.

(b) Authorized capital

The 2017/I authorized capital totaling up to EUR 735,696.00 against cash and/or non-cash contributions through the issuing of up to 735,696 new no-par value bearer shares was revoked at the Annual General Meeting on 07/02/2019. With the Supervisory Board’s approval, the Management Board is instead authorized to increase the Company's share capital on one or more occasions by a total of up to EUR 1,352,152 by issuing up to 1,352,152 new no-par value bearer shares against cash and/or non-cash contributions until 07/01/2024 (2019 authorized capital).

[18] CAPITAL RESERVE

As of 12/31/2019, the capital reserve totaled TEUR 46,174. The change on 01/01/2019 with a balance of TEUR 35,689 was mainly the result of the increase in share capital decided on 03/18/2019 and the resulting additional contributions above the issue price of the shares totaling TEUR 10,800. The capital reserve was reduced by capital procurement costs totaling TEUR 420. In the 2019 reporting period, TEUR 105 (previous year: TEUR 32) were added to the capital reserve for share-based payments compensation.

[19] CURRENCY TRANSLATION DIFFERENCES (EQUITY FROM UNREALIZED GAINS/LOSSES)

Cumulative currency translation differences of TEUR 52 (previous year: TEUR 10) comprise unrealized gains/losses from currency conversion in the amount of TEUR -43 (previous year: TEUR -47).

[20] OTHER PROVISIONS (LONG-TERM AND SHORT-TERM)

In thousands of euros	01/01/2019	Utilization	Reversals	Additions	12/31/2019
Personnel	816	647	164	1,065	1,070
Legal disputes	245	23	72	0	150
Year-end closing expenses and audit fees	69	36	0	57	90
Supervisory Board remuneration	35	15	0	25	45
Warranties	22	0	2	0	20
Other	123	31	79	171	184
	1,310	752	317	1,318	1,559

In thousands of euros		Long-term provisions
Personnel	0	0
Legal disputes	0	0
Year-end closing expenses and audit fees	0	0
Supervisory Board remuneration	0	0
Warranties	19	20
Other	6	6
	25	26

[21] CURRENT OTHER FINANCIAL AND NON-FINANCIAL OTHER LIABILITIES

In thousands of euros	12/31/2019	12/31/2018
NON-FINANCIAL LIABILITIES		
Social security and payroll tax liabilities	171	123
Other	1	4
FINANCIAL LIABILITIES		
Other financial liabilities	5	19
Total	177	146

[22] ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial instruments were assigned to the following categories:

In thousands of euros	12/31/2019		12/31/2018	
	Long-term	Short-term	Long-term	Short-term
Amortized cost (AmC)				
Other financial assets	886	226	904	1,566
Cash and cash equivalents	8,914	0	12,923	0
Trade receivables	76	0	317	0
	9,786	**226**	**14,144**	**1,566**
Acquisition costs (FLAC)				
Trade payables	1,207	0	1,270	0
Other financial liabilities	5	0	19	0
	1,212	**0**	**1,289**	**0**

It is assumed that the carrying amount of other financial assets, trade receivables and cash and cash equivalents, equals their fair value due to the short-term status.

The carrying amount of the non-current financial assets in the AmC category have a book value that approximate their fair value. They comprise bank balances and interest-free deposits; based on the current low level of interest rates, there is hardly any difference.

In the case of current financial liabilities in the amortized cost category (FLAC), such as trade payables and other financial liabilities, the book value corresponds to the fair value due to the short-term nature.

Net results comprise interest income of TEUR 105 and interest expenses of TEUR 92. They are presented in the section on financial results.

NET RESULTS BY VALUATION CATEGORY 2019

In thousands of euros			Other income and expense/profit and loss items
Financial assets	AmC	FLAC	210

NET RESULTS BY VALUATION CATEGORY 2018

In thousands of euros			Other income and expense/profit and loss items
Financial assets	AmC	FLAC	11

Trade receivables and cash and cash equivalents are basically subject to the valuation requirements of IFRS 9. The credit risk of all bank balances is classified as low at each balance sheet date. Due to the customer structure, the default risk for trade receivables is also classified as low. Expected credit losses were not recognized in the trade receivables according to IFRS 9 due to their immaterial impact. As of 12/31/2019, a receivable in the amount of TEUR 210 from a single customer needed to be derecognized. This was due to a one-off circumstance and does not affect the recoverability of the remaining customer receivables.

All other current debt instruments measured at amortized cost are also considered to have a low default risk, since the risk of non-performance is low and it is assumed that debtors will be able to meet their contractual payment obligations. It was not necessary to recognize a write-down for the expected 12-month credit losses (Level 1).

[23] CASH FLOW STATEMENT

Cash and cash equivalents equal cash and cash equivalents at the balance sheet date, which comprise cash on hand and mainly bank balances.

The right of use and the leasing liability in the amount of TEUR 7,719 for the real estate at the Gilching location were recognized as non-cash items.

IX. FINANCIAL RISK MANAGEMENT

LIQUIDITY RISKS

Prudent liquidity risk management means maintaining sufficient cash and cash equivalents to meet obligations that fall due. Management uses rolling forecasts to monitor the cash and cash equivalents on the basis of expected cash flows. This is generally carried out centrally for the Group. To ensure the Group's solvency and continuation, it is necessary to implement the adapted success and liquidity plans for the years 2020 and 2021, and to ensure needs-based financing in the form of debt and/or equity capital. Under these conditions, sufficient liquidity will be ensured to cover the financial needs that have since arisen.

BREAKDOWN OF SETTLEMENT PERIODS FOR FINANCIAL LIABILITIES

	12/31/2019				
In thousands of euros	< 1 year	1–2 years	3–5 years	> 5 years	Total
Trade payables	1,207	0	0	0	1,207
Other current financial liabilities	5	0	0	0	5
Total	1,212	0	0	0	1,212

	12/31/2018				
In thousands of euros	< 1 year	1–2 years	3–5 years	> 5 years	Total
Trade payables	1,270	0	0	0	1,270
Other current financial liabilities	19	0	0	0	19
Total	1,289	0	0	0	1,289

CREDIT/DEFAULT RISKS

Credit risks are generalla considered to be small. In principle, there are general default risks that can generally occur at any time as a result of economic conditions. The receivables portfolio is mainly divided between public-sector customers or subsidy grants and major customers who are subject to a credit analysis. Therefore, the default risk of the receivables is considered to be manageable. For this reason, receivables are not insured throughout the Group. The inclusion of current and forward-looking information is based on the Group's estimates with regard to its exposure to credit risk within customer structure.

CURRENCY RISKS

The Group operates predominantly within the Eurozone and is therefore exposed to low foreign currency risks from operating activities. Sales are also conducted in foreign currencies (USD). The cash inflows generated in USD will be used to finance the US subsidiary. At the balance sheet date, there were mainly receivables in USD in the amount of TEUR 0 (previous year: TEUR 201). There is also a fixed-term deposit of TUSD 1,750, with TUSD 875 due by 02/24/2020 and the remainder due by 08/24/2020, that is intended to finance Mynaric USA Inc. No significant purchases are made in foreign currency (USD).

INTEREST RATE RISKS

The Group has interest-bearing financial assets in the form of a fixed-rate, fixed-term deposit of TUSD 1,750, TUSD 875 of which is due on 02/24/2020 and the remainder on 08/24/2020, but does not have interest-bearing financial liabilities. Therefore, there are no special interest rate risks.

CAPITAL RISK MANAGEMENT

One of the Group's most important financial targets is to achieve sustained growth in enterprise value and to ensure solvency at all times in the interests of protecting its going-concern status and to achieve an optimal capital structure. Ensuring that sufficient liquidity is available is of crucial importance in this context. These goals are achieved by means of an integrated controlling concept, whereby the management receives various data on individual items of the balance sheet as part of a monthly analysis. This provides information on trends for necessary business decisions. As of 31 December 2019, the Company's equity ratio stands at 72% (previous year: 89%). The decrease was mainly the result of the first-time application of IFRS 16 and the associated reporting of the leasing liability for the leased building. The equity ratio was calculated as the total equity in relation to the balance sheet total. The overall strategy pursued by the Group was unchanged from 2018.

X. OTHER INFORMATION

SEGMENT REPORTING

According to IFRS 8, operating segments are to be defined on the basis of the internal segment reporting, which is regularly reviewed by the Company's decision makers with respect to decisions on the allocation of resources to these segments and the assessment of their profitability. There is no such internal segment reporting in the Mynaric Group (single segment company).

Sales are broken down by regions as follows:

Sales revenues were divided between Asia at 74% (previous year: 92% in the United States) and Europe at 26% (previous year: 8%).

One customer of the Mynaric Group accounted for TEUR 330 (previous year’s period: TEUR 1,072) or 74% (previous year: 70%) of total sales.

OTHER FINANCIAL OBLIGATIONS

	12/31/2019			
In thousands of euros	≤ 1 year	1–5 years	> 5 years	Total
Lease contracts (operating leases)	56	0	0	56
Consultancy contracts	352	317		669
Other	266	6	0	272
Total	674	323	0	997

In the current year, expenses from operating leasing agreements amounting to TEUR 87 (previous year: TEUR 354) were recognized as other operating expenses. There are no purchase options.

The lease agreement for the real estate at the Gilching location that was concluded on 05/01/2019 for a period of 10 years is reported in accordance with IFRS 16 and is thus not included in the other financial obligations.

EMPLOYEES

Over the financial year, the Mynaric Group employed an average of 82 people (previous year: 73), of whom 19 (previous year: 16) are employees of Mynaric AG, 56 (previous year: 52) are employees of Mynaric Lasercom GmbH, 3 (previous year: 0) are employees of Mynaric Systems GmbH and 4 (previous year: 5) are employees of Mynaric USA Inc. Management Board members and managing directors are not included in the number of employees.

CORPORATE BODIES

The Company's Management Board members are:

— Dr. Wolfram Peschko (Dr. rer.nat.), Board of Finance & Administration, Gauting

— Dr. Markus Knapek (Dr.-Ing.), Munich (until 03/13/2019), Managing Director of Mynaric Systems GmbH

— Joachim Horwath (Dipl.-Ing.), Gilching (until 03/13/2019), Managing Director of Mynaric Lasercom GmbH

— Bulent Altan (Master of Science in Aerospace), Playa Vista, California (from 03/13/2019)

— Hubertus Edler von Janecek (Dipl.-Ing.), Munich (from 03/13/2019)

The Company's Supervisory Board members are:

— Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG

— Dr. Gerd Gruppe, Vice Chairman, Board of Aerospace Management at DLR (ret.)

— Dr. Thomas Billeter, investor and business angel

— Peter Müller-Brühl, COO of GreenCom Networks AG

— Thomas Mayrhofer, attorney-at-law, partner at the law firm Pinsent Masons Germany LLP (from 04/01/2019)

BOARD MEMBERS HOLDINGS

According to the provided information, the Company's Board Members hold shares of the Company as follows:

	Shares as of 12/31/2019	Shares as of 12/31/2018	Changes between 2018/2019
Dr. Wolfram Peschko	210,089	210,089	0
Peter Müller-Brühl	4,445	4,445	0

INFORMATION ON RELATED PARTIES

In addition to the members of the Management Board and the Supervisory Board, affiliated persons in accordance with IAS 24 are Ariane Knapek. The latter is employed part-time in the Company as an employee and receives a salary at arm’s length terms.

Affiliated companies, aside from Group subsidiaries that are all being fully consolidated, are:

- MCConsult GbR, Gilching (previously Adelanto management services s.l.)

Transactions with affiliated parties are concluded at arm's length terms. During the financial year, expenses totaling TEUR 273 (previous year: TEUR 298) were incurred from affiliated companies for services received.

REMUNERATION

As a matter of principle, the Management Board comprises fixed and variable components. In the reporting period, share-based compensation components in the amount of 66,000 options were granted to the Management Board in the 2019 options plan. Total remuneration for the Management Board for the 2019 financial year totaled TEUR 770 (previous year: TEUR 766), of which TEUR 153 (previous year: TEUR 176) accounted for variable remuneration components and TEUR 617 (previous year: TEUR 590) for fixed remuneration components.

Total remuneration for the Supervisory Board for the 2019 reporting period was TEUR 63 (previous year: TEUR 65), of which TEUR 20 (previous year: TEUR 20) was paid to the chair, TEUR 15 to the vice chair (previous year: TEUR 15) and TEUR 10 (previous year: TEUR 10) to each other Supervisory Board member as annual compensation. Variable remuneration components were waived. The provisions for Supervisory Board remuneration as of 31 December 2019 totaled TEUR 44 thousand (previous year: TEUR 35).

AUDITOR'S FEES AND SERVICES

In the financial year, the Mynaric Group reported the following audit fee:

- Audit of the single and consolidated financial statements: TEUR 89 (previous year: TEUR 40).

EVENTS AFTER THE BALANCE SHEET DATE

The Management Board and Supervisory Board resolved on 02/04/2020 to increase share capital from EUR 290,430 divided into 290,430 bearer shares, each with a par value of EUR 1.00, from the authorized capital excluding subscription rights. As part of this capital increase, TEUR 12,053 in issue proceeds was allocated to the capital reserve. The Supervisory Board approved the capital increase the same day. The cash was contributed in February 2020.

How the corona pandemic will affect the economic development in individual countries and ultimately the Mynaric AG and its subsidiaries depends on the further spread of the virus and how quickly and effectively the measures to contain it are effective. How long the economy will suffer as a result of the corona pandemic and how severe the negative consequences for the economy will be is extremely difficult to estimate based on the actual available information. Similarly, the financial impact and economic consequences for the Mynaric AG and its subsidiaries are currently not predictable. In this context, we also refer to the comments in the management report under points II. (Risk report) and IV. (Forecast report).

Gilching, 28 March 2020

The Management Board

Dr. Wolfram Peschko

Bulent Altan

Hubertus Edler von Janecek

INDEPENDENT AUDITOR'S REPORT

To Mynaric AG, Gilching

Audit Opinions

We have audited the consolidated financial statements of Mynaric AG, Gilching, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the financial year from 01 January to 31 December 2019, and the 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, Gilching for the financial year from 01 January to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § (Article) 315e HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019 and of its financial performance for the financial year from 01 January to 31 December 2019, 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 § 322 Abs. (Paragraph) 3 Satz (Sentence) 1 HGB, 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 Audit Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and group management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Directors are responsible for such internal controls as they 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, the executive directors are 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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are 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, the executive directors are 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 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 audit 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 § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) 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 judgment and maintain professional skepticism 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 audit 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 audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 audit 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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit 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 audit opinions.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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, 28 March 2020

RSM GmbH

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

Zelger

German Public Auditor

(Wirtschaftspruefer)

Schön

German Public Auditor

(Wirtschaftspruefer)

20.3 ***Audited Consolidated Financial Statements of Mynaric AG prepared in accordance with IFRS as of and for the fiscal year ended 31 December 2018, and independent auditor's report thereon:***

Ausfertigung Nr. 1
40182/98407KFR

Consolidated Financial Statements for the Financial Year from 01 January to 31 December 2018 and Independent Auditor's Report (English Translation - The German Text is Authoritative) of

Mynaric AG
Gilching

Mynaric AG, Gilching
Consolidated statement of comprehensive income
for the year from 01 January to 31 Dezember 2018

		2018	2017
		EUR	EUR
Sales	(1)	1,363,959.54	1,353,202.47
Decrease / increase in inventories of finished goods and work in progress	(2)	1,372,995.88	-82,228.54
Other own work capitalized	(10)	3,153,765.58	954,480.74
Other operating income	(3)	402,884.70	556,720.42
Output		**6,293,605.70**	**2,782,175.09**
Cost of purchased material and services	(4)	-2,634,774.14	-1,169,704.08
Personnel expenses	(5)	-7,195,131.73	-3,967,939.48
Amortisation of other intangible assets, depreciation of property, plant and equipment	(10)(11)	-409,236.14	-190,357.65
Other operating expenses		-3,832,820.06	-2,267,668.43
Operating profit (EBIT)		**-7,778,356.37**	**-4,813,494.55**
Interest and similar income	(6)	24.09	40,785.51
Interest and other borrowing costs	(6)	-0.54	-9,729.39
Net financial result	(6)	**23.55**	**31,056.12**
Profit/loss before tax (EBT)		**-7,778,332.82**	**-4,782,438.43**
Income tax expense	(7)	249.07	-645,206.49
Consolidated net loss for the year		**-7,778,083.75**	**-5,427,644.92**
Other comprehensive income			
Exchange rate differences (after taxes)	(18)	-47,315.91	37,486.45
Items which may be subsequently reclassified to profit and loss		**-47,315.91**	**37,486.45**
Other comprehensive income after tax		**-47,315.91**	**37,486.45**
Comprehensive income		**-7,825,399.66**	**-5,390,158.47**
Number of shares, basic	(8)	2,704,304	2,704,304.00
Number of shares, diluted	(8)	2,704,304	2,704,304.00
Earnings per share, basic	(8)	-2.88	-2.01
Earnings per share, diluted	(8)	-2.88	-2.01
Allocation of the consolidated net loss for the year			
Shareholders of the company		**-7,778,083.75**	**-5,427,644.92**
Allocation of the comprehensive income			
Shareholders of the company		**-7,825,399.66**	**-5,390,158.47**

Mynaric AG, Gilching
Consolidated Statement of fincial postion under IFRS
as at 31 Dezember 2018

ASSETS		31.12.2018	31.12.2017
		EUR	EUR
Assets			
Intangible assets	(10)	4,234,706.06	1,160,131.48
Property, plant and equipment	(11)	2,450,980.19	805,041.35
Other non-current receivables and assets	(14)	1,565,438.46	765.00
Non-current assets		**8,251,124.71**	**1,965,937.83**
Inventories	(12)	2,003,163.05	373,532.89
Trade receivables	(13)	317,101.84	255,611.60
Other financial and non-financial assets	(14)	1,268,846.48	427,581.76
Cash and cash equivalents	(15)	12,922,548.50	28,447,902.96
Current assets		**16,511,659.87**	**29,504,629.21**
TOTAL ASSETS		**24,762,784.58**	**31,470,567.04**

EQUITY AND LIABILITIES		31.12.2018	31.12.2017
		EUR	EUR
Equity			
Subscribed capital	(16)	2,704,304.00	2,704,304.00
Capital reserves	(17)	35,688,894.76	35,657,206.72
Exchange rate differences	(18)	-9,829.46	37,486.45
Retained earnings/(-loss)		-16,346,652.03	-8,568,568.28
TOTAL EQUITY		**22,036,717.27**	**29,830,428.89**
Liabilities			
Other provisions	(19)	25,700.00	27,541.11
Non-current liabilities		**25,700.00**	**27,541.11**
Other provisions	(19)	1,284,187.22	607,950.26
Trade payables		1,270,284.91	755,678.63
Financial and non-financial liabilities	(20)	145,895.18	248,968.15
Current liabilities		**2,700,367.31**	**1,612,597.04**
TOTAL EQUITY AND LIABILITIES		**24,762,784.58**	**31,470,567.04**

Mynaric AG, Gilching
Consolidated Statement of Changes in Shareholders' Equity
for the year from 01 January to 31 Dezember 2018

	Subscribed capital	*Capital reserves*	*Exchange rate differences*	*Retained earnings/(loss)*	*Total*
	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2017	**28,952.00**	**3,111,025.58**	**0.00**	**-3,140,923.36**	**-945.78**
Proceeds from cash capital increases into Vialight Communications GmbH	3,503.00	4,453,178.20			4,456,681.20
Reverse acquisition of shareholding through contribution of Vialight Communications GmbH to Mynaric AG	1,967,545.00	-1,917,545.00			50,000.00
Proceeds from cash capital increases into Mynaric AG pre-IPO	198,304.00	4,876,606.75			5,074,910.75
Proceeds from cash capital increasesMynaric AG IPO	506,000.00	26,818,000.00			27,324,000.00
Costs of capital increase		-1,684,058.81			-1,684,058.81
Consolidated net loss for the year				-5,427,644.92	-5,427,644.92
Other comprehensive income			37,486.45		37,486.45
Balance at 31 Dezember 2017	**2,704,304.00**	**35,657,206.72**	**37,486.45**	**-8,568,568.28**	**29,830,428.89**
Balance at 1 January 2018	**2,704,304.00**	**35,657,206.72**	**37,486.45**	**-8,568,568.28**	**29,830,428.89**
Share-based payments		31,688.04			31,688.04
Consolidated net loss for the year				-7,778,083.75	-7,778,083.75
Other comprehensive income			-47,315.91		-47,315.91
Balance at 31 Dezember 2018	**2,704,304.00**	**35,688,894.76**	**-9,829.46**	**-16,346,652.03**	**22,036,717.27**

Mynaric AG, Gilching
Consolidated Statement of Cash Flow
for the year from 01 January to 31 Dezember 2018

		2018 EUR	2017 EUR
Operating profit		**-7,778,356.37**	**-4,813,494.55**
Net financial result		23.55	31,056.12
Income tax expense		249.07	-645,206.49
Amortisation of other intangible assets and depreciation of property and equipment		409,236.14	190,357.65
Expense of share-based payments		31,688.04	0.00
Change in accounts receivable and other assets	(10)(11)	-1,783,467.88	-408,401.54
Change in provisions		674,395.85	274,127.65
Change in accounts payable and other liabilities		411,533.31	686,842.16
Cash flows from operating activities		**-8,034,698.29**	**-4,684,719.00**
Purchase of property, plant and equipment and other intangible assets		-5,149,741.37	-1,545,039.60
Purchase of other financial assets		-2,313,590.70	0.00
Proceeds from disposal of non-current assets		19,991.81	166,136.84
Cash flows from investing activities		**-7,443,340.26**	**-1,378,902.76**
Proceeds from capital increase		0.00	34,718,738.62
Change in current borrowings		0.00	-501,250.00
Cash flows from financing activities		**0.00**	**34,217,488.62**
Exchange rate differences		**-115,215.91**	**41,535.84**
Net increase/decrease in cash		**-15,593,254.46**	**28,195,402.70**
Changes in the value of the cash fund due to exchange differences		67,900.00	-4,049.39
Cash at beginning of period		28,447,902.96	256,549.65
Cash at end of period		**12,922,548.50**	**28,447,902.96**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2018

I. GENERAL PRINCIPLES

The headquarters of Mynaric AG is Dornierstrasse 19 in 82205 Gilching, Germany. It is entered in the Commercial Register of the Munich District Court under the number HRB 232763. The Company's shares are listed on the Regulated Unofficial Market (Scale segment) of the Frankfurt Stock Exchange. The objective of the Company is the development, manufacture, sale and operation of equipment, software, systems and solutions for communication networks, in particular aerospace and related products, as well as the holding and administration of investments in companies active in this field and the provision of related services. Mynaric AG acts as an active holding company that finances and manages the subsidiaries within the Group and is also the ultimate parent company. The Mynaric Group is primarily active in the manufacture and sale of products and projects and in the provision of services in the field of laser technology, in particular in the aerospace, telematics and satellite services sectors.

The Mynaric AG Group was formed from a contribution of shares in ViaLight Communications GmbH (renamed Mynaric Lasercom GmbH), Gilching, against an increase of EUR 1,950,000 in the share capital of Mynaric AG of EUR 50,000 to EUR 2,000,000 as decided at the annual shareholders' meeting on 08/07/2017 and registration in the commercial register on 08/30/2017. In accordance with IFRS 3 B15 et seq., the transaction constitutes a reverse acquisition with the result that, for reporting purposes, Mynaric Lasercom GmbH is identified as the acquirer and Mynaric AG as the acquiree. Although the consolidated financial statements are published under the name Mynaric AG as the legal parent company, the performance figures from the 2017 financial year to the time of contribution on 08/07/2017 pertain to Mynaric Lasercom GmbH and its former subsidiary Mynaric USA Inc.

II. PRINCIPLES AND METHODS

Mynaric AG prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS/IAS) applicable in the EU on the balance sheet date while taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) and the supplementary provisions of Section 315e of the German Commercial Code (HGB).

The consolidated financial statements were prepared in accordance with the going concern and cost principle, and with the exception of fair value measurements for equity financial instruments. In addition to the consolidated statement of comprehensive income and the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity are also shown. The total cost method has been applied to the consolidated statement of comprehensive income. The reporting currency is the euro. All amounts are stated in thousands of euros (TEUR) unless otherwise stated. Please note that differences may arise in the use of rounded amounts and percentages due to commercial rounding.

III. CONSOLIDATION METHODS

Capital consolidation for acquired subsidiaries is performed using the purchase method. All subsidiaries under the legal or factual control of Mynaric AG are included in the consolidated financial statements.

Sales, expenses and income as well as receivables and payables between consolidated companies are offset, and any intercompany profits are eliminated.

IV. CONSOLIDATED COMPANIES

Name of the company	Participation rate in %	Consolidation
Mynaric Lasercom GmbH, Gilching	100.0	fully consolidated
Mynaric USA, Inc., Huntsville	100.0	fully consolidated

V. CURRENCY CONVERSIONS

Debit-side invoicing is carried out primarily in euros. Incoming and outgoing invoices in foreign currencies were converted and booked at the exchange rate on the balance sheet date or, if a hedge existed, at the hedging rate. Bank accounts in foreign currencies were valuated at the exchange rate on the balance sheet date. The financial statements of the foreign subsidiary Mynaric USA Inc., Huntsville were prepared in the local currency (USD) and converted in accordance with the IAS 21 functional currency concept. The currency difference resulting from the conversion of equity is recorded in other comprehensive income under "Exchange rate differences."

VI. ACCOUNTING AND VALUATION PRINCIPLES

New accounting standards

The International Accounting Standards Board (IASB) and the IFRIC have amended the following standards and interpretations, the application of which is mandatory for the 2018 financial year:

— Financial instruments (IFRS 9)

  — The Mynaric Group has adopted IFRS 9 on a voluntary early basis since the 2017 financial year. The standard comprehensively regulates the reporting of financial instruments. In particular, the classification guidelines for financial assets were revised. These are based on the versions of the business model as well as the contractual cash flows for financial assets. IFRS 9 also includes revised guidance an accounting for hedge relationships with the aim of providing a clearer impression of the operational risk management.

— Revenue from contracts with customers (IFRS 15)

  — The Mynaric Group has adopted IFRS 15 on a voluntary early basis since the 2017 financial year. The standard regulates when and to what extent revenue is to be recognized. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. The application of IFRS 15 is mandatory for all IFRS users and applies to nearly every contract with customers—the main exceptions are leases, financial instruments and insurance contracts.

— Classification and measurement of share-based payment transactions (IFRS 2)

  — The amendments entail clarifications in connection with the recognition of cash-settled share-based payments. The most significant amendment/addition is that IFRS 2 now provides guidance pertaining to the determination of the fair value of obligations arising from share-based payments.

— Transactions in foreign currencies and advance considerations (IFRIC 22)

  — This interpretation intends to clarify the accounting treatment of transactions involving the receipt or payment of foreign currency considerations.

— Amendments to IAS 40

  — The amendments clarify the requirements relating to transfer to or from the investment property portfolio. It pertains in particular to whether property under construction or development previously classified as inventories can be reclassified as investment property if there has been an obvious change in use.

The Group applied all accounting standards which were mandatory as of 01 January 2018. The application of these standards and interpretations has made no significant impact on these consolidated financial statements.

New accounting standards that have not yet been applied

The IASB has issued standards, interpretations and revisions to existing standards, the application of which is not yet mandatory or will not be mandatory until future reporting periods and which Mynaric AG has not yet adopted on a voluntary early basis.

IFRS incorporated into EU law	Date of application (EU)
IFRIC 23 Income Tax Exposures	01/01/2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	01/01/2019
IFRS 16 Leases	01/01/2019
Annual improvements to IFRSes (2015–2017 cycle) - IFRS 3, IFRS 11, IAS 12, IAS 23	01/01/2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	01/01/2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	01/01/2019
Not yet incorporated into EU law	**Date of application (EU)**
IFRS 17 Insurance Contracts	01/01/2021
Amendments to IFRS 3	01/01/2020
Amendments to the Conceptual Framework	01/01/2020
Amendments to IAS 1 and IAS 8: Definition of Materiality	01/01/2020
Amendments to IFRS 9, IAS 39, IFRS 7: Interest Rate Benchmark Reform	01/01/2020

The IASB issued IFRS 16 Leases in January 2016, which must be applied in accounting periods beginning on or after 01/01/2019. IFRS 16 abolishes the distinction between operating and finance leases on part of the lessee Instead, IFRS 16 introduces a uniform lessee accounting model under which lessee is required to recognize assets (for the right of use) and lease liabilities in case of leases with a duration of more than twelve months. This means that leases that were previously not accounted for must be recognized on the balance sheet as a right of use.in the future. The Mynaric Group will be applying the practical expedients for short-term leases and minor value assets. Mynaric applies the modified retrospective method when it applies IFRS 16. Assets and liabilities under leases leases are initially recognized at their present value at the same amount. The rights of use and lease liabilities are reported as separate items on the face of the balance sheet. Mynaric Group companies typically do not act as lessors.

The Mynaric Group expects the application of IRFS 16 to have a material impact due to the inclusion of leases for property used for business operations. Leases for non-real estate assets are of subordinated importance for the Mynaric Group. The rights of use and lease liabilities are expected to total around EUR 7.2 million as of 05/01/2019. The amortization of the right of use results in an annual depreciation expense of EUR 0,7 million.

Impairment losses on financial assets

The Group has the following types of financial assets that are subject to the credit losses model according to IFRS 9:

— Trade receivables

— Bank balances with residual maturities of over three months

Cash and cash equivalents are also subject to the loss allowance under IFRS 9, however the identified loss allowance was immaterial and therefore not recognized.

The simplified approach is used to determine expected credit losses for trade receivables. Bank balances with a remaining term of more than three months are recognized at nominal value, with foreign currency balances being converted at the closing rate on the balance sheet date. Expected losses are negligible with respect to bank balances, which are to be regarded as other financial assets due to their maturity and are therefore not recognized.

REVENUE RECOGNITION

Revenue recognition is based on the principle that revenue equaling the consideration is not recognized until control of the goods or services is transferred to the customer. The contractual provisions as well as all relevant facts and circumstances must be taken into account. In principle, accounting is carried out at the individual contract level with a customer, unless the provisions for combining contracts are satisfied. The provisions of the standard are applied uniformly to similarly structured contracts and under similar circumstances. The Group generated revenues exclusively from the sale of goods and services.

Sale of Goods and Services

Revenue is recognized on a point-in time basis, mainly from the sale of goods and the provision of services, if the performance obligation is not fulfilled over a period of time according to IFRS 15.35–37. The guidance for determining the date of transfer of control, including a wide range of indicators for this, is taken into account.

Payment of the transaction price is generally due within 30 days. Receivables with a term of more than one year are classified as non-current.

OWN WORK CAPITALIZED

Development expenditures are recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and if it is intended either for the Company's own use or for sale. A further conditions is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the production costs incurred, primarily the development hours multiplied by the applicable hourly rate. In the financial year, research and development costs of EUR 2.757 million (previous year: EUR 1.832 million) were recorded as an expense, since the IAS 38.57 criteria were not met. Of the total development costs of EUR 5.911 million (previous year: EUR 2.798 million) an amount of EUR 3,154 million (previous year: EUR 0.954 million) was capitalized.

GRANTS

Grants totaling EUR 227 thousand (previous year: EUR 478 thousand) were recognized as revenue. Revenue from grants for development services is recognized at the time the costs are incurred. Revenues from grants are not offset against expenses (gross presentation). At present, there are no indications that provisions of the donors cannot be met.

FINANCIAL RESULTS

The financial result includes the results from other financial expenses for liabilities and interest income from receivables. Interest income is recognized in profit and loss using the effective interest method.

INTANGIBLE ASSETS

At each balance sheet date, Mynaric reviews the carrying amounts of its intangible assets to identify any evidence of impairments. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. Intangible assets acquired from third parties primarily consist in of software programs and licenses. These are carried at historical cost and amortized on a straight-line basis over a useful life of between 3 and 8 years. Own work capitalized was not amortized in the financial year.

PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date, Mynaric reviews the carrying amounts of its property, plant and equipment to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated in order to determine the amount of any impairment. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. Assets classified as property plant and equipment are carried at historical cost and depreciated on a straight-line basis over the expected useful life. Maintenance expenses that do not increase the value of property, plant and equipment or significantly extend their useful life are expensed. Material additions and improvements are recognized as assets. Disposals are recorded both at historical cost as well as at accumulated depreciation. Gains and losses on the disposal of non-current assets are recorded in "Other operating income or expenses." The depreciation periods for property, plant and equipment are 3 to 14 years for machinery and technical equipment and 3 to 13 years for other equipment, as well as operating and business equipment.

INVENTORIES

Inventories are recognized at historical acquisition or production cost or at the lower recoverable value on the balance sheet date. Production costs comprise individual direct and indirect costs.

OTHER FINANCIAL ASSETS

Depending on its business model, the Group assignes its financial assets into the following valuation categories:

- Those subsequently measured at fair value (either through other comprehensive income [FVOCI] or through profit and loss [FVPL]
- Those measured at amortized cost (AmC)

A customary purchase or sale of financial assets is recognized on the trading date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognized when the rights to receive the cash flows from these financial assets expire or have been transferred together with all substantial risks and opportunities arising from ownership.

The Group initially recognizes a financial asset at fair value - in the case of a subsequent financial asset not recognized at fair value through profit or loss – plus the transaction costs directly attributable to the purchase of that asset Transaction costs for financial assets measured at FVOCI are recognized as expense in profit and loss.

The Group assigns its debt instruments into the three categories: AmC, FVOCI and FVPL. No financial assets are currently assigned to the categories FVOCI and FVPL.

AmC: Assets held to collect contractual cash flows and for which these cash flows exclusively constitute interest and principal payments are measured at amortized cost. Interest income from these financial assets is reported within finance income using the effective interest method. Gains and losses from the derecognition of the asset are reported directly in the consolidated statement of comprehensive income and, together with the currency translation gains and losses, included in other operating expenses and income. Trade receivables, cash and cash equivalents and other financial assets are assigned to this category.

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments measured at amortized cost. The loss allowance method depends on whether there is a significant increase in credit risk (general model). The expected credit loss approach uses a three-step process for allocating loss allowances. All instruments are assigned to level 1 on receipt. In this case, the present value of the expected credit loss resulting from possible default events within the next twelve months after the balance sheet date must be recognized as an expense. Level 2 contains all instruments that have a significant increase in credit risk at the reporting date compared with the date of acquisition. In level 3 there is an additional objective evidence of a credit loss. No instruments were allocated to level 2 or level 3 at the balance sheet date.

With respect to trade receivables, the Group applies the simplified approach permitted under IFRS 9 according to which the lite-time expected credit losses are recorded upon initial recognition of the receivables.

When applying the simplified model, lite-time expected credit losses are recognized for all trade receivables.

To measure expected credit losses, trade receivables were combined on the basis of common credit risk characteristics.

With regard to goods sold and services provided before the balance sheet date, only minimal bad debts incurred. No significant credit losses are expected due to the historical default rate, the customer structure in the Group and the creditworthiness of the customers. Therefore, expected credit losses were not recognized in accordance with IFRS 9.

DEFERRED TAXES

Under IAS 12, temporary differences between the carrying amount of assets and liabilities on the balance sheet and their tax base result in deferred taxes. The Mynaric Group applies a uniform tax rate of approximately 28% for the calculation of domestic deferred taxes. Income taxes in 2018 were calculated in detail using differentiated tax rates. Deferred tax assets are recognized pursuant to IAS 12.

Deferred tax assets are recorded to the extent it is probable that taxable profit will be available against which the temporary difference can be utilized. This also applies to deferred tax assets on unused tax losses. If the tax assets are unlikely to be realized, they are impaired by the appropriate amount.

Deferred tax assets and liabilities are only offset if the deferred taxes relate to income taxes levied by the same taxation authority and if the actual income tax assets can be offset against the actual income tax liabilities.

EQUITY

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. Equity comprises subscribed capital, capital reserves, currency differences (equity from unrealized gains/losses) and retained earnings.

SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument on the date it was granted. More information on determining the fair value of equity-settled share-based payments can be found under [9] SHARE-BASED PAYMENTS.

The fair value determined when the share-based payments are granted is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, and is based on the Group's expectations regarding the equity instruments that are expected to vest. At each balance sheet date, the Group must review its estimates regarding the number of equity instruments that will become vested. The effects of the changes in the original estimates are recognized in profit or loss with simultaneous adjustment of the capital reserve.

OTHER PROVISIONS

Other provisions have been reliably assessed for transactions resulting in an outflow of enterprise resources to settle present obligations in accordance with IAS 37. Estimates are based primarily on detailed calculations. Provisions for which an outflow of resources is only expected after twelve months are classified as non-current and recognized at the present value of future cash outflows.

FINANCIAL LIABILITIES

Liabilities comprise financial liabilities, trade payables and other liabilities, and are classified in the category of financial liabilities measured at amortized cost (FLAC). Financial liabilities are recognized at amortized cost using the effective interest method. They are initially recognized at fair value, including transaction costs. Financial liabilities are derecognized when the contractual obligations are settled, suspended or expire. If the financial liabilities are not due for settlement within twelve months of the end of the reporting period, they are classified as non-current, otherwise as current.

LEASING

Leases are agreements whereby the lessor transfers to the lessee the right to use an asset for an agreed period in return for a payment or a series of payments. A distinction is made between operating leases and finance leases.

Assets used under an operating lease are not recognized. Lease payments are recorded through profit and loss on an accrual basis.

A finance lease is a lease that substantially transfers all material risks and rewards incidental to ownership of an asset. The Company did not have any finance leases in the reporting year.

ESTIMATES

Proper and full preparation of the consolidated financial statements requires to some degree the use of assumptions and estimates that affect assets and liabilities reported, the disclosure of contingent liabilities and receivables on the face of the balance sheet and the income and expenses recognized. In individual cases, the actual values may deviate from the assumptions and estimates made. Any adjustments are taken to profit and loss upon further knowledge becoming available.

The assessment of the internally funded development expenses was based on estimates of future cash flows.

Technological progress, a deteriorating market or damage may necessitate non-scheduled depreciation of property, plant and equipment.

Estimates must also be made for the formation of tax provisions and the impairment test of deferred tax assets. In determining the value of deferred tax assets, uncertainty may arise with respect to the interpretation of complex tax legislation as well as the amount and timing of future taxable income.

In determining the fair value of share-based payments estimates with respect to volatility are used.

Other provisions are recognized based on available knowledge and using the customary scope of discretion.

Impairments of financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses discretion in making these assumptions and selecting input factors for calculating impairments based on the Group's historical experience, existing market conditions and forward-looking estimates at the end of each reporting period.

VII. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[1] SALES

At 92% (previous year 96%), sales were generated predominantly in the U.S., the remaining 8% in Europe (previous year 4%).

All revenues from contracts with customers are recognized at a point in time.

[2] INCREASE/DECREASE IN INVENTORIES OF WORK IN PROGRESS

The increase in inventories of work in progress in the amount of EUR 1,064 thousand (previous year: EUR 245 thousand) is primarily attributable to optical ground stations in production. The overall increase of inventories totals EUR 1,373 thousand (previous year: decrease of EUR 82 thousand).

[3] OTHER OPERATING INCOME

Other operating income in the amount of EUR 403 thousand (previous year: EUR 557 thousand) comprises EUR 227 thousand of income from grants (previous year: EUR 478 thousand) and EUR 74 thousand from the reversal of provisions (previous year: EUR 24 thousand).

[4] COST OF MATERIALS

In thousands of euros	2018	2017
Cost of raw materials and supplies	1,554	666
Expenditures for purchased services	1,081	504
Total	2,635	1,170

[5] PERSONNEL EXPENSES

In thousands of euros	2018	2017
Wages and salaries	6,107	3,447
Social security contributions and expenditures on old age pensions and support	1,088	521
Total	7,195	3,968

Social security contributions and expenses on old age pensions and support include employer contributions to the German statutory pension insurance scheme. With regard to the share-based payments ([9] SHARE-BASED PAYMENTS), personnel expenses were recognized in the amount of EUR 32 thousand (previous year: EUR 0).

[6] INTEREST AND OTHER FINANCIAL RESULT

In thousands of euros	2018	2017
FINANCIAL INCOME		
Other interest income from loans and receivables	0	41
Other interest income from financial assets measured at amortized cost	0	0
Other financial income	0	0
	0	41
FINANCIAL EXPENSES		
Interest expenses from liabilities measured at amortized cost	0	10
Other financial expenses	0	0
	0	31

[7] TAXES ON INCOME AND PROFITS

In thousands of euros	2018	2017
Expected taxes at tax rate of approx. 28.00% (previous year: approx. 28.00%)	2,155	1,325
Effects of temporary differences in capitalized development costs	-874	-264
Effects of temporary differences in work in progress	94	13
Effects of non-tax-deductible expenses	9	5
Effects of unused tax losses and offsetting options not originally recognized that are now recognized as deferred tax assets	780	251
Effects of unused tax losses not recognized as deferred tax assets and offsetting options	-2,164	-1,975
Tax expenses for the financial year	0	-645

Breakdown of tax expenses:

	2018		2017	
In thousands of euros	Current taxes	Deferred taxes	Current taxes	Deferred taxes
Domestic	0	0	0	-645
International	0	0	0	0
Total	0	0	0	-645

As a result of the start-up losses incurred to date, with respect to corporate income tax losses of EUR 19,479 thousand (previous year: EUR 9,895 thousand) and corporate trade tax losses of EUR 19,462 thousand (previous year: EUR 9,897 thousand) deferred tax assets were only recognized in the amounts of recognized deferred tax liabilities. The tax losses do not expire. The same applies to foreign tax losses amounting to tax EUR 1,099 thousand (previous year: 475). These tax losses do not expire either.

In the financial year, the changes in deferred taxes amounted to EUR 0 (previous year: EUR 0).

Deferred tax assets and liabilities:

	12/31/2018		12/31/2017		2018	2017
In thousands of euros	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Change affecting net income	
Intangible assets and property, plant and equipment	0	1,142	0	268	-874	-264
Work in progress	107	0	13	0	94	13
Tax loss carryforwards and tax credits	1,035	0	255	0	780	251
Closing	-1,142	-1,142	-268	-268	0	0
Total	0	0	0	0	0	0
Short-term	0	0	0	0		

[8] EARNINGS PER SHARE ACCORDING TO IFRS / IAS

Basic earnings per share are calculated by dividing the profit after tax attributable to the shares in question by the number of entitled for dividends. This ratio may be diluted by so-called potential shares, in particular options and subscription rights. There were no comparable rights with a positive value at the balance sheet date. Accordingly, there is no difference between basic and diluted earnings per share. The Company's share capital stands at EUR 2,704,304.00. The calculation of earnings per share was based on 2,704,304 shares (previous year: 2,704,304 shares). Due to a lack of change in the number of outstanding shares, this corresponds to the weighted average of issued common shares. The consolidated annual net loss of EUR -7,778 thousand (previous year: EUR -5,428 thousand) was used as the basis for the calculation.

Earnings per share in the 2018 financial year are EUR -2.88 (previous year: EUR -2.01).

[9] SHARE-BASED PAYMENTS

On 09/08/2017, the annual shareholders' meeting decided that members of the Company's Management Board or executives of affiliated companies (Group 1) as well as employees of the Company or of domestic or foreign affiliated companies (Group 2) can on one or more occasions be granted subscription rights to no-par value new bearer or registered shares in the Company through individual agreement (2017 options plan).

The following conditions apply to the subscription rights in the 2017 options plan:

Up to 200,000 subscription rights may be issued on one or more occasions until 12/31/2019. The total volume is divided as follows:

- 100,000 subscription rights to Group 1

- 100,000 subscription rights to Group 2

In the 2018 financial year, Mynaric AG granted subscription rights to selected employees in the form of stock options (hereafter "options"). A total of 20,000 options were issued by 12/31/2018. A subscription right entitles the holder to acquire shares in the Company at the respective exercise price. The waiting period for exercising the options is 4 years after the date on which the options were granted. The options can be exercised within 2 years following expiration of the vesting period to the extent that the performance targets have been achieved. The performance targets are linked to the absolute performance of the Company's share price during the waiting period. One third of the options may be exercised if the volume-weighted 6-month average price of the Company's share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the end of the waiting period is at least 20% above the exercise price, another third when at least 30% above the exercise price and the final third when at least 50% above the exercise price. This granting of options was classified and measured as share-based payments settled by equity instruments in accordance with IFRS 2. The fair value is therefore determined only once on the grant date. The calculated expense must then be spread over the so-called vesting period.

The following table provides an overview of outstanding, granted, forfeited, exercised and expired options.

	2018 tranche
Options outstanding at the start of 2018 reporting period (01/01/2018)	-
Options granted in the 2018 reporting period	20,000
Options forfeited in the 2018 reporting period	-
Options exercised in the 2018 reporting period	-
Options expired in the 2018 reporting period	-
Options outstanding at the end of the 2018 reporting period (12/31/2018)	20,000
Options exercisable at the end of the 2018 reporting period (12/31/2018)	-

No options were exercised in the 2018 financial year. The remaining contractual term is 5.39 years.

Valuation model and input parameters

The valuation of the existing option program was carried out using Monte Carlo simulation, taking into account the option conditions. The following table shows the input parameters of the model.

	2018 tranche
Exercise price (EUR)	59.15
Term in years	6
Remaining term in years	5.39
Share price at valuation date (EUR)	52.20
Expected dividend yield (%)	0.00
Expected volatility (in %)	46.41
Risk-free interest rate (in %)	0.04
Options value (EUR)	15.71

The term of the options and the ability to exercise them early were taken into account in the option model. Early exercise is assumed if the share price exceeds 1.2 times the exercise price. To determine the risk-free interest rate, the implicit yield of German government bonds with equivalent maturities was used. Since the stock market history of Mynaric AG is shorter than the remaining term of the options, the volatility was determined as the term-equivalent historical volatility on the basis of 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 actual volatility may deviate from the assumptions made.

Total expenses for share-based payments recognized in the reporting period are EUR 32 thousand (previous year: EUR 0). The capital reserve as of 12/31/2018 is EUR 32 thousand (previous year: EUR 0).

VIII. NOTES TO THE CONSOLIDATED BALANCE SHEET

[10] INTANGIBLE ASSETS

DEVELOPMENT OF INTANGIBLE ASSETS - HISTORICAL COST

In thousands of euros	
As of 01/01/2017	277
Additions	1,164
Disposals	-263
As of 12/31/2017–01/01/2018	1,178
Additions	3,217
Disposals	0
As of 12/31/2018	4,395

DEVELOPMENT OF INTANGIBLE ASSETS - ACCUMULATED AMORTIZATION

In thousands of euros	
As of 01/01/2017	103
Additions	56
Disposals	-141
As of 12/31/2017–01/01/2018	18
Additions	142
Disposals	0
As of 12/31/2018	160
Net book value as of 12/31/2018	4,235
Net book value as of 12/31/2017	1,160

Intangible assets primarily comprise capitalized expenses for the development of satellite and air terminals (book value: EUR 4,120 thousand; previous year: EUR 966 thousand) as well as software acquired from third parties (book value: EUR 115 thousand; previous year: EUR 194 thousand). Costs for development projects are primarily attributed to the satellite terminal in the amount of EUR 2,980 thousand (previous year: EUR 619 thousand) as well as to the air terminal in the amount of EUR 760 thousand (previous year: EUR 191 thousand). Capitalized development costs increased during financial year 2018 by EUR 3,154 thousand (previous year: EUR 954 thousand). There was no amortization of development costs in the reporting period.

[11] PROPERTY, PLANT AND EQUIPMENT

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT - HISTORICAL COST

In thousands of euros	
As of 01/01/2017	782
Additions	381
Disposals	-124
As of 12/31/2017–01/01/2018	1,039
Additions	1,933
Disposals	-97
As of 12/31/2018	2,875

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION

In thousands of euros	
As of 01/01/2017	179
Additions	134
Disposals	79
As of 12/31/2017–01/01/2018	234
Additions	267
Disposals	-77
As of 12/31/2018	424
Net book value as of 12/31/2018	2,451
Net book value as of 12/31/2017	805

Fixed tangible assets comprise EUR 748 thousand of technical equipment and machinery (previous year: EUR 499 thousand) and EUR 357 thousand of operating and business equipment (previous year: EUR 306 thousand). Payments on account and assets under construction in the amount of EUR 1,346 thousand (previous year: EUR 0) primarily refer to the investment in the new premises leased in 2019.

[12] INVENTORIES

Inventories increased to EUR 2,003 thousand compared to the previous year (previous year: EUR 374 thousand).

In thousands of euros	12/31/2018	12/31/2017
Raw materials, supplies and consumables	23	129
Work in progress	1,618	245
Finished goods	0	0
Advance payments made	362	0
Total	2,003	374

Advance payments were assigned to inventories due to their close relationship.

Impairments of inventories due to a lower net realizable value on the balance sheet date were not necessary either in the financial year or in the previous year.

[13] TRADE RECEIVABLES

As of the balance sheet date, receivables were denominated in euros and US dollars. The maximum default risk of the receivables is the carrying amount on the balance sheet.

In thousands of euros	12/31/2018	12/31/2017
Trade receivables	317	256
Less impairment	0	0
	317	256
Impairment as of 01/01	0	0
Contribution	0	0
Derecognition of receivables	0	0
Reversal	0	0
As of 12/31	0	0

Trade receivables as of 12/31/2018 are due in the following time intervals:

In thousands of euros	≤ 30 days	31–60 days	61–90 days	91–180 days	> 180 days
Trade receivables	317	0	0	0	0

Trade receivables as of 12/31/2017 are due in the following time intervals:

In thousands of euros	≤ 30 days	31–60 days	61–90 days	91–180 days	> 180 days
Trade receivables	256	0	0	0	0

[14] FINANCIAL AND NON-FINANCIAL OTHER ASSETS (CURRENT AND NON-CURRENT)

	12/31/2018		12/31/2017	
In thousands of euros	Current	Non-current	Current	Non-current
NON-FINANCIAL ASSETS				
VAT receivables	280	0	304	0
Deferrals	76	0	88	0
Payments on account	0	0	27	0
Other	9	0	8	0
FINANCIAL ASSETS				
Deposits	133	23	0	1
Bank balances with residual maturities of over three months	771	1,543	0	0
	1,269	**1,566**	**427**	**1**

The maximum default risk of financial assets equals to the carrying amount reported on the face of the balance sheet.

Balances at banks classified as other financial assets are only subject to insignificant risks of changes in value. They comprise a fixed-term deposit of USD 2,625 thousand, which has maturities of USD 875 thousand on 26/08/2019, 02/24/2020 and 08/24/2020, respectively.

[15] CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled EUR 12,923 thousand at the balance sheet date (previous year: EUR 28,448 thousand) and comprise mainly bank balances as well as cash on hand. Bank balances are only subject to insignificant risks of changes in value. This includes a fixed-term deposit of USD

875 thousand due on 02/25/2019. Cash and cash equivalents correspond to the funds in the cash flow statement.

[16] SUBSCRIBED CAPITAL

The Company's share capital amounts to EUR 2,704,304.00 and is divided into 2,704,304 ordinary bearer shares with a par value of EUR 1.00 per share The Company does not hold own shares, meaning 2,704,304 shares (previous year: 2,704,304 shares) have been issued and fully paid in. Each share grants its owner one vote at the annual shareholders' meeting.

(a) Contingent capital

The Company's share capital was increased to EUR 200,000.00 on a contingent basis by a decision of the annual shareholders' meeting on 09/08/2017 (2017/I contingent capital). The contingent capital is used for granting subscription rights to shares (options) to members of the Company's Management Board or executives of affiliated companies as well as to Company employees or employees of affiliated companies.

(b) Authorized capital

By resolution of the annual shareholders' meeting on 08/07/2017, the Management Board - with the approval of the Supervisory Board - has been authorized to raise the share capital once or repeatedly by a total of up to EUR 1,000,000.00 (2017/I authorized capital). Following partial exercise of this authority in the 2017 financial year, the 2017/I authorized capital totaled EUR 735,696 (previous year: EUR 735,696).

With regard to capital transactions after the balance sheet date, reference is made to EVENTS AFTER THE BALANCE SHEET DATE.

[17] CAPITAL RESERVE

Capital reserve contains EUR 31,695 thousand (previous year: 31,965 thousand) share premium resulting from cash proceeds of the stock-market flotation in the 2017 financial year. The capital reserve was reduced in the 2017 financial year by transaction costs related to the issuance of shares totaling EUR 1,683 thousand.

Capital reserve also comprise such of Mynaric Lasercom GmbH before contributing its shares to Mynaric AG in the amount of EUR 7,564 thousand (previous year: 7,564 thousand) as a result of the reverse acquisition. Adjusting the subscribed capital of Mynaric Lasercom GmbH to that of Mynaric AG reduced the capital reserve by EUR 1,917 thousand (previous year: EUR 1,917 thousand).

In the 2018 financial year, EUR 32 thousand (previous year: EUR 0) were added to the capital reserve for share-based compensation.

[18] CURRENCY TRANSLATION DIFFERENCES (EQUITY FROM UNREALIZED GAINS/LOSSES)

Currency translation differences include unrealized gains and losses from currency conversion and amounts to EUR -10 thousand (previous year: EUR 37 thousand).

[19] OTHER PROVISIONS (LONG-TERM AND SHORT-TERM)

Other provisions comprise in particular provisions relating to personnel totaling EUR 816 thousand (previous year: EUR 423 thousand), legal disputes totaling EUR 245 thousand (previous year: EUR 0 thousand), year-end closing expenses and audit fees totaling EUR 69 thousand (previous year: EUR 48 thousand), Supervisory Board remuneration totaling EUR 35 thousand (previous year: EUR 11 thousand), warranties totaling EUR 22 thousand (previous year: EUR 14 thousand), and other provisions totaling EUR 123 thousand (previous year: EUR 139 thousand).

In thousands of euros	01/01/2018	Utilization	Reversals	Inflows	12/31/2018
Personnel	423	359	60	812	816
Legal disputes	0	0	0	245	245
Year-end closing expenses and audit fees	48	48	0	69	69
Supervisory Board remuneration	11	4	3	31	35
Warranties	14	0	0	8	22
Other	139	127	11	122	123
	635	538	74	1,287	1,310
In thousands of euros					Long-term provisions
Personnel	0				0
Legal disputes	0				0
Year-end closing expenses and audit fees	0				0
Supervisory Board remuneration	0				0
Warranties	14				22
Other	14				4
	28				26

[20] CURRENT FINANCIAL AND NON-FINANCIAL OTHER LIABILITIES

In thousands of euros	12/31/2018	12/31/2017
NON-FINANCIAL LIABILITIES		
Social security and payroll tax liabilities	123	225
Other	4	0
FINANCIAL LIABILITIES		
Other financial liabilities	19	24
Total	146	249

[21] ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Financial instruments were assigned to the following categories:

In thousands of euros	12/31/2018		12/31/2017	
	Short-term	Long-term	Short-term	Long-term
Amortized cost (AmC)				
Other financial assets	904	1,566	0	1
Cash and cash equivalents	12,923	0	28,448	0
Trade receivables	317	0	256	0
	14,143	**1,566**	**28,704**	**1**
Acquisition costs (FLAC)				
Trade payables	1,270	0	756	0
Other financial liabilities	19	0	24	0
	1,289	**0**	**780**	**0**

It is assumed that the carrying amount of other financial assets, trade receivables and cash and cash equivalents equals their fair value due to the short-term status.

The carrying amount of the non-current financial assets in the AmC category approximates their fair value. They comprise bank balances and interest-free deposits; based on the current low level of interest rates there is hardly any difference between carrying amount and fair value.

Due to the short-term status current financial liabilities measured at amortized cost (FLAC), such as trade payables and other financial liabilities, their carrying amount corresponds to their fair value.

Net results do not contain any interest income or interest expenses. They are presented in the section on the financial result.

NET RESULTS BY VALUATION CATEGORY 2018

In thousands of euros			Other income and expense/profit and loss items
Financial assets	AmC	measured at amortized cost	11

NET RESULTS BY VALUATION CATEGORY 2017

In thousands of euros			Other income and expense/profit and loss items
Financial assets	AmC	measured at amortized cost	0

Trade receivables and cash and cash equivalents are basically subject to the valuation requirements of IFRS 9. The credit risk of all bank balances is classified as low at each balance sheet date. Due to the customer structure, the default risk for trade receivables is also classified as low. Expected credit losses were not recognized according to IFRS 9 due to their immaterial impact.

All other current debt instruments measured at amortized cost are also considered to have a low default risk, since the risk of non-performance is low and it is assumed that debtors will be able to meet their contractual payment obligations. A loss allowance was not required for the expected 12-month credit losses (level 1).

[22] CASH FLOW STATEMENT

Cash and cash equivalents equal cash and cash equivalents at the balance sheet date, which comprise cash on hand and mainly bank balances.

IX. FINANCIAL RISK MANAGEMENT

LIQUIDITY RISKS

Prudent liquidity risk management means maintaining sufficient cash and cash equivalents to meet obligations that fall due. Management uses rolling forecasts to monitor the cash and cash equivalents on the basis of expected cash flows. This is generally carried out centrally for the Group. Liquidity at the balance sheet date as well as inflows from the capital increase from the authorized capital on 03/18/2019 are sufficient to cover arising financial needs.

BREAKDOWN OF SETTLEMENT PERIODS FOR FINANCIAL LIABILITIES

	12/31/2018				
In thousands of euros	< 1 year	1–2 years	3–5 years	> 10 years	Total
Trade payables	1,270	0	0	0	1,270
Other current financial liabilities	19	0	0	0	19
Total	1,289	0	0	0	1,289

	12/31/2017				
In thousands of euros	< 1 year	1–2 years	3–5 years	> 10 years	Total
Trade payables	756	0	0	0	756
Other current financial liabilities	24	0	0	0	24
Total	780	0	0	0	780

CREDIT/DEFAULT RISKS

Credit risks are generally considered to be small. In principle, there are general default risks that can generally occur at any time as a result of economic conditions. The receivables portfolio is mainly divided between public-sector customers or subsidy grants and major customers who are subject to a credit analysis. Therefore, the default risk of the receivables is considered to be manageable. For this reason, receivables are not insured throughout the Group. The inclusion of current and forward-looking information is based on the Group's estimates with regard to its exposure to credit risk within its customer structure.

CURRENCY RISKS

The Group operates predominantly within the Eurozone and is therefore exposed to low foreign currency risks from its operating activities. Sales are also conducted in foreign currencies (USD). The cash inflows generated in USD will be used to finance the operations of the Group’s U.S. subsidiary. At the balance sheet date, there were mainly receivables in USD in the amount of EUR 201 thousand (previous year: EUR 133 thousand). No significant purchases are made in foreign currency (USD). There is also a fixed-term deposit of USD 3,500 thousand due in installments of USD 875 thousand at 02/25/2019, 08/26/2019, 02/24/2020 and 08/24/2020 that is planned to finance Mynaric USA Inc.

INTEREST RATE RISKS

The Group has interest-bearing financial assets in the form of a fixed-rate, fixed-term deposit of USD 3,500 thousand, which is due in installments of USD 875 thousand at 02/25/2019, 08.26.2019, 02/24/2020 and 08/24/2020, but does not have interest-bearing financial liabilities. For this reason, there specific interest rate risks don't exist.

CAPITAL RISK MANAGEMENT

One of the Group's most important financial targets is to achieve sustained growth in enterprise value and to ensure solvency at all times in the interests of protecting is going-concern status and to achieve an optimal capital structure. Ensuring that sufficient liquidity is available is of crucial importance in this context. These goals are achieved by means of an integrated controlling concept, whereby the management receives various data on individual items of the balance sheet as part of a monthly analysis. This provides information on trends for necessary business decisions. As of 12/31/2018, the Company's equity ratio stands at 89.0% (previous year: 95.0%). The equity ratio was calculated as the total equity in relation to the Group's total assets. The overall strategy pursued by the Group was unchanged from 2017.

X. OTHER INFORMATION

SEGMENT REPORTING

According to IFRS 8, operating segments are to be defined on the basis of the internal segment reporting, which is regularly reviewed by the Company's decision makers with respect to decisions on the allocation of resources to these segments and the assessment of their profitability. There is no such internal segment reporting in the Mynaric Group (single segment company).

Sales are broken down by regions as follows:

At 92% (previous year 96%), sales revenues were generated predominantly in the U.S., the remaining 8% in Europe (previous year 4%).

One client of the Mynaric Group accounted for EUR 1,098 thousand (previous year: EUR 804 thousand) or 81% (previous year: EUR 59%) of total sales.

OTHER FINANCIAL OBLIGATIONS

	2018			
In thousands of euros	≤ 1 year	1–5 years	> 5 years	Total
Rent contracts (operating leases)	733	3,568	4,745	9,046
Leasing contracts (operating leases)	56	0	0	56
Miscellaneous	435	548	0	983
Total	1,224	4,116	4,745	10,085

In the current year, expenses from operating leasing agreements amounting to EUR 354 thousand (previous year: EUR 194 thousand) were recognized as other operating expenses. There are no purchase options.

In the previous year, other financial obligations incurring in future financial years were considerably lower since the lease contract for the property at the Gilching location for a period of 10 years was concluded in the current year and starts 05/01/2019. This lease will be accounted in the 2019 financial year in accordance with IFRS 16.

EMPLOYEES

In financial year, the Mynaric Group employed an average of 73 employees (previous year: 51), of whom 16 (previous year: 11) are employees of Mynaric AG, 51 (previous year: 35) are employees of Mynaric Lasercom GmbH and 5 (previous year: 5) are employees of Mynaric USA Inc. Board members of Mynaric AG and general managers of the other Group entities are not included in these numbers .

CORPORATE BODIES

The Company's Management Board members:

- Dr. Wolfram Peschko (Dr. rer.nat.), Gauting
- Dr. Markus Knapek (Dr.-Ing.), Munich (until 03/13/2019)
- Joachim Horwath (Dipl.-Ing.), Gilching (until 03/13/2019)
- Bulent Altan (Master of Science in Aerospace), Playa Vista, California (from 03/13/2019)
- Hubertus Edler von Janecek (Dipl.-Ing.), Munich (from 03/13/2019)

The Company's Supervisory Board members are:

- Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG
- Hans-Christian Semmler, Vice Chairman, Managing Director of HCS Beteiligungsgesellschaft mbH (until 07/17/2018)
- Dr. Gerd Gruppe, Supervisory Board member (until 10/23/2018), Vice Chairman (from 10/24/2018), Board of Aerospace Management at DLR (ret.)
- Dr. Harald Gerloff, Supervisory Board member (until 10/23/2018), Vice Chairman (from 10/24/2018 to 12/31/2018), CEO Netmedia AG
- Rony Vogel, entrepreneur and investor (until 07/17/2018)
- Dr. Thomas Billeter, investor and business angel (from 07/17/2018)
- Peter Müller-Brühl, COO of GreenCom Networks AG (from 07/17/2018)
- Thomas Mayrhofer, attorney-at-law, partner at the law firm Pinsent Masons Germany LLP (from 04/01/2019)

BOARD MEMBER HOLDINGS

According to the provided information, the Company's Board Members hold shares of the Company as follows:

As of 12/31/2018	Shares in 2018	Shares in 2017	Changes between 2017/2019
Dr. Wolfram Peschko	210,089	209,089	1,000
Dr. Markus Knapek	453,934	452,934	1,000
Joachim Horwath	396,940	396,240	700
Harald Gerloff (via SPIX S.A.)	317,017	359,517	-42,500
Hans-Christian Semmler (via HCS Beteiligungsgesellschaft mbH)	N/A	17,871	N/A
Rony Vogel	N/A	16,974	N/A
Peter Müller-Brühl	4,445	N/A	N/A

INFORMATION ON RELATED PARTIES

In addition to the members of the Management Board and the Supervisory Board, affiliated person in accordance with IAS 24 was Ariane Knapek. The latter is employed part-time in the Company as an employee and receives a salary in at arm’s length terms.

Affiliated companies, aside from Group subsidiaries that are all being fully consolidated, are:

- Adelanto management services s.l.

Transactions with affiliated parties are concluded at arm’s length terms. In the financial years, expenses totaling EUR 298 thousand (previous year: EUR 205 thousand) were incurred from affiliated companies for services received.

ALLOCATION OF UNAPPROPRIATED LOSS

The Management Board proposes to carry forward the retained loss of EUR 4,525,316.28 as disclosed in the single-entity financial statements prepared by Mynaric AG pursuant to German GAAP, consisting of a retained loss bought forward of EUR 2,958,787.87 and the loss for the 2018 financial year of EUR 1,566,528.41. The Supervisory Board approved those financial statements of Mynaric AG on 05/07/2019.

REMUNERATION

As a matter of principle, the remuneration of the members of the Management Board comprises fixed and variable components. Share-based compensation components or components with a long-term incentive have not been granted in the 2018 financial year. Total remuneration for the Management Board for the 2018 financial year totaled EUR 766 thousand (previous year: EUR 614 thousand), of which EUR 176 thousand (previous year: EUR 135 thousand) were variable remuneration components and EUR 590 thousand (previous year: EUR 479 thousand) were fixed remuneration components. The reported remuneration for the Management Board contains expenses for services by affiliated companies (Adelanto management services s.l) in the amount of EUR 298 thousand (previous year: EUR 205 thousand).

Total remuneration for the Supervisory Board for the 2018 financial year was EUR 65 thousand (previous year: EUR 33 thousand), of which EUR 20 thousand (previous year: EUR 20 thousand) was paid to the chairman, EUR 15 thousand to the vice chairmen (previous year: EUR 15 thousand) and EUR 10 thousand (previous year: EUR 10 thousand) to each other Supervisory Board member as annual compensation. Variable remuneration components were waived. The provisions for Supervisory Board remuneration as of the end of the 2018 financial year stood at EUR 35 thousand (previous year: EUR 11 thousand).

AUDITOR'S FEES AND SERVICES

In the 2018 financial year, the Mynaric Group reported the following audit fee:

- Audit of the single and consolidated financial statements: EUR 40 thousand (previous year: EUR 0 thousand).

EVENTS AFTER THE BALANCE SHEET DATE

Management Board members Dr. Markus Knapek and Joachim Horwath stepped down on 03/13/2019; Bulent Altan and Hubertus Edler von Janacek were appointed as new board members on this same date.

The share capital of Mynaric AG was increased by EUR 200,000.00, divided into 200,000 bearer shares, each with a par value of EUR 1.00, from the authorized capital excluding subscription rights of the existing shareholders to EUR 2,904,000. Of the cash issue proceeds, EUR 10,800 thousand were appropriated to increase the capital reserve. The increase of the share capital was entered in the commercial register on 05/14/2019.

The following decisions were made at the annual shareholders' meeting on 07/02/2019: The 2017/I authorized capital totaling up to EUR 735,696.00 against cash and/or non-cash contributions through the issuing of up to 735,696 new no-par value bearer shares was revoked. Instead, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions by a total of up to EUR 1,352,152 by issuing up to 1,352,152 new no-par value bearer shares against cash and/or non-cash contributions until 07/01/2024 (2019 authorized capital).

The existing 2017 contingent capital was revoked except for a balance of EUR 20,000.00. In its place, a new conditional capital was created for 2019 in the amount of EUR 270,000.00. The Management Board is authorized through 12/31/2022 ("authorization period"), with the approval of the Supervisory Board, to grant subscription rights ("2019 options plan") on one or more occasions for:

- A total of up to 135,000 no-par value bearer or registered shares in the Company to members of the Company's Management Board or general managers of affiliated companies ("Beneficiary Group 1").
- A total of up to 135,000 no-par value bearer or registered shares in the Company to employees of the Company or of affiliated companies ("Beneficiary Group 2").

Where members of the Management Board are concerned, the Supervisory Board is authorized.

On 09/13/2019, the Management Board and Supervisory Board exercised its authority to grant subscription rights to shares as part of the 2019 options plan and on 09/27/2019 issued 92,000 options to Beneficiary Group 1 and 17,800 options to Beneficiary Group 2.

The Management Board released these consolidated financial statements for publication on 11/18/2019.

Gilching, 11/19/2019

The Management Board

Dr. Wolfram Peschko

Bulent Altan

Hubertus Edler von Janecek

INDEPENDENT AUDITOR'S REPORT

To Mynaric AG, Gilching

Audit Opinion

We have audited the consolidated financial statements of Mynaric AG, Gilching, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive profit and loss, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the financial year from 01 January to 31 December 2018, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying consolidated financial statements comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § (Article) 315e HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its financial performance for the financial year from 01 January to 31 December 2018.

Pursuant to § 322 Abs. (Paragraph) 3 Satz (Sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the Audit Opinion

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for 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" 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the consolidated financial statements

The Executive Directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Directors are responsible for such internal controls as they 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, the Executive Directors are 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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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, as well as to issue an auditor's report that includes our audit opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) 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.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 audit opinion. 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Executive Directors and the reasonableness of estimates made by the Executive Directors and related disclosures.
- Conclude on the appropriateness of the Executive Directors' 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 or, if such disclosures are inadequate, to modify our respective audit opinion. 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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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, 19 November 2019

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Zelger
German Public Auditor
(Wirtschaftspruefer)

Schön
German Public Auditor
(Wirtschaftspruefer)

20.4 ***Audited financial statements of Mynaric AG prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2019, and independent auditor's report thereon:***

Mynaric AG, Gilching
Balance Sheet as of 31 December 2019

ASSETS	31.12.2019	31.12.2018
	EUR	EUR
A. Fixed Assets		
I. Intangible assets		
concessions commercial	91.762,00	123.872,00
property rights and similar rights and assets		
as well as licenses to such rights and assets		
	91.762,00	123.872,00
II. Property, plant and equipment		
1. Land, land rights and buildings		
incl. Buildings on third-party land	1.093.793,00	0,00
2. Other equipment, operating and office equipment	116.205,00	138.685,00
3. Advance payments and assets under construction	0,00	754.529,19
	1.209.998,00	893.214,19
III. Financial assets		
1. Shares in affiliated companies	16.990.066,82	6.961.566,82
2. Loans to afiliated companies	9.818.892,23	8.458.186,39
	26.808.959,05	15.419.753,21
	28.110.719,05	**16.436.839,40**
B. Current assets		
I. Inventories		
Advanced payments	12.470,21	0,00
	12.470,21	0,00
II. Receivables and other assets		
1. Receivables to affiliatted companies	4.185.262,66	1.131.900,82
2. Other assets	451.972,74	386.496,54
	4.637.235,40	1.518.397,36
III. Cash on hand and bank balances	7.936.779,09	13.844.057,55
	7.936.779,09	13.844.057,55
	12.586.484,70	**15.362.454,91**
C. Prepaid Expense	133.687,36	63.184,84
	133.687,36	**63.184,84**
TOTAL ASSETS	**40.830.891,11**	**31.862.479,15**

EQUITY AND LIABILITIES	31.12.2019	31.12.2018
	EUR	EUR
A. Equity		
I. Subscribed capital	2.904.304,00	2.704.304,00
II. Capital reserve	42.494.606,75	31.694.606,75
III. Retained loss	-5.377.154,47	-4.525.316,28
	40.021.756,28	**29.873.594,47**
B. Provisions		
Other Provisions	610.515,54	432.307,66
	610.515,54	**432.307,66**
C. Liabilities		
1. Trade payables	160.257,88	856.138,17
2. Payables to affiliated companies	0,00	665.390,42
3. Other liabilities	38.361,41	35.048,43
From taxes	*33.340,74*	*28.771,82*
For Social Security	*3.416,75*	*3.217,00*
	198.619,29	**1.556.577,02**
TOTAL EQUITY AND LIABILITIES	**40.830.891,11**	**31.862.479,15**

Mynaric AG, Gilching
Income Statement for the Financial 2019

Anlage 2

	01/01/2019 - 31/12/2019 EUR	01/01/2018 - 31/12/2018 EUR
1. Sales	4.049.523,00	2.320.981,28
2. Other operating income	319.780,24	3.313,02
From currency conversion	*111.611,61*	*96,02*
Total output	**4.369.303,24**	**2.324.294,30**
3. Personnel expenses		
a) Wages and salaries	-1.720.832,00	-1.354.309,06
b) Social Security contributions and expenditures for pensions and support	-252.498,89	-186.217,65
	-1.973.330,89	-1.540.526,71
4. Depreciation and amortization of intangible assets and property, plant and equipment	-176.752,65	-212.351,32
	-176.752,65	-212.351,32
5. Other operating expenses	-3.358.326,33	-2.265.745,85
From currency conversion	*-80.081,15*	*0,00*
Operating profit	**-1.139.106,63**	**-1.694.329,58**
6. Other interest and similar income	287.268,44	127.801,17
Net financial result	**287.268,44**	**127.801,17**
7. Result after taxes/net loss for the year	**-851.838,19**	**-1.566.528,41**
8. Loss carried forward from previous year	-4.525.316,28	-2.958.787,87
9. Retained loss	**-5.377.154,47**	**-4.525.316,28**

Notes to the Financial Statement as of 31 December 2019 of Mynaric AG, Gilching

A. GENERAL INFORMATION

Mynaric AG is the parent company of the Mynaric Group, a manufacturer of aerospace laser communications products. Its headquarters is in Gilching, Germany and it is registered in the commercial register of the Munich District Court (Reg. No. HRB 232763).

The Company's shares are listed on the Regulated Unofficial Market (Scale segment) of the Frankfurt Stock Exchange.

Mynaric AG is a small corporation as defined in § 267 (1) German Commercial Code (HGB—*Handelsgesetzbuch*). The financial year corresponds to the calendar year.

The financial statements as of 12/31/2019 have been prepared on the basis of the classification, accounting and valuation requirements in the German Commercial Code as amended by the German Balance Sheet Directive Implementation Act (*Bilanzrichtlinie-Umsetzungsgesetz*) as well as the supplementary regulations of the German Stock Corporation Act (*Aktiengesetz*). The financial statement complies with the presentation regulations in §§ 265 ff. HGB.

Size-based exemptions for preparing the financial statements were taken.

The income statement was prepared by nature of expense (§ 275 [2] HGB).

B. ACCOUNTING AND VALUATION PRINCIPLES

The measurements in the financial statements assume a going concern. The Management Board is continuously monitoring the liquidity and financial needs of Mynaric AG. Based on scenario analyses and planning, we assume that the continuation of the Company is ensured in the corresponding scenarios.

Intangible assets acquired for consideration were recognized at cost and, where depreciable, depreciated on schedule. The useful lives for computer software is 1–5 years and for trademark rights 10 years.

Property, plant and equipment were recognized at cost and, where depreciable, depreciated on schedule.

The scheduled depreciations occurred on a straight line basis according to the expected useful life of the asset, with the commercial conditions complying with tax regulations. Assets costing up to EUR 250 are recorded in full as other operating expenses in the year of acquisition. Assets costing between EUR 250 and EUR 800 are depreciated as low-value assets in the year of acquisition.

Financial assets are measured at cost or at the lower fair value.

Receivables and other assets are recognized at par value and were measured with consideration to all identifiable risks. No provisions to individual a lump sum reserves for doubtful accounts were required.

Bank balances are measured at par value.

Prepaid expenses are formed for expenditures prior to the reporting date, provided they represent an expense for a specific period after this date.

Equity is reported at par value.

Provisions take into account all identifiable risks and uncertain liabilities. They are recognized at the settlement amount deemed necessary according to prudent business judgment.

Liabilities are recognized according to the highest-value principle. They are generally measured at the settlement amount.

Foreign currency receivables and payables with a maturity of up to one year are converted at the average spot exchange range on the reporting date. Foreign currency transactions with a maturity of over one year are converted at the bid rate on the transaction date/at the lower rate on the reporting date if a receivable, or at the ask rate on the transaction date/at the higher rate on the reporting date if a payable.

C. NOTES ON THE BALANCE SHEET

1. Shares in affiliated companies

The shares in affiliated companies are 100% holdings in the subsidiaries Mynaric Lasercom GmbH, totaling EUR 15,950 thousands Mynaric Systems GmbH, totaling EUR 1,028 thousands, and Mynaric USA, Inc., totaling EUR 12 thousands. Mynaric Systems GmbH was acquired as a non-operating company (previously Blitz 19-60 GmbH) on 15.03.2019. Mynaric AG decided on contributions of EUR 6,000 thousands and EUR 3,000 thousands to the capital reserves of Mynaric Lasercom GmbH, as well as EUR 1,000 thousands of Mynaric Systems GmbH, paid in on 28.06.2019, 08.11.2019 and 07.11.2019, respectively.

2. Loans to affiliated companies

Loans to affiliated companies totaling EUR 9,819 thousands (previous year: EUR 8,458 thousands) comprise loans to Mynaric Lasercom GmbH, Mynaric Systems GmbH and Mynaric USA, Inc. They refer to loans granted by the parent company to the subsidiaries to finance capital expenditures and cover the costs of ongoing operations.

3. Receivables and other assets

Receivables from affiliated companies totaling EUR 4,185 thousands (previous year: EUR 1,132 thousands) comprise receivables from Mynaric Lasercom GmbH. They refer to current clearing accounts.

Receivables from affiliated companies have a residual maturity of up to one year.

Other assets primarily consist of VAT receivables in the amount of EUR 151 thousands (previous year: EUR 280 thousands) as well as deposits for rental guarantees totaling EUR 224 thousands (previous year: EUR 106 thousands).

4. Cash

Cash consists of bank balances.

These include USD interest-bearing fixed-term deposits of EUR 1,560 thousands (previous year: EUR 3,085 thousands).

5. Subscribed capital

As of 01.01.2019, the Company's share capital was EUR 2,704,304, divided into 2,704,304 bearer shares, each with a par value of EUR 1.00. The Management Board and the Supervisory Board decided on 18.03.2019 to increase the Company's share capital, with partial utilization of the 2017/I authorized capital, by EUR 200,000.00 from EUR 2,704,304.00 to EUR 2,904,304.00 by issuing 200,000 new bearer shares, each amounting to EUR 1.00 of the share capital, against cash contributions.

a. Contingent capital

The existing 2017 contingent capital was revoked at the Annual General Meeting on 02.07.2019 except for a balance of EUR 20,000.00. In its place, new contingent capital was created for 2019 in the amount of EUR 270,000.00. With the Supervisory Board’s approval, the Management Board is authorized through 31. December 2022 (“authorization period”) to grant subscription rights (“options”) on one or more occasions for:

- A total of up to 135,000 no-par value bearer or registered shares in the Company to members of the Company's Management Board or executives of affiliated companies ("beneficiaries").
- A total of up to 135,000 no-par value bearer or registered shares in the Company to employees of the Company or of affiliated companies ("beneficiaries").

Where members of the Management Board are concerned, the Supervisory Board is authorized in this regard.

b. Authorized capital

The 2017/I authorized capital totaling up to EUR 735,696.00 against cash and/or non-cash contributions through the issuing of up to 735,696 new no-par value bearer shares was revoked at the Annual General Meeting on 02.07.2019. With the Supervisory Board’s approval, the Management Board is instead authorized to increase the Company's share capital on one or more occasions by a total of up to EUR 1,352,152 by issuing up to 1,352,152 new no-par value bearer shares against cash and/or non-cash contributions until 01.07.2024 (2019 authorized capital).

6. Capital reserve

As of 31.12.2019, the capital reserve totaled EUR 42,494,606.75. The change on 01.01.2019 with a balance of EUR 31,694,606.75 was the result of the increase in share capital decided on 18.03.2019 and the related additional paid in capital totaling EUR 10,800,000.00.

7. Other provisions

Other provisions comprise in particular provisions for personnel expenses totaling EUR 377 thousands (previous year: EUR 264 thousands), Supervisory Board compensation totaling EUR 44 thousands (previous year: EUR 35 thousands), financial closing costs and audit fees totaling EUR 47 thousands (previous year: EUR 30 thousands) and other provisions totaling EUR 142 thousands (previous year: EUR 103 thousands).

8. Liabilities

There are no payables to affiliated companies as of the reporting date. In the previous year, they resulted from other liabilities in the amount of EUR 665 thousands.

All liabilities have a residual maturity of up to one year.

9. Deferred taxes

The option to apply deferred tax assets in the amount of EUR 1,470 thousands to the current tax loss carryforward of EUR 5,299 thousands was not exercised as of 31.12.2019. The calculation was based on an average tax rate of 27.73%.

D. NOTES ON THE INCOME STATEMENT

1. Sales

Sales pertain to charges for shared services to the subsidiaries Mynaric Lasercom GmbH and Mynaric Systems GmbH.

2. Other operating expenses

Other operating expenses mainly comprise legal and consulting costs, IT costs and recruiting costs.

E. OTHER INFORMATION

1. Other financial obligations

Other financial obligations total EUR 9,244 thousands, of which EUR 1,502 thousands will incur in 2020. The significant portions in the amount of EUR 8,314 thousands relates to a 10-year lease agreement until April 2029.

2. Management Board and Supervisory Board

The Management Board in the financial year 2019 consisted of:

- Dr. Wolfram Peschko (Dr. rer.nat.), Finance & Administration, Gauting
- Dr. Markus Knapek (Dr.-Ing.), Munich (until 13.03.2019), Managing Director of Mynaric Systems GmbH
- Joachim Horwath (Dipl.-Ing.), Gilching (until 13.03.2019), Managing Director of Mynaric Lasercom GmbH
- Bulent Altan (Master of Science in Aerospace), Playa Vista, CA (from 13.03.2019)
- Hubertus Edler von Janecek (Dipl.-Ing.), Munich (from 13.03.2019)

The Supervisory Board for financial year 2019 consisted of:

- Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG
- Dr. Gerd Gruppe, Vice Chairman, retired board member of Aerospace Management at DLR
- Dr. Thomas Billeter, investor and business angel
- Peter Müller-Brühl, COO of GreenCom Networks AG
- Thomas Mayrhofer, attorney-at-law, partner at the law firm Pinsent Masons Germany LLP (from 01.04.2019)

3. Other general information

Employees

In the financial year 2019, the Company employed an average of 19 people (previous year: 16).

4. Group affiliation

Pursuant to § 290 ff. HGB, Mynaric AG, Gilching voluntarily prepares consolidated financial statements for the smallest and largest number of group companies.

5. Appropriation of income

The Management Board proposes carrying forward the retained loss for Mynaric AG of EUR 5,377,154.47, consisting of the retained loss brought forward from prior year in the amount of EUR 4,525,316.28 and the net loss for financial year 2019 in the amount of EUR 851,838.19.

6. Reporting on subsequent events

The Management Board and Supervisory Board decided on 04.02.2020 to increase the share capital by EUR 290,430, divided into 290,430 bearer shares, each with a par value of EUR 1.00, from the authorized capital excluding subscription rights. A total of 12,053 thousands was contributed to the capital reserve. The receipts from the share issuance from the issue was paid in February 2020.

How the coronavirus pandemic will affect economic development in individual countries and, ultimately, on Mynaric AG and its subsidiaries depends greatly on the continued spread of the virus as well as on how quickly and effectively steps to contain it show results. Given the information currently available, it is extremely difficult to predict how long the economy will continue to suffer from the coronavirus pandemic and how severe the consequences will be for the economy. Similarly, the financial impact and economic consequences for Mynaric AG and its subsidiaries cannot be predicted at this time.

Gilching, 28 March 2020

The Management Board

Dr. Wolfram Peschko   Bülent Altan   HuHubertus Edler von Janecek

Dr. Wolfram Peschko

[Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.]

INDEPENDENT AUDITOR’S REPORT

To the Mynaric AG, Gilching

Audit Opinion

We have audited the annual financial statements of Mynaric AG, Gilching, which comprise the balance sheet as at 31 December 2019, and the statement of profit and loss for the financial year from 01 January to 31 December 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 01 January to 31 December 2019 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for 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 Annual Financial Statements” section of our auditor’s report. We are independent of the Company 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) 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 annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, 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 audit opinion. 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 annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 Company'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 annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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, 28 March 2020

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Zelger	Schön
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

20.5 ***Audited financial statements of Mynaric AG prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2018, and independent auditor's report thereon:***

Mynaric AG, Gilching
Balance Sheet as at 31 December 2018

ASSETS	31/12/2018 EUR	31/12/2017 EUR
A. Fixed assets		
I. Intangible assets		
Purchased licences commercial property rights as well as similar rights and values	123,872.00	191,056.00
	123,872.00	191,056.00
II. Property, plant and equipment		
1. Other equipment, factory and office equipment	138,685.00	124,538.00
2. Advance payments	754,529.19	0.00
	893,214.19	124,538.00
III. Financial assets		
1. Shares in affiliated companies	6,961,566.82	1,961,566.82
2. Loans to affiliated companies	8,458,186.39	0.00
	15,419,753.21	1,961,566.82
	16,436,839.40	**2,277,160.82**
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	1,131,900.82	2,647,680.07
2. Other assets	386,496.54	293,882.74
	1,518,397.36	2,941,562.81
II. Cash on hand and bank balances	13,844,057.55	26,812,463.39
	13,844,057.55	26,812,463.39
	15,362,454.91	**29,754,026.20**
C. Deterred expense	63,184.84	52,035.58
	63,184.84	**52,035.58**
	31,862,479.15	**32,083,222.60**

LIABILITIES	31/12/2018 EUR	31/12/2017 EUR
A. Equity		
I. Subscribed capital	2,704,304.00	2,704,304.00
II. Capital reserve	31,694,606.75	31,694,606.75
III. Retained loss	-4,525,316.28	-2,958,787.87
	29,873,594.47	**31,440,122.88**
B. Provisions		
Other accruals	432,307.66	256,151.00
	432,307.66	**256,151.00**
C. Liabilities		
1. Trade payables	856,138.17	268,667.29
2. Liabilities to affiliated companies	665,390.42	92,529.59
3. Other liabilities	35,048.43	25,751.84
	1,556,577.02	**386,948.72**
	31,862,479.15	**32,083,222.60**

Mynaric AG, Gilching
Profit and loss account for the financial year
from 1 January to 31 December 2018

		01/01/2018 - 31/12/2018 EUR	18/04/2017 31/12/2017 EUR
1.	Sales	2,320,981.28	446,228.81
2.	Other operating income	3,313.02	0.00
	Total results of operations	**2,324,294.30**	**446,228.81**
3.	Personnel expenses		
	a) Wages and salaries	-1,354,309.06	-448,416.53
	b) Social security contributions and expenses for pension schemes and support	-186,217.65	-39,573.80
		-1,540,526.71	-487,990.33
4.	Amortisation of intangible fixed assets and depreciation of property, plant and equipment	-212,351.32	-48.396,07
5.	Other operating expenses	-2,265,745.85	-2,870,892.94
6.	Other interest and similar income	127,801.17	2,284.69
7.	Interest and similar expenses	0.00	-22.03
8.	**Net loss for the year**	**-1,566,528.41**	**-2,958,787.87**
9.	Loss carried forward from previous year	-2,958,787.87	0.00
10.	**Retained loss**	**-4,525,316.28**	**-2,958,787.87**

Notes to the financial statements as of 31/12/2018

Mynaric AG

A. GENERAL INFORMATION

The Mynaric AG registered office is located in Gilching; the Company is entered in the commercial register of the Munich District Court (Reg. No. HRB 232763).

The Company's shares are listed on the Regulated Unofficial Market (Scale segment) of the Frankfurt Stock Exchange.

Mynaric AG is a small size corporation within the meaning of section 267 (1) German Commercial Code (HGB). The financial year corresponds to the calendar year.

The annual financial statements as at 31 December 2018 are prepared on the basis of the classification, accounting and valuation requirements of the German Commercial Code in the version of the German Accounting Directive Implementation Act (BilRUG) and the supplementary provisions of the German Stock Corporation Act (AktG). The annual financial statements comply with the classification provisions of sections 265 et seq. of the German Commercial Code.

Size-dependent simplifications in the preparation of the annual financial statements have been elected.

The profit and loss account was prepared in accordance with the total cost accounting method (section 275 (2) HGB).

As the parent company of the Mynaric Group, Mynaric AG holds 100% of the shares of Mynaric Lasercom GmbH, Gilching and Mynaric USA Inc. These subsidiaries provide research and development services as well as services in the field of laser communication technology. Mynaric Lasercom GmbH started the serial production of laser communication products during the 2018 financial year. Mynaric AG finances the business activities of its subsidiaries and their growth through contributions to equity and the grant of shareholder loans.

According to the Mynaric Group's business plan, revenues from product sales are expected to increase significantly in the coming financial years and eventually generate cash surpluses from operations, which will allow repayments of shareholder loans and distributions of profits. Cash and cash equivalents as of the balance sheet date and inflows from the capital increase from authorized capital on 18 March 2019 are sufficient to cover the financial requirements that will arise in the meantime.

B. ACCOUNTING AND VALUATION METHODS

The annual financial statements are prepared on the basis of the going concern principle.

Purchased intangible fixed assets were carried at cost and, if subject to wear and tear, reduced by scheduled amortization. The useful lives for EDP software are between 1-5 years and for trademark rights 10 years.

Property, plant and equipment was carried at cost and, where depreciable, reduced by scheduled depreciation.

Scheduled depreciation was calculated using the straight-line method over the expected useful life of the assets. For such purposes, accounting treatment matched tax treatment. Assets with acquisition costs of up to EUR 250 (PY: EUR 150) are recognised in full as an expense under other operating expenses for the year of acquisition. Assets with acquisition costs between EUR 250 (PY: EUR 150) and EUR 800 (PY: EUR 410) are depreciated as low-value assets during the year of acquisition.

Financial assets are carried at the lower of cost or fair value.

Receivables and other assets are stated at nominal value and are valued taking into account all identifiable risks. No individual or general bad debt allowances were recognised for receivables.

Bank balances are valued at nominal value.

Prepaid expenses are recognized with regard to expenses incurred prior to the balance sheet date and represent expenses for a period after this date.

Equity is carried at nominal value.

Accruals take into account all identifiable risks and contingent liabilities. They are carried at the settlement amount required in accordance with reasonable commercial judgement.

Liabilities are carried according to the highest value principle. They are generally valued at the settlement amount.

Receivables and liabilities denominated in foreign currency with a maturity of up to one year are translated at the average spot exchange rate on the balance sheet date. Business transactions in foreign currencies with a term of more than one year were translated at the buying rate on the date of origin or the lower rate on the balance sheet date for receivables and at the selling rate on the date of origin or the higher rate on the balance sheet date for liabilities.

C. NOTES TO THE BALANCE SHEET

1. Shares in affiliated companies

Shares in affiliated companies relate to the 100% investments in its subsidiaries Mynaric Lasercom GmbH (formerly Vialight Communications GmbH) in the amount of TEUR 6,950 and Mynaric USA Inc. (formerly ViaLight Space, Inc.) in the amount of TEUR 12. Mynaric AG resolved the contribution of TEUR 3,000 and TEUR 2,000, respectively to the capital reserve of Mynaric Lasercom GmbH, which were paid in on 28 June 2018 and 12 December 2018, respectively.

2. Loans to affiliated companies

Loans to affiliated companies in the amount of TEUR 8,458 (PY: TEUR 0) consist of loans to Mynaric Lasercom GmbH and loans to Mynaric USA, Inc. They relate to loans granted by the parent company to its subsidiaries to finance their ongoing operations.

3. Receivables and other assets

Receivables from affiliated companies in the amount of TEUR 1,132 (PY: TEUR 2,648) comprise receivables from Mynaric Lasercom GmbH and receivables from Mynaric USA, Inc. They refer to current clearing accounts.

The receivables from affiliated companies have a remaining term of up to one year.

Other assets consist mainly of VAT receivables in the amount of TEUR 280 (PY: TEUR 287) and security deposits for rental guarantees in the amount of TEUR 106 (PY: TEUR 0).

4. Cash and cash equivalents

Cash and cash equivalents consist of cash at banks.

This includes interest-bearing time deposits in the amount of TEUR 3,085 invested in USD.

5. Subscribed capital

The Company's share capital amounts to EUR 2,704,304 and is divided into 2,704,304 bearer shares with a nominal value of EUR 1.00 per share.

6. Capital reserve

The capital reserve is calculated in accordance with section 272 (2) no. 1 HGB and relates to additional payments above the issue price of the no-par value shares (share premium) received in 2017.

7. Retained loss

The retained loss of -4,525,316.28 results from the net loss for the year of EUR -2,958,787.87 for the 2017 stub period and the net loss for the current financial year of EUR -1,566,528.41.

8. Other accruals

Other accruals include in particular provisions for personnel of TEUR 264 (PY: TEUR 181), remuneration of the Supervisory Board of TEUR 35 (PY: TEUR 11), renovation costs of rented space upon vacation of TEUR 30 (PY: TEUR 0), financial statement and audit costs of TEUR 30 (PY: TEUR 19), and other items of TEUR 73 (PY: TEUR 45).

9. Liabilities

Liabilities to affiliated companies result from trade payables and other liabilities.

Other liabilities primarily include tax liabilities of TEUR 29 (PY: TEUR 22) and social insurance liabilities of TEUR 3 (PY: TEUR 3).

The liabilities have a remaining term of up to one year.

10. Deferred taxes

The option to capitalise deferred tax assets of TEUR 1,241 on the existing tax loss carryforward of TEUR 4,476 as of 31 December 2018 was not exercised. The calculation was based on an average tax rate of 27.73%.

D. NOTES TO THE PROFIT AND LOSS ACCOUNT

1. Sales revenue

Sales relate to shared services charged to its subsidiary Mynaric Lasercom GmbH.

2. Other operating expenses

Other operating expenses include major items such as legal and consulting fees, IT costs and personnel recruitment costs.

E. OTHER DISCLOSURES

1. Other financial obligations

Other financial obligations amount to TEUR 10,058, of which TEUR 1,197 relate to 2019. The largest share results from a 10-year rental agreement for the period from May 2019 to April 2029 in the amount of TEUR 9,045.

2. Management Board and Supervisory Board

The Management Board comprised the following members for the 2018 financial year:

- Dr. Wolfram Peschko (Dr. rer. nat.), Gauting, Chairman
- Dr. Markus Knapek (Dr.-Ing.), Munich
- Mr. Joachim Horwath (Dipl.-Ing.), Gilching

The Supervisory Board comprised the following members for the 2018 financial year:

- Dr. Manfred Krischke, Chairman, CEO Cloudeo AG
- Mr. Hans-Christian Semmler, Deputy Chairman, Managing Partner HCS Beteiligungsgesellschaft mbH (through 17 July 2018)
- Dr. Gerd Gruppe, Member of the Supervisory Board (through 23 October 2018), Deputy Chairman (from 24 October 2018), retired Management Board member Raumfahrtmanagement DLR
- Dr. Harald Gerloff, Member of the Supervisory Board (through 23 October 2018), Deputy Chairman (from 24 October 2018 through 31 December 2018), CEO Netmedia AG
- Rony Vogel (through 17 July 2018), Entrepreneur and Investor
- Dr. Thomas Billeter (from 17 July 2018), Investor and Business Angel
- Mr. Müller-Brühl (from 17 July 2018), COO GreenCom Networks AG

3. Additional general disclosures

Headcount

During the 2018 financial year, the Company employed 16 employees on average (PY: 7 employees).

4. Group affiliation

Mynaric AG, Gilching voluntarily prepares consolidated financial statements pursuant to section 290 et seq. German Commercial Code (HGB) for the largest and smallest sets of consolidated companies.

5. Supplementary reporting

Board members Dr. Markus Knapek and Joachim Horwath left the Management Board on 13 March 2019. On the same date, Mr. Hubertus Edler von Janecek (Dipl.-Ing.) and Mr. Bulent Altan (Master of Science in Aerospace) were appointed as new members of the Management Board.

On 18 March 2019, the Company concluded an investment agreement to increase the share capital by EUR 200,000, divided into 200,000 bearer shares with a nominal value of EUR 1.00 per share from authorised capital, excluding subscription rights. TEUR 10,800 are to be contributed to the capital reserve. The Supervisory Board approved the capital increase on the same date. Cash and cash equivalents are to be paid in during April 2019.

Gilching, 28 March 2019

The Management Board

Dr. Wolfram Peschko   Bulent Altan   Hubertus Edler von Janecek

INDEPENDENT AUDITOR'S REPORT

To Mynaric AG, Gilching,

Audit Opinion

We have audited the financial statements of Mynaric AG, Gilching, which comprise the balance sheet as of 31 December 2018 and the profit and loss account for the financial year from 1 January to 31 December 2018 and the notes to the financial statements, including the presentation of the accounting and valuation policies.

In our opinion on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2018 and of its financial performance in the financial year from 1 January to 31 December 31, 2018 in accordance with German Generally Accepted Accounting Principles.

Pursuant to section 322 paragraph 3, first sentence German Commercial Code (HGB), we declare that our audit has not led to any objections against the correctness of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with section 317 HGB and German Generally Accepted Standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements" set out below in our audit opinion. We are independent of the Company in accordance with German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Legal Representatives' Responsibility for the Annual Financial Statements

The Company's legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with German commercial law applicable to corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company in accordance with German Generally Accepted Accounting Principles. In addition, the legal representatives are responsible for such internal controls as they, in accordance with German Generally Accepted Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters relating to the continuation of business activities. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

The Supervisory Board is responsible for monitoring the Company's accounting process for the preparation of the annual financial statements.

Responsibility of the Auditor for the Audit of the Annual Financial Statements

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the annual financial statements.

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 the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), 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 annual financial statements.

We exercise and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatements of the annual financial statements 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 audit opinion. 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 annual financial statements 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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates and related disclosures made by the legal representatives.

- Conclude on the appropriateness of the legal representatives' 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 Company'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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Generally Accepted Accounting Principles.

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, 28 March 2019

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

[signature] [signature]

Zelger
Auditor

Haslauer
Auditor

20.6 ***Audited financial statements of Mynaric AG prepared in accordance with German GAAP as of and for the fiscal year ended 31 December 2017, and independent auditor's report thereon:***

Balance Sheet
for the Mynaric AG, Gilching,
as at 31 December 2017

Annex 1

ASSETS

		31/12/2017 €	18/04/2017 €
A. Fixed assets			
I. Intangible assets			
Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets		191,056.00	0.00
II. Property, plant and equipment			
Other equipment, factory and office equipment		124,538.00	0.00
III. Financial assets			
Shares in affiliated companies		1,961,566.82	0.00
		2,277,160.82	0.00
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	2,647,680.07		0.00
2. Other assets	293,882.74		0.00
		2,941,562.81	0.00
II. Cash and cash equivalents		26,812,463.39	12,500.00
		29,754,026.20	12,500.00
C. Accrued/deferred items		52,035.58	0.00
		32,083,222.60	**12,500.00**

LIABILITIES

		31/12/2017 €	18/04/2017 €
A. Equity			
I. Subscribed capital			
subscribed capital	2,704,304.00		50,000.00
Outstanding contributions, not requested	0.00		-37,500.00
		2,704,304.00	12,500.00
II. Capital reserves		31,694,606.75	0.00
III. Net loss		-2,958,787.87	0.00
		31,440,122.88	12,500.00
B. Provisions			
Other provisions		256,151.00	0.00
C. Liabilities			
1. Trade payables	268,667.29		0.00
2. Liabilities to affiliated companies	92,529.59		0.00
3. Other liabilities	25,751.84		0.00
		386,948.72	0.00
		32,083,222.60	**12,500.00**

Annex 2

Profit and loss account
for the Mynaric AG, Gilching
for the shortened financial year from 18 April to 31 December 2017

	18/04 - 31/21/2017	
	€	€
1. Sales revenue		446,228.81
2. Personnel costs		
a) Wages and salaries	448,416.53	
b) Social insurance contributions	39,573.80	
		487,990.33
3. Depreciation and amortisation of intangible assets classified as fixed assets and property, plant and equipment		48,396.07
4. Other operating expenses		2,870,892.94
5. Other interest and similar income		2,284.69
6. Interest and similar expenses		22.03
7. Earnings after taxes/Net loss		-2,958,787.87
8. Net loss		-2,958,787.87

Mynaric AG

Notes to the 2017 financial statements

A. GENERAL INFORMATION

Mynaric AG is the parent company of the Mynaric Group, a manufacturer of laser communication products for the aerospace industry. Its registered office is located in Gilching and is entered in the commercial register of the Munich District Court (Reg. No. HRB 232763).

The company was formed on 6 April 2017 as Blitz 17-625 AG and entered in the commercial register on 18 April 2017. The name was changed to Mynaric AG by resolution of the Annual General Meeting on 7 August 2017 and entered in the commercial register on 30 August 2017. On 30 October 2017, the company's shares were listed for the first time on the Regulated Unofficial Market (Segment Scale) of the Frankfurt Stock Exchange.

Mynaric AG is a small corporation within the meaning of section 267 (1) German Commercial Code (HGB). The financial year corresponds to the calendar year, whereby 2017 is a shortened financial year due to the fact that the company was formed during the year.

The annual financial statements as at 31 December 2017 are prepared on the basis of the classification, accounting and measurement requirements of the German Commercial Code in the version of the German Accounting Directive Implementation Act (BilRUG) and the supplementary provisions of the German Stock Corporation Act (AktG). The annual financial statements comply with the classification provisions of sections 265 et seq. of the German Commercial Code.

Size-dependent simplifications in the preparation of the annual financial statements have been elected.

The profit and loss account was prepared in accordance with the cost-summary method (section 275 (2) HGB).

B. ACCOUNTING AND VALUATION METHODS

The Mynaric AG financial statements have been prepared on the basis of the accounting principles set out in the German Commercial Code. The provisions of the Stock Corporation Act were applied in addition to those of the German Commercial Code.

Purchased intangible fixed assets were carried at cost and, if subject to wear and tear, reduced by scheduled depreciation. The useful lives for EDP software are between 1-5 years and for trademark rights 10 years.

Property, plant and equipment was carried at cost and, where depreciable, reduced by scheduled depreciation.

Scheduled depreciation was calculated using the straight-line method over the expected useful life of the assets. For such purposes, accounting treatment matched tax treatment. Assets with acquisition costs of up to EUR 150 are recognised in full as an expense under other operating expenses for the year of acquisition. Assets with acquisition costs between EUR 150 and EUR 410 are depreciated as low-value assets during the year of acquisition.

Financial assets are carried at the lower of cost or fair value.

Receivables and other assets are stated at nominal value and are valued taking into account all identifiable risks. No individual or general bad debt allowances were recognised for receivables.

Cash and cash equivalents (bank balances) are stated at nominal value.

Prepaid expenses are recognized with regard to expenses incurred prior to the balance sheet date and represent expenses for a period after this date.

Equity is carried at nominal value.

Provisions are recognized for contingent liabilities in the amount of the probable settlement amount determined on the basis of reasonable commercial judgement. All identifiable risks were taken into account for such purposes.

Liabilities are reported at the amounts repayable.

C. NOTES TO THE BALANCE SHEET

1. Shares in affiliated companies

Shares in affiliated companies relate to the 100% investments in subsidiaries Mynaric Lasercom GmbH (formerly Vialight Communications GmbH) and Mynaric USA Inc. (formerly ViaLight Space, Inc.).

2. Receivables and other assets

Receivables from affiliated companies in the amount of EUR 2,647,680.07 are comprised of receivables from Mynaric Lasercom GmbH and receivables from Mynaric USA, Inc.
They relate to loans granted by the parent company to its subsidiaries for the purpose of financing current operations.

Other assets consist mainly of VAT receivables amounting to EUR 286,854.26; from November 2017 this figure also includes VAT receivables of Mynaric Lasercom GmbH (affiliated company pursuant to section 2 (2) no. 2 VAT Act - UStG).

3. Cash and cash equivalents

Cash and cash equivalents consist of cash at banks.

4. Subscribed capital

The company's share capital amounts to EUR 2,704,304 and is divided into 2,704,304 no-par value bearer shares with a par value of EUR 1 per share.

5. Capital reserve

The capital reserve is calculated in accordance with section 272 (2) no. 1 HGB and relates to additional payments above the issue price of the no-par value shares. The full amount was allocated during the 2017 financial year.

6. Net loss

The full amount of the net loss relates to the net loss for the 2017 shortened financial year.

7. Liabilities

Liabilities to affiliated companies result from trade payables and other liabilities.

Other liabilities mainly include tax liabilities of EUR 22,001.83 and social insurance liabilities of EUR 3,266.23.

D. NOTES TO THE PROFIT AND LOSS ACCOUNT

1. Sales revenue

Sales relate to shared services provided to subsidiary Mynaric Lasercom GmbH.

2. Other operating expenses

Other operating expenses include TEUR 2,329 in expenses for the IPO in October 2017.

E. OTHER DISCLOSURES

1. Management Board and Supervisory Board

The Management Board comprised the following members for the 2017 financial year:

- Dr. Wolfram Peschko, Gauting, Chairman
- Dr. Markus Knapek, Munich (from 20 September 2017)
- Mr. Joachim Horwath, Gilching (from 20 September 2017).

The Supervisory Board comprised the following members as of 31 December 2017:

- Dr. Manfred Krischke, Chairman, CEO Cloudeo AG
- Mr. Hans-Christian Semmler, Deputy Chairman, Shareholder-Managing Director HCS Beteiligungsgesellschaft mbH
- Mr. Rony Vogel, Entrepreneur and Investor
- Dr. Harald Gerloff, CEO Netmedia AG
- Dr. Gerd Gruppe, Board Member – Raumfahrtmanagement DLR (ret'd)

2. Other general disclosures

Headcount

During the financial year, the company employee on average seven full-time employees and four part-time employees.

3. Proposed appropriation of net income

The Mynariac AG Management Board proposed to the Annual General Meeting that the net loss of the year in the amount of EUR 2,958,787.87 be carried forward to new account.

Gilching, 16 March 2018

The Management Board

[signature]	[signature]	[signature]
Dr. Wolfram Peschko	Dr. Markus Knapek	Mr. Joachim Horwath (Dipl.-Ing.)
Chairman		

AUDIT OPINION

To Mynaric AG:

We have audited the financial statements - comprising the balance sheet, the profit and loss account and notes - subject to consideration of the accounting records of Mynaric AG for the period 18 April to 31 December 2017. The company's legal representatives are responsible for the accounting and preparation of the annual financial statements based on German Generally Accepted Accounting Principles. Our responsibility is to express an opinion on these financial statements and the accounting based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

We are satisfied that our audit has revealed no grounds for objection.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German Generally Accepted Accounting Principles.

Munich, 19 March 2018

BTU TREUHAND GmbH
Wirtschaftsprüfungsgesellschaft

Ulrich Schneider	Peter Häussermann
Auditor	Auditor

Annex 1

Mynaric AG, Gilching
Statement of changes in equity for the financial year 18 April to 31 December 2017

	Subscribed capital Common shares EUR	Uncalled outstanding contributions EUR	Capital reserve EUR	Net loss for the year EUR	Equity EUR
As at 18 April 2017	**50,000.00**	**-37,500.00**	**0.00**	**0.00**	**12,500.00**
April Deposit outstanding contribution		37,500.00			37,500.00
August Capital increase through contribution in kind Transfer Vialight Communications GmbH	1,950,000.00				1,950,000.00
September Various cash capital increases	198,304.00		4,876,606.75		5,074,910.75
October IPO / Cash capital increase	440,000.00		23,320,000.00		23,760,000.00
November Greenshoe Option / Cash capital increase	66,000.00		3,498,000.00		3,564,000.00
Loss for the year				-2,958,787.87	-2,958,787.87
As at 31 December 2017	**2,704,304.00**	**0.00**	**31,694,606.75**	**-2,958,787.87**	**31,440,122.88**

Annex 2

Mynaric AG, Gilching
Cashflow Statement for the financial year 18 April to 31 December 2017

	18.04.2017 - 31.12.2017 EUR
Result for the period	**-2,958,787.87**
+/- Depreciation/write-up of fixed assets	48,396.07
+/- Increase/Decrease in provision	256,151.00
-/+ Increase/decrease in inventories, trade receivables and other assets not allocated to investment or financing activities	-2,993,598.39
+ Increase / - Decrease from trade payables and other liabilities not allocated to investment or financing activities	386,948.72
+/- Interest expenses / Interest income	-2,262.66
Cash flow from operating activities	**-5,263,153.13**
Receipts from disposals of property, plant and equipment	7,201.00
- Payments for investments in property, plant and equipment	-161,825.06
- Payments for investments in intangible fixed assets	-209,366.01
- Disbursements for investments in long-term financial assets	-11,566.82
+ Interest received	2,284.69
Cash flow from investment activities	**-373,272.20**
Payment received from equity financing	32,436,410.75
- Interest paid	-22.03
Cash flow from financing activities	**32,436,388.72**
Cash-effective changes of financial resource fund	**26,799,963.39**
+ Financial resource fund at the beginning of the period	12,500.00
Financial resource fund at the end of the period	**26,812,463.39**

Mynaric AG, Gilching, 31 December 2017

CERTIFICATE

To Mynaric AG:

We have audited the statements of changes in equity and the cashflow statement for the financial year 2017, that were derived by Mynaric AG from its annual financial statements for the financial year 2017 and the underlying accounting records. The statement of changes in equity and the cashflow statement supplement the annual financial statements of Mynaric AG for the financial year 2017 that were prepared in accordance with German commercial law.

The preparation of the statement of changes in equity and the cashflow statement for the financial year 2017 in accordance with German commercial law is the responsibility of the legal representatives of Mynaric AG.

Our responsibility is to express an opinion, based on our audit, on whether the statement of changes in equity and the cashflow statement for the financial year 2017 have been properly derived from the annual financial statements for the financial year 2017 and the underlying accounting records in accordance with German commercial law. The audit of the underlying annual financial statements and underlying accounting records is not the subject of this mandate..

We have planned and conducted our audit in accordance with IDW Auditing Practice Statement: The audit of supplementary elements of the financial statements (IDW AuPS 9.960.2) in such a way that material errors in the deduction of the statement of changes in equity and the cashflow statement from the annual financial statements and the underlying accounting records are detected with reasonable assurance.

In our opinion, based on the findings of our audit,, the statement of changes in equity and the cashflow statement for the financial year 2017 were properly deducted from the annual financial statements for the financial year 2017 and the underlying accounting records in accordance with German commercial law.

Munich, 29 October 2019

BTU TREUHAND GmbH
Wirtschaftsprüfungsgesellschaft

Ulrich Schneider	Peter Häussermann
Wirtschaftsprüfer[1)]	Wirtschaftsprüfer[1)]

[1)] translator's note: German designation for Auditor

21. Glossary

AktG/ Aktiengesetz	The German Stock Corporation Act.
Authorized Capital 2020	The authorization of the Management Board subject to the consent of the Supervisory Board to increase the share capital of the Company on or before 11 June 2025 up to a total of EUR 1,597,367.00 through the issuance of no par value shares for cash or in-kind.
APMs	Alternative performance measures as defined in the guidelines issued by ESMA on 5 October 2015.
Articles of Association	The Company's articles of association.
Audited Consolidated Financial Statements	The Company's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended 31 December 2019 with comparable figures for the fiscal year ended 31 December 2018 and the audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended 31 December 2018 with unaudited comparable figures for the fiscal year ended 31 December 2017.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
BTU	BTU Treuhand GmbH
CAGR	Compound annual growth rate.
CCL	The Commerce Control List contained in the EAR.
Claw-Back Shares	The portion of the New Shares placed under the Pre-Placement subject to claw-back.
Clearstream	Clearstream Banking Aktiengesellschaft, Eschborn, Germany.
Code	The German Corporate Governance Code, as amended on 16 December 2019 and published in the German Federal Gazette (*Bundesanzeiger*) on 20 March 2020.
Commercial Register	The commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany.
Company or Issuer	Mynaric AG.
Conditional Capital 2017	The conditional increase of the share capital of the Company approved in 2017 by EUR 1,500.00 through issuance of 1,000 new bearer or registered unit shares.
Conditional Capital 2020/I	The conditional increase of the share capital of the Company approved in 2020 by EUR 34,473.00 through the issue of up to 34,473 new bearer or registered unit shares.
Conditional Capital 2020/II	The conditional increase of the share capital of the Company approved in 2020 by EUR 1,277,893.00 through the issue of up to 1,277,893 new bearer or registered unit shares.

D&O	Directors and Officers.
DLR	German Aerospace Center *(Deutsches Zentrum für Luft- und Raumfahrt)*.
EAR	The United States Export Administration Regulations.
EBIT	Operating (loss)/profit before tax and interest.
EBT	(Loss)/ profit before tax.
EEA	European Economic Area.
EU	European Union.
ESMA	European Securities and Markets Authority.
ESMA Guidelines	The guidelines issued by the ESMA on 5 October 2015 on APMs.
Executives	The persons discharging managerial responsibilities pursuant to Article 19 of MAR.
Financial Statements	Collectively, the Audited Consolidated Financial Statements, the Unaudited Interim Consolidated Financial Statements, the audited annual financial statements of the Company as of and for the fiscal year ended 31 December 2018; and the audited annual financial statements of the Company as of and for the fiscal year ended 31 December 2017 covering the period from the Company's formation until the end of the fiscal year.
GefStoffV / Gefahrstoffverordnung	German Regulation on Hazardous Substances.
Germany	Federal Republic of Germany
German GAAP	German Commercial Code (*Handelsgesetzbuch*) and German generally accepted accounting principles.
Group	Mynaric AG together with its subsidiaries.
HGB	German Commercial Code (Handelsgesetzbuch).
IAS	International Accounting Standard; IAS are accounting standards promulgated by the IASB.
IASB	International Accounting Standard Board.
IFRS	International Financial Reporting Standards as adopted by the European Union.
ISIN	International Securities Identification Number.
ITAR	The International Traffic in Arms Regulations.
LEI	Legal Entity Identifier
Majority Shareholder	A shareholder holding 95% of the share capital of a company.

Management Board	The Company's management board (Vorstand).
Mynaric	The Company and its subsidiaries.
Mynaric Group	The Company and its subsidiaries.
New Shares	800,000 ordinary bearer shares of the Company (*Inhaberaktien*) with no-par value (*Stückaktien*) and with full dividend rights as of 1 January 2020.
non-GAAP KPIs	Certain key business metrics used to measure performance, identify trends and make strategic decisions.
Offering Price	The placement price for the New Shares.
Offer	The Subscription Offer as envisaged under this Prospectus.
Supervisory Board	The Company's supervisory board (*Aufsichtsrat*).
Target Market Assessment	The New Shares eligible for distribution through all distribution channels permitted by MiFID II.
Unaudited Interim Consolidated Financial Statements	The Company's unaudited interim consolidated financial statements prepared in accordance with IFRS as of and for the six-month period ended 30 June 2020.
Underwriting Agreement	The agreement entered into on 8 October 2020, by and between the Underwriter and the Company relating to the offer and sale of the New Shares in connection with the Offering.
Underwriter	The Sole Bookrunner
United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
United States / U.S. / USA	The United States of America.
USML	The United States Munitions List.
VAT	Value-Added Tax (*Mehrwertsteuer*).
Waived Subscription Rights	The subscription rights waived by certain current shareholders in respect to the Subscription Offer.
Waiving Shareholders	The current shareholders of the Company having agreed to waive their subscription rights with respect to their entire holdings and not to participate in the Subscription Offer.
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).

22. Recent developments and outlook

22.1 Recent developments

22.1.1 Share capital increase

A capital increase against contribution in cash in the amount of EUR 800,000.00 was resolved in principle by way of a resolution by the Management Board on 8 October 2020 following authorization by the Supervisory Board on the same day.

22.1.2 Current trading and trends

In July 2020, Mynaric borrowed EUR 2.5 million from a lender in a private loan.

On 30 July 2020, Mynaric decided to fully cease its business operations in China. Mynaric has not delivered any terminals or components to Chinese customers. Nevertheless, being aware of the strategic importance of laser communication products Mynaric had proactively requested, in advance, that the German government assess the clearance of a planned export of laser communication products to a Chinese customer. In the meantime, the German government informed the Company that the planned export to the Chinese customer would be officially banned under Section 6(1) in combination with Section 4(1) of the German Foreign Trade Law (*Außenwirtschaftsgesetz*). Following this notification, Mynaric has reversed the only existing contract with a Chinese customer and effect a complete break in activity in China. The Company will assess potential claims for compensation due to the export ban by the German government. The Company had been working on a buy-out to divest its Chinese business prior to the ban pronounced by the German government. Related negotiations were stopped due to the German government's decision.

In August 2020, Mynaric issued a convertible bond with a total nominal value of EUR 5,000,000 by partially utilizing the Conditional Capital 2020/II.

Except as described above, between 30 June 2020 and the date of this Prospectus, there have been no material changes to the Issuer’s or the Mynaric Group’s financial position, financial performance or cash flows, or in the Issuer’s or the Mynaric Group’s trading position.

22.2 Outlook

22.2.1 Revenue

First product-related revenues are expected to occur in the second half of 2020 with the delivery of initial units of HAWK AIR flight terminals into customer hands. Revenues are expected to increase sharply due to already scheduled deliveries of products as well as pending customer opportunities in 2021. Given the high variance of possible scenarios and the early market phase the Company does not give a quantitative revenue guidance as of now.

22.2.2 Costs

The Company's costs have developed in line with the personnel structure and the strong growth of the Company and are expected to increase further in the second half of 2020 due to the Company's growth plans.

22.2.3 Trends

The Company considers itself as an industrial supplier for laser communication equipment for a wide range of applications and by a diverse customer landscape. The Company pursues a product portfolio that can be used for commercial, civil and defense applications and plans to continue to do so going forward. Nevertheless, the market for aerospace laser communication is increasingly driven by initial demand from customers related to or directly from the defense sector, whom the Company believes will likely become trailblazing large-scale users of the technology.

One example in the space domain is the Defense Advanced Research Projects Agency (DARPA) which is awarding payload contracts including but not limited to laser communication capabilities for Blackjack. Blackjack is a joint technology demonstration project by DARPA and the US Space Force to evaluate utility and concepts of operation for a large-scale proliferated low Earth orbit satellite constellation. The overarching goal of the program is to leveraging developments of the commercial sector to create a generic satellite bus and payloads for defense purposes. Another example is the Space Development Agency (SDA) which is planning to implement and already awarded the first parts of a large-scale satellite network, the so called National Defense Space Architecture, intended to provide a range of capabilities for the US Department of Defense. As part of these trailblazer programs procurement for government is changing from acquiring bespoke projects to industrialized products – an approach that has been already been successfully proven through the NASA commercial crew program. The Company believes this change towards procurement of industrialized products will increasingly replace the status quo of procurement of bespoke projects by governmental organizations and is how the governmental market will work at large in the future.

Also projects like SpaceX's Starlink, Amazon's Kuiper and Telesat's LEO constellation albeit not directly implemented by the defense sector consider the defense markets as key initial customers and as such value the defense sector's input as essential for the implementation of their systems in the Company's opinion. The majority of current prospective as well as existing clients of the Company in the airborne domain are of commercial nature themselves but target defense applications as a first step as well. Commercial and industrial applications in the airborne domain are not a focus at the moment mostly due to a lack of available airframes and target platforms as well as the regulatory frameworks to operate civil unmanned aerial systems (UAS) over inhabited territory.

The Company considers these trailblazers from the defense domain as initial users and frontrunners of a market for aerospace laser communication equipment that will predominantly be driven by commercial and civil applications in the long run. The Company considers demand from the defense domain, therefore, as essential building block for the establishment of civil and commercial large-scale aerospace communication networks and related markets. Due to these market dynamics it becomes increasingly likely, in the Company's opinion, that laser communications will be considered as a dual-use technology in the future.

Under these considerations and having realized the strategic importance of laser communication, on 30 July 2020, the Company decided to fully cease its business operations in China to protect the security interests of its core markets. The decision followed a notification by the German government that the planned export to a Chinese customer would be officially banned on the ground of national security of Germany and its partners under Section 6(1) in combination with Section 4(1) of the German Foreign Trade Law (*Außenwirtschaftsgesetz*). The Company considers this rare intervention to protect foreign relations as proof of the geo-political importance of laser communication and the strategic importance of its products. Consequently, the Company has reversed the only existing contract with a Chinese customer and effected a complete break in activity in China.

The Company will assess potential claims for compensation due to the export ban by the German government. The Company had already been working on a buy-out to divest its Chinese business prior to the ban pronounced by the German government. Related negotiations had to be stopped due to the German government's decision and eliminated likelihood to successfully complete the buy-out. Negotiations and legal actions regarding the form, scope, value, and timing of such compensations are ongoing at the time of the prospectus.

In September 2020, shortly after the cease of business operations in China the Company's subsidiary, Mynaric USA Inc., was selected as vendor for laser communication products by an undisclosed customer for a US governmental program. Mynaric expects to be awarded with a multi-million Euro contract in the mid-seven digit range for the delivery of CONDOR terminals following the selection of the customer.

Additionally, the Company's subsidiary Mynaric USA Inc. is in advanced negotiations regarding an agreement with a major satellite operator under the framework of another US governmental program. Under the terms of this agreement Mynaric USA, Inc. would deliver a few products and services for an agreed upon price. If executed, the agreement could open further business opportunities not just in the governmental but also in the commercial market in the Company's opinion. The Company also believes that a potential disclosure of the identity of the customer could further represent a significant lift in the Company's reputation and that due to these reasons the deal would represent significant strategic value that would exceed the financial value of the contract.

Other than the market trends set out in the preceding paragraphs and in Section 10.3 and 11.4, the Company is not aware of any additional trends, uncertainties, demands, commitments and events that, in the Company's view, are reasonably likely to have a material effect on the Company's future prospects.