

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F/A
Amendment No. 1

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2021

OR

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

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission File No. 001-41045

MYNARIC AG

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Federal Republic of Germany
(Jurisdiction of incorporation or organization)

Dornierstraße 19
82205 Gilching, Germany
+49 (0) 8105 79990
(Address of principal executive offices)

Stefan Berndt-von BueLOW
c/o Mynaric AG
Dornierstraße 19
82205 Gilching, Germany
+49 (0) 8105 79990
stefan.berndtvonbuelow@mynaric.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
American Depositary Shares Ordinary Shares, no par value	MYNA	The Nasdaq Stock Market LLC The Nasdaq Stock Market LLC ⁽¹⁾

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

5,242,948 ordinary shares, no par value.

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act of 1934. Yes No

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

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

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Explanatory Note

This Amendment No. 1 to the Annual Report on Form 20-F of Mynaric AG (the “Company”) amends the Company’s Annual Report on Form 20-F for the year ended December 31, 2021 (the “Original 20-F”), which was filed with the Securities and Exchange Commission on May 6, 2022. The Company is filing this Amendment No. 1 solely to file Exhibit 101, which was not included in the Original 20-F, in accordance with Rule 405 of Regulation S-T. Exhibit 101 contains interactive data files in Inline eXtensible Business Reporting Language (XBRL).

Except as described above, this Amendment No. 1 does not, and does not purport to, amend, modify, update or restate any information set forth in the Original 20-F, and the Company has not updated disclosures included therein to reflect any events that occurred subsequent to May 6, 2022.

PART III

ITEM 19. EXHIBITS.

<u>Exhibits</u>	<u>Description</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase Document
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Label Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Amendment No. 1 to Annual Report on Form 20-F on its behalf.

MYNARIC AG

By: /s/ Emin Bulent Altan

Name: Emin Bulent Altan

Title: Chief Executive Officer

By: /s/ Stefan Berndt-von B✓low

Name: Stefan Berndt-von B✓low

Title: Chief Financial Officer

Date: June 1, 2022

MYNARIC AG

INDEX TO FINANCIAL STATEMENTS

	<u>PAGE</u>
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM KPMG AG</u>	
<u>WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT, MUNICH, GERMANY (PCAOB ID: 1021)</u>	F-2
<u>CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</u>	F-3
<u>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</u>	F-4
<u>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</u>	F-5
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	F-6
<u>NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</u>	F-7

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG AG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT, MUNICH, GERMANY (PCAOB ID: 1021)**

To the Shareholders and Management Board
Mynaric AG:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Mynaric AG and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company faces material uncertainties related to: a) its operational cash flows in fiscal 2022 and 2023, and b) obtaining additional financing, that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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

Munich, Germany
May 6, 2022

Consolidated statements of profit/loss and other comprehensive income/loss for the years ended December 31, 2021, 2020 and 2019

in € thousand	Note	2021	2020	2019
Revenue	7.	2,355	679	114
Other operating income	8.	435	294	252
Cost of materials	9.	(10,624)	(6,221)	(2,790)
<i>of which capitalized costs 2021: (1,995); 2020: (4,073); 2019: (2,089)</i>	14.			
Personnel costs	10.	(23,365)	(16,834)	(9,407)
<i>of which capitalized costs 2021: (1,906); 2020: (3,921); 2019: (2,551)</i>	14.			
Depreciation and amortization	11.	(4,518)	(1,843)	(1,117)
<i>of which capitalized costs 2021: (287); 2020: (802); 2019: (494)</i>	14.			
Other operating costs	12.	(11,830)	(5,345)	(2,813)
<i>of which capitalized costs 2021: (427); 2020: (579); 2019: (277)</i>	14.			
Change in inventories of finished goods and work in progress	13.	568	637	272
Own work capitalized	14.	4,615	9,375	5,411
Operating profit/(loss)		(42,364)	(19,257)	(10,078)
Interest and similar income	15.	0	18	73
Interest and similar expenses	15.	(2,148)	0	0
Net foreign exchange gain / (loss)	15.	826	(531)	109
Net finance costs		(1,322)	(513)	182
Profit/(Loss) before tax		(43,686)	(19,770)	(9,896)
Income tax expense	16.	(1,791)	0	0
Consolidated net profit/(loss)		(45,477)	(19,770)	(9,896)
Other comprehensive income/(loss)				
Items which may be subsequently reclassified to profit and loss				
Foreign operations – foreign currency translation differences		(498)	367	(43)
Other comprehensive income/(loss) for the period after tax		(498)	367	(43)
Total comprehensive income/(loss) for the period		(45,975)	(19,403)	(9,939)
Weighted average ordinary shares outstanding (basic and diluted)	17.	4,250,134	3,349,403	2,831,427
Basic and diluted loss per share in EUR	17.	(10.70)	(5.90)	(3.50)

The accompanying notes are an integral part of these consolidated financial statements.

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

in € thousand	Note	12/31/2021	12/31/2020
ASSETS			
<i>Non-current assets</i>			
Intangible assets	18.	19,969	17,884
Right-of-use assets	20.	8,827	7,942
Property, plant and equipment	19.	16,768	10,075
Other non-current financial assets	24.	411	359
Total non-current assets		45,975	36,260
<i>Current assets</i>			
Inventories	21.	8,399	5,230
Trade receivables	22.	0	550
Other financial and non-financial assets	23.	5,512	1,338
Cash and cash equivalents	24.	48,143	43,198
Total Current assets		62,054	50,316
TOTAL ASSETS		108,029	86,576
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	25.	5,243	3,995
Capital reserve	25.	172,622	108,189
Prepaid share reserve	25.	0	5,500
Accumulated deficit		(92,767)	(47,290)
Accumulated other comprehensive income/loss	25.	(184)	314
TOTAL EQUITY		84,914	70,708
<i>Non-current liabilities</i>			
Provisions	26.	211	172
Non-current lease liabilities	32.	7,389	6,800
Deferred tax liability	16.	1,791	0
Total non-current liabilities		9,391	6,972
<i>Current liabilities</i>			
Provisions	26.	1,023	1,005
Current lease liabilities	32.	1,638	1,156
Trade and other payables	28.	8,396	5,128
Contract liabilities	27.	307	1,196
Other financial and non-financial liabilities	29.	2,360	411
Total current liabilities		13,724	8,896
Total liabilities		23,115	15,868
TOTAL EQUITY AND LIABILITIES		108,029	86,576

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity for the years ended December 31, 2021, 2020 and 2019

<i>in € thousand</i>	<i>Share capital</i>	<i>Capital reserve</i>	<i>Prepaid share reserve</i>	<i>Accumulated deficit</i>	<i>Foreign currency translation differences</i>	<i>Total</i>
Balance at January 1, 2019	2,704	35,044	0	(17,624)	(10)	20,114
Issue of ordinary shares	200	10,800				11,000
Share issue costs		(581)				(581)
Equity-settled share-based payments		1,146				1,146
Consolidated net profit/(loss)				(9,896)		(9,896)
Other comprehensive income/(loss)					(43)	(43)
Balance at December 31, 2019	2,904	46,409	0	(27,520)	(53)	21,740
Balance at January 1, 2020	2,904	46,409	0	(27,520)	(53)	21,740
Issue of ordinary shares	1,091	64,052	5,500			70,644
Share issue costs		(3,397)				(3,397)
Equity-settled share-based payments		1,125				1,125
Consolidated net profit/(loss)				(19,770)		(19,770)
Other comprehensive income/(loss)					367	367
Balance at December 31, 2020	3,995	108,189	5,500	(47,290)	314	70,708
Balance at January 1, 2021	3,995	108,189	5,500	(47,290)	314	70,708
Issue of ordinary shares	1,248	70,794	(5,500)			66,542
Share issue costs		(8,303)				(8,303)
Equity-settled share-based payments		1,942				1,942
Consolidated net profit/(loss)				(45,477)		(45,477)
Other comprehensive income/(loss)					(498)	(498)
Balance at December 31, 2021	5,243	172,622	0	(92,767)	(184)	84,914

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019

in € thousand	2021	2020	2019
Cash flows from operating activities			
Consolidated net profit/loss for the year	(45,477)	(19,770)	(9,896)
Adjustments for:			
Income tax expense	1,791	0	0
Depreciation and amortization	4,518	1,840	1,117
Loss from disposals of non-current assets	20	51	0
Interest and similar (income) and expenses, net	2,148	(18)	(73)
Equity-settled share-based payment transactions	1,942	1,125	1,146
Net foreign exchange (gain) / loss	(826)	531	(110)
Changes in:			
Inventories	(3,167)	(4,032)	(982)
Trade receivables	572	(589)	105
Other financial and non-financial assets	(4,209)	(600)	(209)
Provisions	14	683	280
Trade and other payables	2,320	2,422	272
Contract liabilities	(1,013)	1,209	0
Other financial and non-financial liabilities	1,941	213	31
Net cash from operating activities	(39,426)	(16,935)	(8,319)
Cash flows from investing activities			
Acquisition of intangible assets	(3,346)	(8,286)	(5,277)
Acquisition of property, plant and equipment	(7,612)	(6,724)	(1,890)
Interest income received	0	83	8
Net cash used in investing activities	(10,958)	(14,927)	(7,159)
Cash flows from financing activities			
Proceeds from issue of share capital	58,239	61,746	10,419
Proceeds from issue of convertible notes	0	5,000	0
Proceeds from short-term loans	7,500	2,500	0
Repayment of short-term loans	(7,500)	(2,500)	0
Payments of lease liabilities	(1,056)	(675)	(439)
Interest expenses paid	(2,381)	(555)	(93)
Proceeds from other financial assets	0	741	1,571
Net cash from financing activities	54,802	66,257	11,458
Net increase/decrease in cash and cash equivalents	4,418	34,395	(4,020)
Cash and cash equivalents at January 1	43,198	8,914	12,923
Effects of movements in exchange rates on cash and cash equivalents	527	(111)	11
Cash and cash equivalents at December 31	48,143	43,198	8,914

The accompanying notes are an integral part of these consolidated financial statements.

1. General Information

Mynaric AG has its registered office at Dornierstraße 19 in 82205 Gilching, Germany, and together with its consolidated subsidiaries is referred to herein as the “Company” or “Group”. The objective of the Company is the development, manufacture, sale, and operation of laser communication network equipment, software, systems, and solutions, particularly for aerospace applications and related products. The Company engages primarily in the manufacturing and sale of products and projects, and in the provision of services related to laser technology, particularly for applications in aerospace, and satellite services.

2. Basis of Accounting

The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) taking into account the recommendations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”). These consolidated financial statements have been authorized for issue by the Company’s supervisory board on May 4, 2022.

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

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

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

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

For the year ended December 31, 2021, the Company recognized a net loss of €45.5 million. The Company’s net current assets as of December 31, 2021 were €48.3 million. As of May 4, 2022, the Company has €31.7 million in available liquidity primarily consisting of cash and cash equivalents and unused credit lines available as well as other highly liquid assets.

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

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

3. Impacts to the consolidated financial statements due to Covid-19 pandemic

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

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

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

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

4. Basis of Consolidation and Accounting Policies

4.1. Basis of Consolidation

The consolidated financial statements include the financial statements of Mynaric AG and its subsidiaries as of December 31, 2021 and 2020 and for years ended December 31, 2021, 2020 and 2019, and were prepared using accounting policies applied consistently. Subsidiaries are the entities directly or indirectly controlled by Mynaric AG. An entity is controlled when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Set out below is the list of consolidated subsidiaries:

<u>Company name</u>	<u>Shareholding in %</u>	<u>Consolidation</u>
Mynaric Lasercom GmbH, Gilching	100.0	fully consolidated
Mynaric Systems GmbH, Gilching ¹	100.0	fully consolidated
Mynaric USA, Inc., Los Angeles	100.0	fully consolidated

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

Joint operations

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

4.2. Accounting Policies

a) Transactions in Foreign Currency and Translation into Foreign Currency

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

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

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

b) Revenue Recognition

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

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

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

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

The Company generates revenue from:

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

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

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

c) Research and Development Costs

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

d) Government Grants

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

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

e) Financial Result

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

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

f) Intangible Assets

Intangible assets are measured at cost upon initial recognition. In subsequent periods, intangible assets are recognized at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets

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

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

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

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

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

g) Property, Plant and Equipment

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

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

h) Impairment of Non-financial Assets

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

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

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

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

i) Inventories

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

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

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

j) Financial Instruments

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

j)(i) Other Financial Assets

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

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

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

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

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

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

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

Impairment of Financial Assets

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

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

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

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

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

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

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

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

j)(ii) Financial Liabilities

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

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

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

Financial liabilities measured at fair value through profit or loss

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

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

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

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

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

Financial liabilities measured at amortized cost (“FLAC”)

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

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

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

k) Taxes

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

Current taxes

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

Deferred taxes

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

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

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

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

l) Share issue costs

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

m) Share-based Payments

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

n) Provisions

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

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

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

o) Provisions for Onerous Contracts

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

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

p) Leases

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

p)(i) The Company as lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

Short-term leases and leases for low-value assets

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

p)(ii) The Company as a lessor

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

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

4.3. Changes in accounting policies

a) Newly issued financial reporting standards and interpretations

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

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

The amendments relate to the modification of financial assets and liabilities as well as liabilities, hedge accounting and disclosure requirements in accordance with IFRS 7, which accompany the effects of the IBOR reform.

- Amendments to IFRS 4, Insurance Contracts, Extension of the Temporary Exemption from the application of IFRS 9.
- Amendments to IFRS 16, Leases, Coronavirus Pandemic-Related Leases after June 30, 2021.

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

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

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

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

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

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

5. Material judgments, estimates and assumptions

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

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

a) Management Judgments

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

Leases

The Company determines the lease term based on the non-cancelable period, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by

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

Please refer to Note 19. Right-of-use Assets for details on the potential future lease payments for periods after the exercise date of the extension and termination options that are not taken into consideration in the lease term.

Impairment of intangible assets and other non-financial assets

The measurement of intangible assets is based on long-term corporate planning using expected revenues, costs, expenditures as well as market- and company-specific discount rates, and expected growth rates and exchange rates (please refer to the Note 17. for more information). The management expectations related to projected revenues for Hawk and Space technologies may be subject to changes, which in turn may result in impairment losses required to be recorded for these assets.

Litigation risks and governmental proceedings

Legal proceedings and government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises material judgment in determining the litigation risks, based on the assessment from internal and external lawyers. In 2020, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, “BaFin”) initiated an investigation against the Company on the grounds of the alleged omission of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para. 1 of the European Market Abuse Regulation (“MAR”). Should an administrative offence be found, the amount of any fine would depend on BaFin’s determination of the severity of the offence. Our best estimate is that the minimum fine of €225,000 will be imposed. The maximum possible amount of such fine is the highest of (i) €2.5 million, (ii) 2% of our total revenue in the financial year preceding the year in which BaFin imposes a fine, and (iii) three times the amount of any commercial advantage we may have had as a result of the alleged omission of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para.

b) Estimates and Assumptions

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

Recognition of deferred tax assets

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

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

Uncertain tax positions

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

Inventories

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

Share-based payment

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

6. Segment reporting and information on geographical areas

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

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

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

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

in € thousand	Fiscal year 2020			Consolidated
	Air	Space	Not allocated	
Revenue	589	90	0	679
Operating profit/loss	(6,423)	(12,391)	(443)²⁾	(19,257)
Interest and similar income				18
Net foreign exchange gain / (loss)				(531)
Net Finance costs				(513)
Profit/loss before taxes				(19,770)
Consolidated net profit/loss				(19,770)

2) Including costs for preparation of the financial statements and for audit of the financial statements as well as Supervisory Board remuneration.

in € thousand	Fiscal year 2019			Consolidated
	Air	Space	Not allocated	
Revenue	0	114	0	114
Operating profit/loss	(3,767)	(5,091)	(1,220)³⁾	(10,078)
Interest and similar income				73
Net foreign exchange gain / (loss)				109
Net Finance costs				182
Profit/loss before tax				(9,896)
Consolidated net profit/loss				(9,896)

- 3) Including expenses from a private stock option transaction between a shareholder of Mynaric AG and Mr. Altan the Chief Executive Officer and a member of the management board of Mynaric AG, which are recognized in accordance with IFRS 2 in the amount of €1,041 thousand. Including costs for preparation of the financial statements and for audit of the financial statements as well as Supervisory Board remuneration.

An amount of €2,132 thousand (Segment Space) (2020: €467 thousand (Segment Air), 2019: €114 thousand (Segment Space)), corresponding to a share of 91% (2020: 69%, 2019: 100%) of total revenue, was attributable to one customer. For the fiscal year 2021 material expenses related to the write offs of inventories have been recognized for the Segment Space in the amount of €2,501 thousand (2020: €0 thousand, 2019: €0 thousand). For the fiscal year 2021 material expenses related to the write offs of inventories have been recognized for the Segment Air in the amount of €0 thousand (2020: €120 thousand, 2019: €0 thousand).

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

Revenue can be broken down by country as follows:

Segment Air € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
USA	2,355	467	0
Canada	0	122	0
Belgium	0	90	0
Great Britain	0	0	114
Total	2,355	679	114

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

€ thousand	December 31, 2021	December 31, 2020	December 31, 2019
Germany			
Intangible assets	19,969	17,884	8,780
Property, plant, and equipment	14,490	9,849	3,840
Right-of-use assets	6,053	6,886	6,810
Germany, total	40,512	34,619	19,430
USA			
Property, plant, and equipment	2,278	226	0
Right-of-use assets	2,774	1,056	0
USA, total	5,112	1,282	0
Total	45,504	35,901	19,430

7. Revenue

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

Revenue is broken down as follows:

Revenues € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Products	554	559	114
Services	1,801	120	0
Total	2,355	679	114

Revenue recognized from contract liabilities which existed as of December 31, 2020 amounts to €933 thousand in fiscal 2021. (2020: €0 thousand, 2019: €0 thousand).

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

8. Other operating income

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

Other operating income € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Income from grants	279	294	140
Income from the reversal of liabilities	90	0	0
Late payment penalties claimed	0	0	76
Miscellaneous operating income	66	0	36
Total	435	294	252

9. Cost of materials

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

Cost of materials € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Raw materials and consumables used	7,736	4,715	1,208
Costs for services purchased	2,888	1,506	1,582
Total	10,624	6,221	2,790

Included in the cost of materials are write downs for the year ended December 31, 2021 in the amount of €2,039 thousand (2020: €0 thousand, 2019: €0 thousand).

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

10. Personnel costs

The following table shows the breakdown of the personnel costs:

Personnel costs € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Wages and salaries	18,185	13,585	7,160
Share based payments	1,942	1,125	1,146
Social security contributions, pensions, and other employee benefits	3,238	2,124	1,101
Total	23,365	16,834	9,407

Under defined contribution pension plans, the Company paid contributions to governmental pension schemes for the year ended December 31, 2021 in the amount of €1,301 thousand (2020: €872 thousand, 2019: €450).

a) Share-based payments under Stock Option Plans

2017 Stock Option Plan

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

2019 Stock Option Plan

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

2020 Stock Option Plan

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

Granting of stock options to Mr. Altan

In fiscal year 2019, a shareholder of Mynaric AG granted Mr. Altan, the Chief Executive Officer and a member of the management board of Mynaric AG, the right to acquire 56,700 shares of the Company from such shareholder at a price of €25.00 per share. The exercise of Mr. Altan’s option right was subject to a number of conditions, including Mr. Altan’s continued employment until December 31, 2019 with Mynaric AG and the successful exercise of option rights pursuant to separate option agreement under which the granting shareholder was an optionholder. All conditions under the option agreement with Mr. Altan were fulfilled in December 2020. Please refer to Note 34. a) Related party transactions for more information.

2021 Stock Option Plan

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

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

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

The options changed as follows in fiscal year 2021:

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

The options changed as follows in fiscal year 2020:

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

The options changed as follows in fiscal year 2019:

	Tranche 2018	Tranche 2019 I	Tranche 2019 II	Tranche Mr. Altan
Options outstanding as of Jan. 1, 2019	20,000	—	—	—
Options granted	—	109,800	20,000	56,700
Options forfeited	17,800	2,400	—	—
Options exercised	—	—	—	—
Options expired	—	—	—	—
Options outstanding as of Dec. 31, 2019	2,200	107,400	20,000	56,700
Options exercisable as of Dec. 31, 2019	—	—	—	—

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

Measurement model and inputs

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

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

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

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

The table below shows the inputs used for the model as of December 31, 2019.

	Tranche 2018	Tranche 2019 I	Tranche 2019 II	Tranche Mr. Altan
Exercise price (in €)	59.15	42.46	41.03	25.00
Term in years	6	7	7	1.74
Remaining term in years	4.40	6.75	7.00	1.35
Share price as of the valuation date (in €)	52.20	38.00	38.50	43.39
Expected dividend yield (in %)	0.00	0.00	0.00	0.00
Expected volatility (in %)	46.41	45.91	45.66	51.31
Risk-free interest rate (in %)	0.04	(0.74)	(0.39)	(0.82)
Option value (in €)	15.71	11.53	12.42	20.40

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

The total expense for share-based payments recognized in the year ended December 31, 2021 under the Stock Option Plans is €513 thousand (2020: €1,125 thousand, 2019: €1,146 thousand). The share-based payments recognized in the capital reserve amount to €2,815 thousand as of December 31, 2021 (2020: €2,303 thousand, 2019: €1,178 thousand).

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

RSUP 2021

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

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

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

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

The RSUs developed as follows in the financial year 2021:

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

Measurement model and inputs

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

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

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

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

11. Amortization and Depreciation

Amortization and depreciation is summarized as follows:

Amortization, Depreciation and Impairment € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Amortization of intangible assets	1,267	215	40
Depreciation of property, plant, and equipment	1,994	823	587
Depreciation of right-of-use assets	1,257	805	490
Total	4,518	1,843	1,117

12. Other Operating Costs

Other operating costs can be broken down as follows:

Other Operating Costs € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Office and IT costs	3,282	790	380
Legal and consulting fees	2,477	2,378	916
Selling and travel costs	1,638	451	587
Other business supplies, equipment and services	1,396	382	221
Insurance	803	97	55
Incidental rental costs and maintenance	696	382	370
Onerous contracts provision	240	0	0
Other costs	1,298	864	284
Total	11,830	5,344	2,813

Other personnel costs mainly include recruiting expenses.

13. Changes in Inventories of Finished Goods and Work in Progress

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

Changes in Inventories of Finished Goods and Work in Progress € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Increase in inventories of work in progress	414	757	272
Increase in inventories of finished goods	616	0	0
Write-downs	(462)	(120)	0
Total changes in inventories	568	637	272

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

14. Own Work Capitalized

Own work capitalized consists of costs that are used to construct property, plant and equipment or develop intangible assets. This line item is a contra account to other profit and loss statement captions presented below. For a determination of the net basis of those costs the amounts in the table below needs to be deducted from the respective line items.

in € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Cost of materials	1,995	4,073	2,089
Personnel expenses	1,906	3,921	2,551
Depreciation and Amortization	287	802	494
Other operating expenses	427	579	277
Total	4,615	9,375	5,411

The following table shows the breakdown of own work capitalized:

Own Work Capitalized € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Development costs	2,845	8,248	5,324
Property, plant and equipment	1,770	1,127	87
Total	4,615	9,375	5,411

15. Net Finance Costs

The financial result is calculated as follows:

€ thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
FINANCIAL INCOME			
Other interest income from loans and receivables	0	18	73
Total	0	18	73
FINANCIAL EXPENSES			
Interest and similar expenses on loans	(2,196)	(918)	0
Interest on lease obligations	(185)	(137)	(92)
Borrowing costs capitalized in accordance with IAS 23	233	1,055	92
Total	(2,148)	0	0
Net foreign exchange gain (loss)	826	(531)	109
Net finance costs	(1,322)	(513)	182

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

€ thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Total finance expenses	2,381	1,055	92
Thereof capitalized as the cost of			
Development projects	79	1,010	91
Construction in progress	154	45	1
Capitalization rate p.a.	22.06%	10.69%	2.00%

16. Income Taxes

in € thousand	Jan. 1 -	Jan. 1 -
	Dec. 31, 2021	Dec. 31, 2020
Loss before taxes	(43,686)	(19,770)
Expected taxes applying the domestic tax rate of 27.725% (previous year: 27.725%)	(12,112)	(5,481)
Tax effect of foreign tax rates	(85)	(35)
Tax effect of expenses that are not deductible for tax purposes / tax adjustments	192	98
Tax effect from losses incurred in the current year and deductible temporary differences for which no deferred taxes were recognized	15,344	5,537
Write-down of deferred tax assets	(2,123)	0
Other	575	(120)
Tax expense for the fiscal year	1,791	0

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

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

Balance of deferred tax assets and liabilities:

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

17. Earnings per Share

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

Earnings per share were as follows:

in € thousand	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Consolidated net profit/loss	(45,477)	(19,770)	(9,896)
Weighted-average number of ordinary shares, basic and diluted	4,250,135	3,349,403	2,831,427
Basic and diluted earnings per share in €	(10.70)	(5.90)	(3.50)

As of December 31, 2021, 152,610 options and 4,289 RSU's (2020: 104,831 options, 2019: 0 options) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

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

18. Intangible Assets

Cost

in € thousand	Development costs	Software and licenses	Total
Balance as of Jan. 1, 2019	3,279	276	3,555
Additions	5,416	10	5,426
Balance as of Dec. 31, 2019	8,695	286	8,981
Additions	9,258	61	9,319
Balance as of Dec. 31, 2020	17,953	347	18,300
Additions	2,924	436	3,360
Disposals	0	(9)	(9)
Balance as of Dec. 31, 2021	20,877	774	21,651

Amortization

<u>in € thousand</u>	<u>Development costs</u>	<u>Software and licenses</u>	<u>Total</u>
Balance as of Jan. 1, 2019	0	161	161
Amortization for the year	0	40	40
Balance as of Dec. 31, 2019	0	201	201
Amortization for the year	158	57	215
Balance as of Dec. 31, 2020	158	258	416
Amortization for the year	1,174	93	1,267
Disposals	0	(1)	(1)
Balance as of Dec. 31, 2021	1,332	350	1,682

Carrying amount

<u>in € thousand</u>	<u>Development costs</u>	<u>Software and licenses</u>	<u>Total</u>
Carrying amount as of Dec. 31, 2019	8,695	85	8,780
Carrying amount as of Dec. 31, 2020	17,795	89	17,884
Carrying amount as of Dec. 31, 2021	19,545	424	19,969

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

In fiscal year 2021, finance expenses in the amount of €79 thousand (2020: €1,010 thousand, 2019: €91 thousand) were capitalized as the cost of the development projects in accordance with IAS 23.

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

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

<u>in € thousand</u>	<u>Space</u>	<u>Air</u>	<u>Condor Meo</u>	<u>Total</u>
Carrying amount as of Dec. 31, 2019	5,728	2,967	0	8,695
Carrying amount as of Dec. 31, 2020	13,552	4,243	0	17,795
Carrying amount as of Dec. 31, 2021	15,072	3,965	508	19,545

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

<u>in months</u>	<u>Space</u>	<u>Air</u>	<u>Condor Meo</u>
Remaining useful life as of Dec. 31, 2019	n/a	n/a	n/a
Remaining useful life as of Dec. 31, 2020	n/a	174	n/a
Remaining useful life as of Dec. 31, 2021	170	162	n/a

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

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

The key assumptions for determining the fair value less costs of disposal are the discount rates, expected number of sold terminals and the respective selling prices and direct costs during the period. Management estimates

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

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

In fiscal year 2021, development costs in the amount of €17,830 thousand (2020: €6,203 thousand, 2019: €2,072 thousand) were recognized as an expense since the criteria set out in IAS 38.57 were not met. Of the total amount of €20,675 thousand (2020: €14,449 thousand, 2019: €7,397 thousand), development costs of €2,845 thousand (2020: €8,248 thousand, 2019: €5,325 thousand) were capitalized.

19. Property, Plant, and Equipment

Cost

<u>in € thousand</u>	<u>Land and buildings</u>	<u>Machinery</u>	<u>Other plant, furniture, fixtures, and office equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance as of Jan. 1, 2019	27	1,052	450	1,346	2,875
Additions	90	434	461	991	1,976
Reclassifications	1,063	614	0	(1,677)	0
Disposals	0	(1)	(46)	(188)	(235)
Balance as of Dec. 31, 2019/ Jan. 1, 2020	1,180	2,099	865	472	4,616
Exchange rate differences	(5)	0	(12)	0	(17)
Additions	81	1,790	1,977	3,277	7,125
Reclassifications	0	542	490	(1,032)	0
Disposals	0	(128)	(169)	0	(297)
Balance as of Dec. 31, 2020/ Jan. 1, 2021	1,256	4,303	3,151	2,717	11,427
Exchange rate differences	49	0	34	23	107
Additions	1,107	2,437	2,654	2,397	8,594
Reclassifications	562	2,014	311	(2,887)	0
Disposals	(8)	0	(283)	0	(291)
Balance as of Dec. 31, 2021	2,966	8,754	5,867	2,250	19,838

Depreciation

<u>in € thousand</u>	<u>Land and buildings</u>	<u>Machinery</u>	<u>Other plant, furniture, fixtures, and office equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance as of Jan. 1, 2019	10	302	111	0	423
Depreciation for the year	76	156	167	0	399
Impairment losses	0	0	0	188	188
Disposals	0	0	(46)	(188)	(234)
Balance as of Dec. 31, 2019/ Jan. 1, 2020	86	458	232	0	776
Depreciation for the year	120	288	415	0	823
Disposals	0	(116)	(131)	0	(247)
Balance as of Dec. 31, 2020/ Jan. 1, 2021	206	630	516	0	1,352
Exchange rate differences	4	0	2	0	7
Depreciation for the year	304	773	916	0	1,994
Disposals	0	0	(283)	0	(283)
Balance as of Dec. 31, 2021	514	1,403	1,151	0	3,070

Carrying amount

<u>in € thousand</u>	<u>Land and buildings</u>	<u>Machinery</u>	<u>Other plant, furniture, fixtures, and office equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Carrying amount as of Dec. 31, 2019	1,094	1,641	633	472	3,840
Carrying amount as of Dec. 31, 2020	1,050	3,673	2,635	2,717	10,075
Carrying amount as of Dec. 31, 2021	2,452	7,351	4,716	2,250	16,768

Investments in property, plant, and equipment made in fiscal year 2021 in the amount of €8,594 thousand (2020: €7,125 thousand, 2019: €1,976 thousand) referred primarily to the expansion of production capacities at the plants in Gilching and Oberpfaffenhofen in Germany. Among other things, this involved significant installations in a rented production hall and the setup of an additional production line. Investments were also made in laboratory and test equipment. A substantial amount was also invested for expansion of the Mynaric USA site in Los Angeles, USA.

In fiscal year 2021, finance expenses in the amount of €154 thousand (2020: €45 thousand, 2019: €1 thousand) were recorded as the cost of property, plant, and equipment in accordance with IAS 23.

20. Right-of-use Assets

Cost

<u>in € thousand</u>	<u>Real estate leases</u>	<u>Other leases</u>	<u>Total</u>
Balance as of Jan. 1, 2019	11	0	11
Additions	7,278	11	7,289
Balance as of Dec. 31, 2019/ Jan. 1, 2020	7,289	11	7,300
Exchange rate differences	(77)	0	(77)
Additions	2,004	8	2,012
Balance as of Dec. 31, 2020/ Jan. 1, 2021	9,216	19	9,235
Exchange rate differences	168	0	168
Additions	1,995	0	1,995
Disposals	(11)	0	(11)
Balance as of Dec. 31, 2021	11,368	19	11,387

Depreciation

<u>in € thousand</u>	<u>Real estate leases</u>	<u>Other leases</u>	<u>Total</u>
Balance as of Jan. 1, 2019	0	0	0
Depreciation for the year	488	2	490
Balance as of Dec. 31, 2019/ Jan. 1, 2020	488	2	490
Exchange rate differences	(2)	0	(2)
Depreciation for the year	801	4	805
Balance as of Dec. 31, 2020/ Jan. 1, 2021	1,287	6	1,293
Exchange rate differences	17	0	17
Depreciation for the year	1,252	5	1,257
Disposals	(7)	0	(7)
Balance as of Dec. 31, 2021	2,549	11	2,560

Carrying amount

<u>in € thousand</u>	<u>Real estate leases</u>	<u>Other leases</u>	<u>Total</u>
Carrying amount as of Dec. 31, 2019	6,801	9	6,810
Carrying amount as of Dec. 31, 2020	7,929	13	7,942
Carrying amount as of Dec. 31, 2021	8,819	8	8,827

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

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

The additions presented in the fiscal year in the amount of €1,995 thousand (2020: €2,004 thousand, 2019: €7,278 thousand) relating to property leases mainly concern additional rented space at the site in Los Angeles, USA and a new office in Washington, DC, USA.

The following amounts were recognized in profit or loss:

<u>in € thousand</u>	<u>For the years ended</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Interest expenses for lease liabilities	185	137	92
Expenses for current lease liabilities	13	0	115
Expenses for leases of low-value assets	6	5	18

The Company's cash outflows for leases amounted to €1,241 thousand in 2021 (2020: €816 thousand, 2019: €664 thousand). In addition, the Company reported non-cash additions to right-of-use assets in the amount of €1,995 thousand in 2021 (2020: €2,012 thousand, 2019: €7,288 thousand) and to lease liabilities in the amount of €1,951 thousand (2020: €1,947 thousand, 2019: €7,190 thousand).

The Company has entered into several leases that include extension or termination options. These options are negotiated by the management in order to manage the portfolio of leased assets flexibly and in line with the Company's respective operating requirements. The assessment of whether a lessee is reasonably certain to exercise an option to extend or terminate a lease is subject to material judgments by the management (see Note 4. Material judgments, estimates, and assumptions).

Several property leases include extension options. Wherever possible, the Company seeks to include extension options when entering into new leases in order to ensure operational flexibility. The extension options can be exercised only by the Company, not by the lessor. The Company assesses on the commencement date whether an

exercise of the extension option is reasonably certain. If a significant event or a significant change in circumstances outside of the Company's control occurs, the Company reassesses whether the exercise of the extension option is reasonably certain.

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

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

21. Inventories

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

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

In 2021, inventories of €7,964 thousand (2020: €2,352 thousand, 2019: €428 thousand) were recognized as a cost during the year. During the year ended December 31, 2021 the Company recognized the following write-downs of inventory:

<u>€ thousand</u>	<u>For the years ended</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Write downs of raw material and supplies	2,039	0	0
Write downs of work in progress	397	120	0
Write downs of finished goods	65	0	0
Total	2,501	120	0

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

22. Trade Receivables

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

<u>in € thousand</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Trade receivables	0	550
Total	0	550

23. Other Financial and Non-Financial Assets

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

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

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

24. Cash and Cash Equivalents

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

25. Equity

a) Subscribed Capital

a)(i) Issued share capital

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

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

IPO-capital increase

In connection with the Nasdaq listing in the United States, the Management Board and the Supervisory Board adopted a resolution on November 11, 2021, to increase the Company's share capital, subject to partial utilization of the 2021/I Authorized Capital, by €1,000,000.00 against cash contributions through the issue of 1,000,000 new no-par value bearer shares with a pro rata amount in the share capital of €1.00 per share. The price was set at USD 16.50 per American Depositary Shares (ADS), whereby four ADS represent one no-par value bearer share of the company.

Greenshoe-Option

In connection with the listing at the Nasdaq, USA the Management Board and the Supervisory Board adopted a resolution on November 14, 2021, to increase the Company's share capital, subject to partial utilization of the 2021/I Authorized Capital, by €150,000.00 against cash contributions through the issue of 150,000 new no-par value bearer shares with a pro rata amount in the share capital of €1.00 per share. The price was set at USD 16.50 per American Depositary Shares (ADS), whereby four ADS represent one no-par value bearer share of the company.

Convertible bond

On July 31, 2020, the Management Board adopted a resolution, based on the consent of the Supervisory Board, to issue a convertible bond in the amount of €5,000,000 on the basis of the 2020/II Contingent Capital. In

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

a)(ii) Conditional capital

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

2017/I Conditional Capital

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

2019 Conditional Capital

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

2020/I Conditional Capital

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

2020/II Conditional Capital

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

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

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

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

2021/I Conditional Capital

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

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

2021/II Conditional Capital

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

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

a)(iii) Authorized Capital

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

2021/I Authorized Capital

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

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

2021/II Authorized Capital

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

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

b) Capital Reserve

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

c) Prepaid Share Reserve

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

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

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

d) Exchange Rate Differences

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

26. Provisions

Current and non-current provisions changed as follows:

in € thousand	Jan. 1, 2021	Utilization	Reversals	Additions	Dec. 31, 2021
Litigation	1,005	22	200	0	783
Asset retirement obligations	164	0	0	42	206
Onerous contracts	0	0	0	240	240
Other	8	0	6	3	5
Total	1,177	22	206	285	1,234

	thereof non-current				
Asset retirement obligations	164	0	0	42	206
Other	8	0	6	3	5
Total	172	0	6	45	211

27. Contract Liabilities

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

28. Trade and Other Payables

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

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

29. Other Financial and Non-financial Liabilities

Current financial and non-financial liabilities comprise the following:

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

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

30. Statement of Cash Flows

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

Reconciliation of movements in liabilities to cash flows from financing activities

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

€ thousand	Balance as of Jan. 1, 2021	Changes arising from cash flows	Non-cash changes					Balance as of Dec. 31, 2021
			Additions	Disposals	Unpaid interest	FX	Reclassifications	
Short-term loans	0	0	7,500	(7,500)	0	0	0	0
Lease liabilities	7,956	(1,056)	1,951	0	0	176	0	9,027
Total	7,956	(1,056)	9,451	(7,500)	0	176	0	9,027

€ thousand	Balance as of Jan. 1, 2020	Changes arising from cash flows	Non-cash changes					Balance as of Dec. 31, 2020
			Additions	Disposals	Unpaid interest	FX	Reclassifications	
Convertible bonds	0	5,000	5,000	0	500	0	(5,500)	0
Short-term loans	0	0	2,500	(2,500)	0	0	0	0
Lease liabilities	6,762	(675)	1,947	0	0	(78)	0	7,956
Total	6,762	4,325	9,447	(2,500)	500	(78)	(5,500)	7,956

€ thousand	Balance as of Jan. 1, 2019	Changes arising from cash flows	Non-cash changes					Balance as of Dec. 31, 2019
			Additions	Disposals	Unpaid interest	FX	Reclassifications	
Lease liabilities	11	(439)	7,190	0	0	0	0	6,762

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

31. Related Party Disclosures

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

a) Related party transactions

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

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

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

MCConsult Dr. Peschko is a company owned by Dr. Wolfram Peschko, a former Management Board member who resigned in fiscal year 2020, which provides advisory services for the Company. During the years ended December 31, 2020 and 2019, related party expenses involving MCConsult Dr. Peschko amounted to €825 thousand, and €274 thousand, respectively. As of December 31, 2020, the Company had trade and other payables totaling €591 thousand, respectively, due to MCConsult Dr. Peschko.

Pinsent Masons LLP is a law firm in which Mr. Mayrhofer, a former member of the Supervisory Board who resigned in fiscal year 2020, is a partner which provides legal advisory services for the companies of the Mynaric Group. During the years ended December 31, 2020 and 2019, related party expenses involving Pinsent Masons LLP amounted to €135 thousand, and €75 thousand, respectively. As of December 31, 2020, the Company had trade and other payables totaling €12 thousand, due to Pinsent Masons LLP.

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

b) Remuneration for members of the Management Board

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

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

The remuneration for Management Board members consists of three components:

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

The overall remuneration for the members of the Management Board (excluding stock options and fringe benefits) comprises approximately 66% in fixed remuneration and 33% in performance-related remuneration in the event of 100% target achievement.

Non-performance-related remuneration

The fixed, non-performance-related remuneration comprises the basic remuneration and fringe benefits that may vary over the years, depending on the person involved or the occurrence of certain events.

The amount of the fixed remuneration depends on delegated functions and responsibilities as well as the general conditions customary to the industry and the market. These conditions relate primarily to other listed small- and medium-sized companies from the technology industry and related sectors. The fixed remuneration is paid in monthly installments.

Fringe benefits mainly include expenses for company housing for members of the Management Board. Members also receive taxable in-kind benefits.

Performance-related remuneration

The performance-related remuneration comprises two components: the first is agreed upon with the Supervisory Board on an annual basis, and the second is a strategic special component.

The component agreed upon with the Supervisory Board on an annual basis generally consists of two elements based on the Company’s economic performance and achievement of the annual budget as approved by the Supervisory Board. The bonus can be a maximum of 200% in the case of overachievement.

The strategic special component is a reward for the Management Board member’s performance in acquiring strategic investors for the Company.

Stock options

The third remuneration component comprises stock options granted to selected employees in the form of stock options from Stock Option Plans 2017, 2018, 2019, 2020 and 2021, in which the Management Board members

also participate. A stock option right entitles the holder to the right to purchase Company shares at the respective exercise price. The vesting period for exercise of the options is four years, starting on the grant date of such options. The options may be exercised within a period of three years after the expiration of the vesting period, provided that the performance target has been achieved.

In the context of these plans, stock options were issued to the Management Board in 2019, 2020 and 2021, which entitle the holder to subscribe to Mynaric AG shares. Detailed information about the granted stock options are presented in Note 9. a) Share-based payments.

Remuneration granted

The remuneration granted to the Management Board in fiscal year 2021 is broken down as follows:

Year	Basic remuneration in € thousand	Short-term variable remuneration in € thousand	Long-term variable remuneration		Total in € thousand
			Number of stock options granted	Recognized as expense in € thousand	
2021	713	113	100,000	332	1,158
2020	525	357	30,000	549	1,431

In 2020 a severance payment of €691 thousand was granted to Dr. Peschko, a former member of the Management Board of Mynaric AG who resigned in fiscal year 2020. Mr. Edler von Janecek, who also resigned from the Management Board in 2020, was granted a severance payment in the amount of €263 thousand in last reporting period 2020.

The chairman of the Management Board, Bulent Altan, received remuneration for his activities as CEO of the subsidiary Mynaric USA Inc., which is already included in the remuneration granted and paid. The other Management Board members did not receive any remuneration during their term for their activities in a subsidiary of Mynaric AG.

c) Supervisory Board remuneration

The remuneration system of the Supervisory Board is based on the Company's size, the duties and responsibilities of the Supervisory Board members, and the Company's economic situation and expected future development. The remuneration of the Supervisory Board is governed by section 14 of the Company's Articles of Association, which was amended on the Annual General Meeting on May 14, 2021. Accordingly, the Supervisory Board members receive a fixed annual remuneration, payable after the end of the fiscal year. The remuneration amounts to €30,000 per year, with the chairman receiving twice that amount and the deputy chairman receiving one and a half times this amount. An attendance fee of €500 are paid for Supervisory Board meetings. Members of the Supervisory Board receive reimbursement for their out-of-pocket expenses, however, as well as reimbursement of the value-added tax on their remuneration and out-of-pocket expenses. In addition, the Company bears the costs of D&O liability insurance for the Supervisory Board members. The Company does not grant any loans to the Supervisory Board members.

The annual remuneration for the Supervisory Board in fiscal year 2021 is as follows:

€ thousand	For the years ended	
	December 31, 2021	December 31, 2020
Dr. Manfred Krischke	80	40
Peter Müller-Brühl	50	20
Dr. Gerd Gruppe	39	30
Steve Geskos	32	0
Wincent Wobbe	19	0
Thomas Hanke	16	11
Dr. Thomas Billeter	15	20
Hans Koenigsmann	12	0
Thomas Mayrhofer	0	9
Total	263	130

Shareholdings of management and supervisory board members

Based on available information, the board members have the following shareholdings:

Number of shares	December 31, 2021	December 31, 2020	Change
Peter Müller-Brühl	4,445	4,445	0
Joachim Horwath	220,527	396,940	(176,413)
Bulent Altan	1,136	0	1,136
Stefan Berndt-von Blow	174	0	174

32. Financial Instruments and Financial Risk Management

a) Financial instruments

The financial instruments were allocated to the following categories:

€ thousand	December 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Amortized cost (AmC)				
Other financial assets	143	411	76	359
Cash and cash equivalents	48,143	0	43,198	0
Trade receivables	0	0	550	0
Total	48,286	411	43,824	359
Cost (FLAC)				
Trade and other payables	8,396	0	5,128	0
Lease liabilities	1,638	7,389	1,156	6,800
Other financial liabilities	37	0	24	0
Total	10,071	7,389	6,308	6,800

For other financial assets, trade receivables, and cash and cash equivalents, it is assumed that their carrying amounts correspond to their fair values due to their short terms.

The carrying amount of non-current financial assets of the AmC category approximates the fair value. Any difference between carrying amount and fair value are immaterial due to the current low interest rate environment.

The carrying amount of current financial liabilities measured at amortized cost (FLAC), such as trade payables and other financial liabilities, corresponds to the fair value due to their short terms. The lease liabilities are discounted in accordance with the requirements set out in IFRS 16.

The net gains/losses by measurement category are as follows:

2021 in € thousand			Other income and expense items, or gain and loss items
Financial assets	AmC	Measured at amortized cost	0
2020 in € thousand			Other income and expense items, or gain and loss items
Financial assets	AmC	Measured at amortized cost	0

b) Financial risk management

The Group is exposed to the following risks from the use of financial instruments:

- Credit risk (see b)(i))
- Liquidity risk (see b)(ii))
- Market risk (see b)(iii))

Principles of risk management

The Management Board of the Company is responsible for the structure and control of the Group's risk management. For this purpose, the Management Board has appointed employees who are responsible for

monitoring and developing the Group's risk management policies. The employees submit regular reports to the Management Board about their activities. The risk management policies and the risk management systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Capital risk management

The Group's primary financial objectives include increasing the enterprise value on a sustained basis, ensuring solvency at all times to safeguard the Company's viability as a going concern, and maintaining an optimal capital structure. Ensuring sufficient available liquidity is of key significance in this context. These objectives are managed by means of an integrated controlling concept, in which as part of the monthly closing process, management is provided with current indicators for various items of the financial statements and therefore also for changes in equity, and as the basis for necessary entrepreneurial decisions. The equity ratio as of December 31, 2021 was 78.6% (previous year: 81.7%). The equity ratio was positively affected by contributions to subscribed capital and the capital reserves from the capital increases made in fiscal year 2021. The equity ratio was calculated as the ratio of total equity to total assets. There have been no changes in the Group's overall strategy relative to 2020.

b)(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's trade receivables and its cash and cash equivalents. The carrying amounts of the other financial assets and of contract assets correspond to the maximum credit risk exposure.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held) or the financial assets is more than 90 days past due.

Impairments of financial assets are recognized in profit or loss as follows:

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Group's Management Board also considers the factors that may influence the credit risk of the customer base, including the credit risk associated with the industries, countries, and regions in which the customers are operating.

Detailed disclosures concerning the concentration of revenue in particular areas/regions can be found in Note 5. Segment reporting and information on geographical areas.

The Group has a receivables management system that facilitates initial and ongoing analysis of customer creditworthiness individually. This analysis comprises external ratings, information by credit agencies (if available), industry information, and, in some cases, information provided by banks. Prior to entering into business relationship with a customer, a member of the sales department enters the opportunity in a "sales triage" tool which analyzes key facets of the opportunity. The Group limits its credit risk from trade receivables by determining a maximum.

The overall credit risk exposure is considered low.

(ii) Other financial assets

As of the reporting date, other non-current financial assets primarily include security deposits for rental agreements of the Mynarc Group. Other current financial assets include mainly receivables from suppliers.

The credit risk exposure resulting from receivables from security deposits is considered low since the deposits are held at separate accounts restricted from usage for other purposes.

(iii) Cash and cash equivalents

The estimated loss allowance for cash and cash equivalents was calculated based upon expected losses within 12 months and reflects the short terms to maturity. As of December 31, 2021, the expected credit loss is not material and therefore was not recorded.

b) (ii) Liquidity risk

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

The Group uses activity-based cost accounting to calculate the costs of its product and services. This enables the Group to monitor cash requirements and to optimize cash inflows on capital employed.

Prudent liquidity risk management means being able to meet obligations when due at any time and, beyond that, maintaining sufficient cash and cash equivalents for unplanned expenditures. Management applies rolling forecasts to monitor cash and cash equivalents based upon expected cash flows. This is generally done centrally for the Group. To ensure the Group's solvency and its viability as a going concern, it is necessary to implement the adapted profit and liquidity planning for the years 2022 and 2023 and to ensure that financing is provided on an as-needed basis in the form of debt or equity capital. The successful US IPO in November 2021 with total gross proceeds of USD 75.9 million resulted in an improvement of liquidity. Overall, the liquidity risk exposure is to be estimated at the same level as in the previous year, due to corresponding increase in the cost structure resulting to the strong growth of the company.

On May 2, 2022, we entered into a credit agreement with Formue Nord Fokus A/S, Modelio Equity AB (publ) and Munkekullen 5 förvaltning AB as lenders for a credit line of €25 million until June 30, 2023. A loan in a nominal amount of €10 million is to be disbursed hereunder on May 3, 2022. The remaining credit line can be drawn in several tranches (each tranche not to exceed €5 million) from October 1, 2022 onwards, if and to the extent that the outstanding loan amount immediately following the requested utilization would not exceed 10% of the Company's market capitalization (based on the volume-weighted average price (VWAP) of the Company's share on the ten trading days preceding the delivery of the utilization request). We may therefore not be able to fully draw down the remaining loan amount under the credit agreement. Outstanding loans under the credit agreement bear interest at a rate of 1% per beginning 30-day period commencing in 2022 and 1.25% on any outstanding loan amount per beginning 30-day period commencing in 2023. The credit agreement also requires us to pay a commitment fee totaling 6% of the aggregate commitments of €25 million. The commitment fee and interest on the drawn amount are due and payable together with the repayment of the loan amount(s). The availability of the credit line terminates prior to the final maturity on June 30, 2023, and all amounts outstanding thereunder become due, upon the completion of a capital increase by the Company of more than 10% of the currently outstanding registered capital (i.e., € 5,242,948.00).

The following table shows the remaining contractual terms of financial liabilities as of the reporting date, including estimated interest payments. The amounts presented are undiscounted gross amounts, including contractual interest payments but excluding the presentation of netting effects.

December 31, 2021						
<u>in € thousand</u>	<u>Carrying amount</u>	<u>less than 1 year</u>	<u>between 1 and 2 years</u>	<u>between 3 and 5 years</u>	<u>more than 5 years</u>	<u>Total</u>
Trade and other payables	8,396	8,396	0	0	0	8,396
Lease liabilities	9,027	1,640	1,605	3,148	3,328	9,721
Current other financial liabilities	37	37	0	0	0	37
Total	17,460	10,073	1,605	3,148	3,328	18,154

December 31, 2020						
<u>in € thousand</u>	<u>Carrying amount</u>	<u>less than 1 year</u>	<u>between 1 and 2 years</u>	<u>between 3 and 5 years</u>	<u>more than 5 years</u>	<u>Total</u>
Trade and other payables	5,128	5,128	0	0	0	5,128
Lease liabilities	7,956	1,168	1,191	2,392	3,849	8,600
Current other financial liabilities	24	24	0	0	0	24
Total	13,108	6,320	1,191	2,392	3,849	13,752

b) (iii) Market risk

Market risk is the risk that market prices, such as exchange rates, interest rates, or share prices, can change and thus can affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable ranges, while simultaneously optimizing yield.

(i) Currency risk

The Group is exposed to transactional foreign currency risks to the extent that currencies in which sales and purchase transactions as well as receivables and lending transactions are denominated do not correspond to the functional currency of the Group companies. The functional currencies of the Group companies are the Euro and the US dollar. The transactions mentioned above are mainly denominated in Euro, USD, RMB, GBP and CHF.

Effects of currency risk

The following is a summary of quantitative information about the Group's currency risk exposure provided to Group management:

December 31, 2021		
<u>in thousand</u>	<u>EUR</u>	<u>USD</u>
Intercompany receivables	0	4,384
Other financial assets	0	33
Cash and cash equivalents	0	32,713
Intercompany payables	6,494	503
Trade payables	0	83
Other liabilities	0	185
Net statement of financial position exposure	(6,494)	36,359

December 31, 2020		
<u>in thousand</u>	<u>EUR</u>	<u>USD</u>
Cash and cash equivalents	0	961
Intercompany-Loan	4,653	0
Trade payables	0	99
Net statement of financial position exposure	(4,653)	862

Sensitivity analysis

A potential appreciation (depreciation) of EUR, USD against other currencies as of December 31 would have influenced the measurement of financial instruments denominated in foreign currency and would have affected equity and profit or loss in the amounts presented below. The analysis assumes that all other influencing factors, above all the interest rates, remain constant. The effects of the forecast sales and purchase transactions are ignored.

in € thousand	Effects on Group profit/loss					
	2021		2020		2019	
	Changes in exchange rates		Changes in exchange rates		Changes in exchange rates	
	Increase by 5%	Reduction by 5%	Increase by 5%	Reduction by 5%	Increase by 5%	Reduction by 5%
EUR	(328)	328	(262)	262	(173)	173
USD	1,818	(1,818)	35	(35)	78	(78)
Total	1,490	(1,490)	(227)	227	(95)	95

in € thousand	Effects on Group equity					
	2021		2020		2019	
	Changes in exchange rates		Changes in exchange rates		Changes in exchange rates	
	Increase by 5%	Reduction by 5%	Increase by 5%	Reduction by 5%	Increase by 5%	Reduction by 5%
EUR	(325)	325	(233)	233	(167)	167
USD	1,818	(1,818)	35	(35)	78	(78)
Total	1,493	(1,493)	(198)	198	(89)	89

The following exchange rates were used:

EUR/USD	Average rate			Spot exchange rate as of the reporting date		
	2021	2020	2019	2021	2020	2019
	0.84819	0.87322	0.88258	0.88292	0.81540	0.89160

(ii) Interest rate risk

As of the reporting date, the Group does not have any interest-bearing financial assets or interest-bearing financial liabilities. As a result, there are no specific interest rate risks.

33. Contingent Liabilities, Commitments, and Other Financial Obligations

a) Contingent liabilities

Within the course of its ordinary activities, the Group may be involved in legal disputes from time to time.

Based on the assessment of the Management Board and legal counsel, there are no additional claims beyond the litigation risks reported in the provisions that may be significant with regard to the Company's business and its financial position and performance.

b) Commitments

As in the previous year, there are no commitments arising under guarantees.

c) Other financial obligations

Other financial obligations as of December 31, 2021 are as follows:

December 31, 2021	up to 1 year	1 to 5 years	>5 years	Total
in € thousand				
Incidental rental costs	161	641	373	1,176
Software and licenses	924	1,876	0	2,800
Other	256	6	0	263
Total	1,342	2,523	373	4,239

The significant amount in financial obligations from software and licenses includes an agreement for the use of SAP. The other obligations are primarily service contracts.

In addition, there are financial obligations from outstanding purchase orders for intangible assets and Property, plant and equipment in the following amounts:

€ thousand	December 31, 2021
Intangible assets	41
Property, plant and equipment	2,736
Total	2,777

34. Events after the reporting date

Russo-Ukrainian War

In February 2022, the government of Russia invaded Ukraine across a broad front. In response to this aggression, governments around the world have imposed severe sanctions against Russia. These sanctions disrupted the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers. We cannot yet foresee the full extent of the sanction's impact on our business and operations and such impact will depend on future developments of the war, which is highly uncertain and unpredictable. The war could have a material impact on our results of operations, liquidity, and capital management. We will continue to monitor the situation and the effect of this development on our liquidity and capital management.

Credit Agreement

On May 2, 2022, we entered into a credit agreement with Formue Nord Fokus A/S, Modelio Equity AB (publ) and Munkekullen 5 förvaltning AB as lenders for a credit line of €25 million until June 30, 2023.

Rent Agreement

Mynaric intends to further expand its office space in 2023 in order to prepare for future growth. For this reason, the Company signed a lease agreement for a new location in Munich in January 2022. The new location offers 11,000 square meters or 120,000 square feet floorspace and allows for up to 400 employees working in production, testing, engineering and administration. The initial lease term will be 10 years, starting earliest in July 2023. Initial rent is €289,000 per month. For purposes of adapting the facility to Mynaric's needs, Mynaric will pay to the landlord an additional fee of €1.1 million following payment of the first month's rent.

Mynaric Government Solutions, Inc.

On April 28, 2022, Mynaric Government Solutions, Inc. was incorporated in the USA, as a corporation under the laws of the State of Virginia. Mynaric Government Solutions Inc. is a wholly owned subsidiary of Mynaric AG. The company was founded for the purpose of giving the Mynaric Group access in the future to customer orders from the US government that are subject to special classification rules. This was previously not possible. In order for companies with a foreign parent company to obtain a clearance from the US government, special requirements of the US government must be observed. In the future, these requirements are to be met and implemented via the newly established company.

Gilching, May 6, 2022