

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 20-F**

- 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, 2023  
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)

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81249 Munich, Germany  
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(Address of principal executive offices)

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(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 Depository Shares	MYNA	The Nasdaq Stock Market LLC
Ordinary Shares, no par value	-	The Nasdaq Stock Market LLC <sup>(1)</sup>

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:

6,318,322 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.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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

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

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

Indicate by check mark 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

(1) Not for trading, but only in connection with the listing on The Nasdaq Stock Market of American Depository Shares.

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## INTRODUCTION

We conduct our business through Mynaric AG, a German stock corporation (*Aktiengesellschaft*). Unless otherwise indicated or the context otherwise requires or where otherwise indicated, the terms “Mynaric,” the “Company,” “we,” “our,” “ours,” “ourselves,” “us” or similar terms refer to Mynaric AG together with its subsidiaries.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We report under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), which differ in certain significant aspects from U.S. generally accepted accounting principles (“U.S. GAAP”). Accordingly, our results of operations and financial condition as reflected by our IFRS financial statements that are included in this Annual Report on Form 20-F (“Annual Report”) may differ substantially from the results of operations and financial condition that would be reflected by financial statements prepared in accordance with U.S. GAAP. We have not prepared a reconciliation of our financial information to U.S. GAAP or a summary of significant accounting differences between IFRS and U.S. GAAP, nor have we otherwise reviewed the impact the application of U.S. GAAP would have on our financial reporting.

Our consolidated financial statements are reported in euros, which are denoted “euros,” “EUR” or “€” throughout this Annual Report and refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended. Also, throughout this Annual Report, the terms “dollar,” “USD” or “\$” refer to U.S. dollars. For the convenience of the reader, we have translated some financial information into U.S. dollars. Unless otherwise indicated, these translations were made based on the Euro/U.S. dollar exchange rate published by the European Central Bank on December 29, 2023, which was €1.00 to \$1.105.

Financial information in thousands or millions, and percentage figures have been rounded. Rounded total and sub-total figures in tables in this Annual Report may differ marginally from unrounded figures indicated elsewhere in this Annual Report or in the financial statements. Moreover, rounded individual figures and percentages may not produce the exact arithmetic totals and sub-totals indicated elsewhere in this Annual Report.

## MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data in this Annual Report from our own internal estimates, surveys, and research as well as from publicly available information, industry and general publications and research, surveys and studies conducted by third parties, including, but not limited to, Airbus, ARK Investment Management LLC, article on “Optical Wireless Communication” by Harald Haas, Jaafar Elmirghani, Ian White, Aviation Week Network, BryceTech, German Aerospace Center, EDR Online, FCAS Forum, MarketsandMarkets, Meta, Morgan Stanley (Space Economy), Orbiting Now, Space Capital, Space Development Agency, Space Explored, SpaceNews, Stockholm International Peace Research Institute (SIPRI), The National Interest, The Royal United Services Institute (RUSI), and Via Satellite.

Industry publications, research, surveys, studies and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Annual Report. These forecasts and forward-looking information are subject to uncertainty and risk due to a variety of factors, including those described under “Item. 3 Key Information—D. Risk Factors.” These and other factors could cause results to differ materially from those expressed in our forecasts or estimates or those of independent third parties. While we believe our internal estimates, surveys, and research are reliable, they have not been verified by any independent source.

## TRADEMARKS, SERVICE MARKS AND TRADE NAMES

We have proprietary rights to trademarks used in this Annual Report that are important to our business, many of which are registered under applicable intellectual property laws. Solely for convenience, the trademarks, service marks, logos and trade names referred to in this Annual Report are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

This Annual Report contains additional trademarks, service marks and trade names of others, which are the property of their respective owners. All trademarks, service marks and trade names appearing in this Annual Report are, to our knowledge, the property of their respective owners. We do not intend our use or display of other companies’ trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## FREQUENTLY USED TERMS

In this Annual Report:

“*CJADC2*” refers to Combined Joint All Domain Command and Control architecture.

“*Coarse pointing assembly*” refers to a two axis gimballed mirror for independent steering of optical communication terminals. It is a device that is mounted on a terminal telescope and allows the terminal to operate without constraining the satellite attitude. It is used in inter-satellite links in high- and low-earth orbits.

“*DARPA*” refers to the U.S. Defense Advanced Research Projects Agency.

“*DLR*” refers to the German Aerospace Center (*Deutsches Zentrum für Luft- und Raumfahrt e.V.*).

“DoD” refers to the U.S. Department of Defense.

“*Free space optic communication*” is the wireless transmission of data via a modulated optical beam directed through free space, without fiber optics or other optical systems guiding the light.

“*Inter-plane*” refers to the communication between satellites in different orbital planes occurring through inter-plane inter-satellite lines.

“*Intra-plane*” refers to the communication between satellites in the same orbital plane occurring through intra-plane inter-satellite lines.

“*LEO*” refers to low Earth orbit, which is an orbit around Earth with an altitude above Earth’s surface from 160 kilometers to 2,000 kilometers.

“*MEO*” refers to medium Earth orbit, which is an orbit around Earth with a distance of 2,000 kilometers to 35,786 kilometers.

“*Mesh Network*” means a type of wireless network topology, where each network node participates in the distribution of data across the network by relaying data to other nodes that are in range. A mesh network has no centralized access points but uses wireless nodes to create a virtual wireless backbone. Mesh network nodes typically establish network links with neighboring nodes, enabling user traffic to be sent through the network by hopping between nodes on many different paths. At least some nodes must be connected to a core network for backhaul.

“*OISLs*” refers to optical-intersatellite links, which are wireless communication links using optical signals to interconnect satellites.

“*PWSA*” refers to the SDA’s Proliferated Warfighter Space Architecture.

“*Quantum key distribution*” refers to a technique that enables secure communications between devices using a cryptographic protocol that is partly based on quantum mechanics.

“*RF*” refers to radio frequency, which is a measurement representing the oscillation rate of electromagnetic radiation spectrum, or electromagnetic radio waves, from frequencies ranging from 300 gigahertz (GHz) to as low as 9 kilohertz (kHz).

“*SDA*” refers to the U.S. Space Development Agency.

“*UAVs*” refers to unmanned aerial vehicles.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that relate to our current expectations and views of future events. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Item 3 Key Information—D. Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “believe,” “may,” “will,” “expect,” “estimate,” “could,” “should,” “anticipate,” “aim,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar or comparable expressions. These forward-looking statements include all matters that are not historical facts. These forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain and subject to a number of risks and uncertainties. These statements constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (as amended, the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- our future business and financial performance, including our revenue, operating expenses and our ability to achieve profitability and maintain our future business and operating results;
- our strategies, plans, objectives and goals, including, for example, the planned completion of the development of our products and the intended expansion of our product portfolio or geographic reach;
- the expected start of serial production of our products and terminal production output;
- our planned monetization of our technology and products; and
- our expectations regarding the development of our industry, market size and the competitive environment in which we operate.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions, many of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industries in which we operate, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in “Item 3. Key Information—D. Risk Factors,” the following:

- we are a development-stage company with a history of significant losses and expected continuing losses for the foreseeable future, which lead to continued reliance on external financing and raise substantial doubt about our ability to continue as a going concern; we may never be able to execute our business strategy successfully, generate revenue or reach profitability;
- our success and future growth are dependent upon our potential customers’ investments in the development of a market for wireless laser communication networks;
- our prospects and operations may be adversely affected by changes in government spending and general economic conditions, which may negatively affect demand for laser communication solutions;
- the potential customer base for the use of our products is limited;
- our business is affected by the implementation of industry standards guaranteeing interoperability between laser communication products of different vendors, which could be unsuccessful;
- we may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy;
- positive market developments in the area of wireless laser communication could lead to increasingly intense competition and endanger our market position;
- industry consolidation may give our competitors advantages over us, which could result in a loss of customers and/or a reduction of our revenue;
- we use innovative technologies and solutions in our products, which may not be fully functional, and the initial deployment of our products by customers could prove unsuccessful;

- 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 or any general disruptions to global supply chains may subject us to external procurement risks that negatively affect our business;
- defects or performance problems in our products could result in a loss of customers, reputational damage, lawsuits and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products;
- our sales cycle can be long and sophisticated as well as requiring considerable time and expense;
- orders included in our optical communications terminal backlog may not result in actual revenue and are an uncertain indicator of our future earnings;
- we have limited experience with order processing and are subject to internal order processing risks that could materially impact our ability to process orders;
- we may not be able to obtain sufficient financing for our operations and ongoing growth of our business;
- the covenants under the Credit Agreement 2023 impose operating and financial restrictions on us that could significantly impact our ability to operate our business;
- our failure to comply with the covenants or other terms of the Credit Agreement 2023, including as a result of events beyond our control, could result in a default under the Credit Agreement 2023 that would materially and adversely affect the ongoing viability of our business;
- the Credit Agreement 2023 requires the payment of an exit fee under certain circumstances;
- a change of control could result in substantial repayment obligations under our Credit Agreement 2023;
- we may not be able to obtain or agree on acceptable terms and conditions for all or a significant portion of the government grants, loans and other incentives for which we may apply, which may negatively affect our ability to reach funding goals;
- we are exposed to foreign currency exchange risk and our financial position and results of operations may be negatively affected by the fluctuation of different currencies;
- we are highly dependent on our senior management team and other highly qualified personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy;
- our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our cyber-security;
- we are a supplier for government programs, which subjects us to risks including early termination, audits, investigations, sanctions and penalties;
- our operations, or those of our suppliers and other business partners, could be adversely affected as a result of disasters or unpredictable events;
- adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our business operations and our financial condition;
- we are subject to regulatory risks, in particular related to sanctions laws and governmental export controls, that could limit our customer base and result in higher compliance costs;
- if we do not maintain required security clearances from, and comply with our security agreements with, the U.S. government, we may not be able to enter into future contracts with the U.S. government;
- our business is and could become subject to a wide variety of extensive and evolving government laws and regulations; any failure to comply could have a material adverse effect on our business;
- positive market developments in the area of wireless laser communication could lead to increasingly intense political interest and influence impacting our business;
- regulations related to conflict minerals, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other supply chain regulations, such as the German Supply Chain Act may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals and other materials used in the manufacturing of our products;



- we may be unable to adequately protect our intellectual property and proprietary rights and prevent others from making unauthorized use of our products and technology;
- we may be involved in legal proceedings based on the alleged violation of intellectual property rights, which may be time-consuming and incur substantial costs;
- we have been and may become involved in litigation, administrative and regulatory proceedings, which require significant attention and could result in significant expense to us and disruptions to our business;
- we may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers;
- we may become exposed to unforeseen tax consequences as a result of our international operations;
- we have identified material weaknesses in our internal control over financial reporting; if we are unable to successfully remediate these material weaknesses and to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our results or prevent fraud; and
- our risk management and internal control procedures may not prevent or detect violations of law.

The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made in this Annual Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this Annual Report, including the uncertainties and factors discussed under “Item 3. Key Information—D. Risk Factors” and the documents that we have filed with the SEC as exhibits to the registration statement, of which this Annual Report is a part, completely and with the understanding that our actual future results or performance may be materially different from what we expect. All forward-looking statements made in this Annual Report are qualified by these cautionary statements.

Comparison of results between current and prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## RISK FACTOR SUMMARY

The following is a summary of the principal risks that could significantly and negatively affect our business, prospects, financial conditions, or operating results. For a more complete discussion of the material risks facing our business, see “Item 3. Key Information—D. Risk Factors”:

- we are a development-stage company with a history of significant losses and expected continuing losses for the foreseeable future, which lead to continued reliance on external financing and raise substantial doubt about our ability to continue as a going concern; we may never be able to execute our business strategy successfully, generate revenue or reach profitability;
- our success and future growth are dependent upon our potential customers’ investments in the development of a market for wireless laser communication networks;
- our prospects and operations may be adversely affected by changes in government spending and general economic conditions, which may negatively affect demand for laser communication solutions;
- the potential customer base for the use of our products is limited;
- our business is affected by the implementation of industry standards guaranteeing interoperability between laser communication products of different vendors, which could be unsuccessful;
- we may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy;
- positive market developments in the area of wireless laser communication could lead to increasingly intense competition and endanger our market position;
- industry consolidation may give our competitors advantages over us, which could result in a loss of customers and/or a reduction of our revenue;
- we use innovative technologies and solutions in our products, which may not be fully functional, and the initial deployment of our products by customers could prove unsuccessful;
- 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 or any general disruptions to global supply chains may subject us to external procurement risks that negatively affect our business;
- defects or performance problems in our products could result in a loss of customers, reputational damage, lawsuits and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products;
- our sales cycle can be long and sophisticated as well as requiring considerable time and expense;
- orders included in our optical communications terminal backlog may not result in actual revenue and are an uncertain indicator of our future earnings;
- we have limited experience with order processing and are subject to internal order processing risks that could materially impact our ability to process orders;
- we may not be able to obtain sufficient financing for our operations and ongoing growth of our business;
- the covenants under the Credit Agreement 2023 impose operating and financial restrictions on us that could significantly impact our ability to operate our business;
- our failure to comply with the covenants or other terms of the Credit Agreement 2023, including as a result of events beyond our control, could result in a default under the Credit Agreement 2023 that would materially and adversely affect the ongoing viability of our business;
- the Credit Agreement 2023 requires the payment of an exit fee under certain circumstances;
- a change of control could result in substantial repayment obligations under our Credit Agreement 2023;
- we may not be able to obtain or agree on acceptable terms and conditions for all or a significant portion of the government grants, loans and other incentives for which we may apply, which may negatively affect our ability to reach funding goals;
- we are exposed to foreign currency exchange risk and our financial position and results of operations may be negatively affected by the fluctuation of different currencies;

- we are highly dependent on our senior management team and other highly qualified personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy;
- our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our cyber-security;
- we are a supplier for government programs, which subjects us to risks including early termination, audits, investigations, sanctions and penalties;
- our operations, or those of our suppliers and other business partners, could be adversely affected as a result of disasters or unpredictable events;
- adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our business operations and our financial condition;
- we are subject to regulatory risks, in particular related to sanctions laws and governmental export controls, that could limit our customer base and result in higher compliance costs;
- if we do not maintain required security clearances from, and comply with our security agreements with, the U.S. government, we may not be able to enter into future contracts with the U.S. government;
- our business is and could become subject to a wide variety of extensive and evolving government laws and regulations; any failure to comply could have a material adverse effect on our business;
- positive market developments in the area of wireless laser communication could lead to increasingly intense political interest and influence impacting our business;
- regulations related to conflict minerals, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other supply chain regulations, such as the German Supply Chain Act may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals and other materials used in the manufacturing of our products;
- we may be unable to adequately protect our intellectual property and proprietary rights and prevent others from making unauthorized use of our products and technology;
- we may be involved in legal proceedings based on the alleged violation of intellectual property rights, which may be time-consuming and incur substantial costs;
- we have been and may become involved in litigation, administrative and regulatory proceedings, which require significant attention and could result in significant expense to us and disruptions to our business;
- we may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers;
- we may become exposed to unforeseen tax consequences as a result of our international operations;
- we have identified material weaknesses in our internal control over financial reporting; if we are unable to successfully remediate these material weaknesses and to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our results or prevent fraud; and
- our risk management and internal control procedures may not prevent or detect violations of law.

## PART I.

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

#### A. Directors and Senior Management

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. [Reserved]

#### B. Capitalization and Indebtedness

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not applicable.

#### D. Risk Factors

*The following risks may have material adverse effects on our business, financial condition and results of operations. Additional risks and uncertainties of which we are not presently aware or that we currently deem immaterial could also materially affect our business operations and financial condition.*

#### General Risks Related to Our Business Activities and Our Markets

***We are a development-stage company with a history of significant losses and expected continuing losses for the foreseeable future, which lead to continued reliance on external financing and raise substantial doubt about our ability to continue as a going concern. We may never be able to execute our business strategy, generate revenue or reach profitability.***

We are a development-stage company and are subject to all of the risks inherent in the establishment of a new business enterprise. We have a limited operating history and only a preliminary and unproven business plan upon which investors may evaluate our prospects. Although we have developed, produced and tested prototypes of our products and are currently finalizing our products for serial production, we cannot assure you that our products will perform as expected under daily operating conditions or that we will be able to detect and fix any potential weaknesses in our technology or products prior to commencing serial production. Even if our products become commercially viable, we may not generate sufficient revenue necessary to support our business.

We have a history of net losses and negative net cash used in operating activities since our inception and we expect losses and negative net cash used in operating activities to continue for the foreseeable future. For the years 2023, 2022 and 2021, we incurred consolidated net losses of €93.5 million, €73.8 million and €45.5 million, respectively. As of December 31, 2023, 2022 and 2021, we had an accumulated deficit of €260.1 million, €166.5 million and €92.8 million, respectively. For the years ended December 31, 2023, 2022 and 2021, we had negative net cash used in operating activities of €29.0 million, €50.2 million and €39.4 million, respectively. We expect that we will incur additional significant expenses as we continue to develop our products, expand and refine our technology and conduct research on new technologies. We will also incur significant expenses related to adding infrastructure and personnel to support our growth and preparations for the commercialization of our products, increasing our sales and marketing activities with the goal of building our brand. We will not be able to cover our expenses with revenues at least until such time at which we begin material deliveries of our products and significantly increase the scale of our operations and, therefore, intend to use the proceeds from recent debt and equity financings to cover our ongoing and future expenses. Furthermore, the auditor's reports covering our consolidated financial statements as of and for the financial years ended December 31, 2023, December 31, 2022 and December 31, 2021 each includes a sub-section entitled "Material Uncertainty Related to Going Concern Assumption," which indicates that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern and which represents a going concern risk within the meaning of Section 322 para. 2 sentence 3 of the German Commercial Code. Thus, we need to be successful in obtaining additional financing in a timely manner to fund our operational and financial obligations.

Based on our liquidity position as of May 17, 2024 and our management's forecast of sources and uses of cash and cash equivalents, we believe that we have sufficient liquidity to finance our operations over at least the next twelve months from the date of this Annual Report. However, there can be no assurance that revenue and cash-in from customer contracts will be generated in the amount as expected or at the time needed. A shortfall of revenues and of the corresponding cash-in from customer contracts compared to the budget could require additional external financing to meet our current operational planning. In such a situation, if we should be unable to obtain such additional financing or take other timely actions in response to such circumstances, for example significantly curtailing our current operational budget in 2024, we may be unable to continue as a going concern. As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on our ability to continue as a going concern and, therefore, we may be unable to realize our assets and discharge our liabilities in the normal course of business.

Our business strategy is focused on growth and our decisions regarding capital expenditures and investments are made on this basis. Our projects and strategic decisions may fail to meet expectations and the anticipated return on investment from these projects may not be achieved. Our ability to generate revenue from our operations and, ultimately, achieve profitability will depend on, among other things, whether we can complete the development and commercialization of our technology, whether we can manufacture our products on a commercial scale in amounts and at costs consistent with our expectations, and whether we can achieve market acceptance of our products, services and business model. We may never operate on a profitable basis. Even if we reach profitability, we may not be able to sustain it. If we are unable to reach or sustain profitability, we may need to reduce the scale of our operations, which may impact the growth of our business, or we may not be able to continue as a going concern and investors may lose some or even all of their investment.

***Our success and future growth are dependent upon our potential customers' investments in the development of a market for wireless laser communication, in particular for aerospace-based communication networks.***

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

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

Constellations in general, and the market for laser communication systems specifically, are still in early stages of deployment and development. To our knowledge, there are only two commercial constellations currently operational, one of which partly utilizes an internally built laser communication solution for linking its satellites. Other commercial constellations utilizing laser communication are planned but not yet deployed operationally. The future implementation of constellations by potential customers remains subject to significant technological, operational and financing risks. For example, many of the constellations currently being planned by potential customers that envisage worldwide internet and network coverage have not yet issued orders for laser communication equipment. To our knowledge, establishing such extensive coverage through multiple laser communication units has had only limited testing and usage in practice and could entail substantial technical difficulties. At the same time, the development of commercial constellations with such coverage requires investment of potentially billions of dollars, including the costs associated with satellite development and launch capacity, and accordingly depends on the ability to obtain related financing.

If laser communication remains a niche market, demand for our products would be significantly lower than we currently anticipate, as a result of which we may not be able to sell our technology or products. Our approach of developing standardized and modularized products for large-scale deployment could prove unsuccessful if certain customers demand widely varying product specifications and units in significantly lower quantities. This would require project-specific production (as typically being carried out by traditional key suppliers to the air and space (defense) industries) instead of serial production, meaning that our anticipated economies of scale could fail to materialize. If the wireless laser communication market does not develop as we anticipate, we may not be able to implement our business strategy and/or generate any revenues as a result of which we may need to curtail our operations or seek additional financing earlier than anticipated.

***Our prospects and operations may be adversely affected by changes in government spending and general economic conditions, which may negatively affect demand for laser communication solutions.***

Current demand for laser communication is predominantly driven by government needs, with the United States government spearheading the adoption of laser communication technology. U.S. allies and other governments are also evaluating new technologies as part of their national objectives to modernize their space capabilities. Accordingly, governments around the world have invested significantly in research and development as well as deployment of laser communication and other technologies. In fact, defense-related spending in the U.S. and Europe increased following geopolitical tensions. For example, the DoD's budget for 2024, the DoD's proposed budget for the fiscal year 2024 includes \$30.1 billion for the U.S. Space Force and the SDA, an increase of \$3.8 billion compared to 2023. However, spending authorizations for defense-related and other programs by the U.S. and other governments have fluctuated in the past, and future levels of expenditures and authorizations for these programs may not remain at current levels and could possibly decrease, including due to shifts to programs in areas where we do not provide services. To the extent the U.S. government and its agencies or other governments reduce spending on such services, as a result of the need to reduce overall spending during periods of fiscal restraint, to reduce budget deficits or otherwise, demand for our services could decrease which could adversely affect our anticipated revenue and business prospects.

While government funding is currently driving laser communication demand, we expect additional demand for commercial applications to drive growth in the overall market in the near to medium-term. However, commercial market demand may be negatively affected in the short to medium-term by prevailing economic conditions, with high inflation, rising interest rates and fears of recession creating a challenging fundraising environment for constellation operators relative to demand from government-funded programs. The global economy has in the past, and will in the future, experience recessionary periods and periods of economic instability. During such periods, our commercial and, to a lesser extent, our governmental customers may choose not to pursue high-risk, capital-intensive infrastructure projects such as satellite constellations or other systems including laser communication capabilities. To the extent any of the risks to the commercial market for laser communication materializes, demand for our products may be lower than we currently anticipate, which could have a negative impact on our revenue and overall financial condition.

***The potential customer base for the use of our products is limited.***

Given the technological challenges and the high capital expenditures required for the development and deployment of our products, our potential customer base is limited. There are a small number of potential customers deploying our laser communication equipment. Successful customer acquisition and retention of capable significant initial customers is therefore critical to generate follow-on business such as the implementation and maintenance of complementary products. As a result, our ability to sell laser communication products at scale is dependent on our ability to successfully acquire and retain significant initial customers by winning their business at an early stage like our strategic agreement with Northrop Grumman International Trading, Inc. ("NG"), our agreements with Loft Federal and our strategic cooperation framework with an affiliate of L3Harris. Due to our limited potential customer base, we anticipate that sales to initial customers will be, individually, material to our future revenues, results of operations and cash flows. Accordingly, any change in the relationship with any existing customer, the strength of any customer's business or their demand for our products could materially adversely affect our results of operations and net cash used in operating activities. Similarly, any failure to acquire and maintain relationships with other key customers, as well as the loss of any potential customer, would have a highly adverse impact on the sale of our products and, as a result, on our results of operations.

***Our business is affected by the implementation of industry standards guaranteeing interoperability between laser communication products of different vendors, which could be unsuccessful.***

We believe that the establishment of a large-scale market for laser communication depends on the successful development and implementation of industry standards guaranteeing interoperability between laser communication products of different vendors. As of today, the optical communications terminal standard issued by the SDA is the leading industrial standard adapted by multiple companies involved in U.S. government programs. So far, we and others have successfully conducted demonstrations of the implementation of the SDA standard in various test scenarios. We cannot assure you that efforts to ensure cross-vendor interoperability will ultimately be successful for all relevant products and applications.

Furthermore, commercial constellations of sufficient size and scale may decide to create and implement their own standard to optimize their network. As a consequence, multiple competing industry standards may emerge in parallel, which could cause a fragmentation of the market, potentially hindering sustained growth of the laser communication market. The U.S. Defense Advanced Research Projects Agency's ("DARPA") Space Based Adaptive Communications Node ("Space-BACN") program aims to establish a flexible optical communications terminal that can adapt to multiple future industry standards. In December 2021, August 2022 and January 2024, we were selected to contribute to phase 0, phase 1 and phase 2, respectively, of the program. We cannot, however, assure you that efforts to ensure a terminal agnostic to a large variety of industry standards will ultimately be successful.

If a potential customer decides to purchase laser communication products from one of our competitors, our products can currently only be sold to that customer and integrated into its existing laser communication system with significant operational and technical outlays or only

if the competitor's product is compliant with interoperability standards. Hence, any failure to implement cross-vendor interoperability or respective industry standards for laser communication vendors could have an adverse effect on the usability of and the demand for our products and ultimately on our revenue potential and business strategy.

***We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.***

If our operations continue to grow as planned, we will need to expand our sales and marketing, research and development, customer and commercial strategy, products and services, supply, manufacturing and accounting and administrative functions. We will also need to continue to leverage our manufacturing and operational systems and processes, and we cannot assure you that we will be able to scale the business and the manufacture of products as currently planned or within the envisaged timeframe. The continued expansion of our business may also require additional manufacturing and operational facilities, as well as space for administrative support, and we cannot assure you that we will be able to find suitable locations for the manufacture of our products.

Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring and training employees, finding manufacturing capacity to produce our products, and delays in production. We may have to invest significant additional resources and focus our attention on adapting our internal organization, function and processes which may cause distraction from our operations and negatively affect our business.

**Risks Related to Competition**

***Positive market developments in the area of wireless laser communication could lead to increasingly intense competition and endanger our market position.***

While we believe that there are currently only a few enterprises offering viable products to utilize laser communication technology for aerospace-based communication networks, we are subject to significant and intensifying competition within the satellite industry and from other providers of communication capacity, including large multinational enterprises. Public announcements of successful test missions and future functionality availability such as the ones from SpaceX and Capella Space have drawn significant public attention to the laser communication market. To compete successfully and to be able to establish and maintain a competitive position in current and future technologies, we will need to demonstrate the advantages of our technology over both new and well-established alternative solutions for communication networks. If our technology is not, or our future products or services are not, competitive, our business and sales potential would be harmed.

Many of our current and potential competitors are larger than us and have substantially greater resources than we have and expect to have in the future. They may also be able to devote greater resources to the development of their current and future technologies and the promotion of their offerings, and they may be able to offer lower prices in order to establish or gain market share. In addition, certain companies that are potential customers (such as SpaceX or Amazon) may develop or advance their in-house laser communication capabilities and as a result compete with us or not require laser communication equipment from third parties, such as us. Competitors may also establish cooperative or strategic relationships among themselves or with third parties that may further enhance their resources and offerings or may lobby potential governmental customers against us. Furthermore, it is possible that German or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than us, may seek to provide products or services that compete directly or indirectly with ours. Any such foreign competitor could, for example, benefit from subsidies from, or other protective measures implemented by, its home country.

In the aerospace sector, our competitors include TESAT Spacecom (an Airbus subsidiary), SA Photonics (a subsidiary of CACI International Inc), Thales Alenia Space, Ball Aerospace, General Atomics Electromagnetic Systems, Honeywell International, Skyloom Global Corp., and Space Micro, as well as a handful of other entities that possess the necessary technical know-how and resources to compete with us. Furthermore, large information technology enterprises such as Cisco, Huawei, CommScope, Infinera and Corning already have experience in wired laser communication for ground-based fiber networks and may potentially enter the market. In addition, aviation enterprises such as Boeing and large military equipment suppliers may enter the market. For example, QinetiQ and Hensoldt are both actively promoting laser communication capabilities. These companies may employ aggressive strategies like subsidy-enabled dumping and lobbying of customers, partners, investors and the media in an attempt to force us out of the market (e.g., by delaying the deployment of our products in certain geographical areas). As the market expands, we expect the entry of additional competitors who may have longer operating histories, more extensive international operations, greater name recognition and/or substantially greater technical, marketing and financial resources.

Our business is also subject to competition from ground-based forms of communication technology. A number of companies are increasing their ability to transmit signals on existing terrestrial infrastructures, such as fiber optic cable and terrestrial wireless transmitters, often with funding and other incentives provided by governments. The ability of terrestrial companies to significantly increase the capacity, capability and/or the reach of their conventional or other competing networks or significantly lower prices for such networks could result in a decrease in the demand for laser-enabled aerospace-based communication networks and consequently for laser communication products, thereby having a material adverse impact on our earnings and business prospects. In addition, new technologies could render laser communication-based services less competitive by satisfying connectivity demand in other ways.

If competition in the market for wireless laser communication intensifies, the resulting increase in supply could lead to lower sales or could cause prices to fall, thus narrowing our margins, which in turn would materially adversely impact our future revenues or results of operations.

***Industry consolidation may give our competitors advantages over us, which could result in a loss of customers and/or a reduction of our revenue.***

Some of our customers, suppliers or competitors have made or may make acquisitions or enter into partnerships or other strategic relationships in order to offer more comprehensive services or achieve greater economies of scale. For example, in October 2023, Eutelsat acquired OneWeb; in May 2023, Viasat acquired Immarsat and Advent International acquired U.S.-based earth observation operator Maxar Technologies; and in December 2021, CACI International Inc. acquired our competitor SA Photonics. The effects of these recent consolidations on us and our industry in general are still to be determined, but they may create unforeseeable dynamics giving advantages to our competitors. In addition, new entrants not currently considered competitors may enter our market through acquisitions, partnerships or strategic relationships. Potential entrants may have competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets as well as greater financial, technical and other resources. Industry consolidation may result in practices that make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology or services functionality. Continuing industry consolidation may give our competitors advantages over us which may result in decreased demand for our products or increased pressure to lower the prices for our products, each of which would negatively impact our revenue and consequently harm our results of operations and business prospects.

#### **Risks Related to Our Products**

***We use innovative technologies and solutions in our products, which may not be fully functional, and the initial deployment of our products by customers could prove unsuccessful.***

The functionality, usability and availability of our technology and products in daily use and at scale is, as of today, unproven. We cannot assure you that our technology or products will perform as expected under daily operating conditions or that we will be able to detect and fix weaknesses or flaws in our technology or products prior to commencing serial production. For example, we have designed and built the metal telescope that we use in our CONDOR terminal ourselves and this design has never been built at scale. Any of the technologies we intend to use or solutions we expect to offer may not be available or fully functional at the time of the first delivery of our products or at all, and this could have an adverse effect on our ability to grow our business. In addition, we may be required to develop new or to adapt our existing technologies and products in light of changing customer requirements. The development of new or adaptation of existing technologies and products may significantly impact our costs or our ability to retain or improve our competitive position.

If our customers are unsuccessful in the initial deployment of our products, this could be considered as indicative of future performance of our products and could significantly harm our reputation in the market. Potential difficulties in connection with meeting obligations under contracts with initial customers, such as delivery delays, technical performance or quality, could lead to a loss of the affected customer and other existing or potential customers. In such cases, it is unlikely that we would succeed in compensating for the related losses in revenues through new customers in the short to medium-term. As a result, any failure in the initial deployment of our products by initial customers would have a materially adverse impact on our anticipated revenue and future prospects.

***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 or any general disruptions to global supply chains may subject us to external procurement risks that negatively affect our business.***

We depend on third-party suppliers to provide individual components such as optical components, special electronics and structural components for our products and we expect to continue to do so for future products. While some key components are manufactured to our specifications, many components are “off-the-shelf” and available commercially.



We typically do not maintain long-term supply contracts, but instead rely on informal arrangements and off-the-shelf purchases based on purchase orders. We do not carry a significant inventory of necessary components and our suppliers could discontinue the manufacture or supply of these components at any time. Establishing additional or replacement suppliers for any of these components, if required, or any supply interruption from our suppliers, could limit our ability to manufacture our products, result in production delays and increased costs and adversely affect our ability to deliver products to our customers on a timely basis, which could result in our failure to perform under customer contracts. If we are not able to identify alternate sources of supply for the components, we may need to modify our product to use substitute components, which could cause delays in shipments, increase design and manufacturing costs and increase prices for our products. Any such modified product might not be as effective as the predecessor product or might not gain market acceptance. This could lead to customer dissatisfaction, reputational harm and loss of customer orders.

In addition, some of our current suppliers are specialty suppliers providing components that are only available from a handful of suppliers worldwide (or in some cases a sole supplier), which means that off-the-shelf components may not be viable substitutes. It is therefore not always possible to adhere to our “second source strategy” (pursuant to which we always seek to have at least two qualified suppliers for every component). If these specialty suppliers become unable to deliver the required components, procuring these components from another supplier may only be possible at significant additional cost, if at all. As a result, there is a risk that we cannot obtain the components needed for manufacturing our products on a timely basis or at an economically viable cost, and, thus, become unable to deliver our products, resulting in reputational harm and loss of existing and future business. In addition, it is possible that certain components are ultimately not qualified for use, or may not function as intended. The particularly long development cycles in our business and lengthy qualification of individual components render quick replacement of individual suppliers difficult. Insourcing of certain components may require lengthy preparations, license negotiations or significant capital expenditures, or may not be possible at all.

Furthermore, 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 or missed deliveries to our customers. Such a disruption could occur as a result of any number of events, including, but not limited to, war, global pandemics and economic sanctions against third parties, including those arising from the ongoing war between Russia and Ukraine, the escalation of hostilities in the Middle East, the implementation of tariffs, export controls or other actions by or against foreign nations (including China) and general market shortages due to surge in demand for any particular part or component. Any such disruption or shortage may be further driven by increases in prices or impact of inflation, labor stoppages, transportation delays or failures affecting the supply chain and shipment of materials and finished goods, the unavailability of raw materials, geopolitical developments, terrorism and disruptions in utilities, trade embargos and other services. For example, certain countries have imposed or may impose in the future export restrictions with respect to certain electronic components, which may include components that we use in our manufacturing process.

Supply chain constraints may emerge and delay our production or the development of upcoming CONDOR and HAWK product versions. A persisting high inflation environment 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. 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 production capacities and thus delay the shipment of our products as well as adversely affect market acceptance for our products.

***Defects or performance problems in our products could result in a loss of customers, reputational damage, lawsuits and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products.***

To date, we have only delivered pre-serial and individual prototype versions of our products. Although we have implemented stringent quality controls, our products may contain undetected errors or defects, especially when first introduced, or may otherwise fail to meet our customers’ quality requirements. These errors, defects, product failures or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the performance of the product.

Any actual or perceived errors, defects or poor performance in our products could result in the replacement or rejection of our products, damage to our reputation, lost revenue, diversion of our engineering personnel from our product development efforts or increases in customer service and support costs. Furthermore, our customers may suffer consequential damages significantly exceeding the value of the products we sell to them if our products are defective or fail to meet their quality requirements. Defective components may give rise to warranty, indemnity or product liability claims against us that could significantly exceed any revenue or profit we receive from such products. Moreover, our insurance coverage may be inadequate to cover our liabilities related to such claims and we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on the same terms as our current arrangements. The occurrence of a significant uninsured claim, or a claim in excess of the insurance coverage limits maintained by us, could have a severe negative impact on our financial condition.

If one of our products causes bodily injury or property damage, including as a result of product malfunctions, defects or improper installation, then we could be exposed to product liability claims. We could incur significant costs and liabilities if we are sued and if damages are awarded against us. Further, any product liability claim we face could be expensive to defend and could divert management's attention.

### **Risks Related to the Sale of Our Products**

#### ***Our sales cycle can be long and sophisticated as well as requiring considerable time and expense.***

The timing of our sales is difficult to predict because of the length of our sales cycle, particularly with respect to sales of our products in the government market.

The typical sales cycle for our products in the government market includes a pre-sale process to define a potential customer's needs and budget. Certain customers may choose, or be required, to conduct a request for information ("RfI") or request for proposal ("RfP") process, requiring us to openly bid for the project. In our response to these RfIs and RfPs, we offer potential customers specific commercial solutions covering detailed technical and commercial explanations as well as details on production capacities and ramp-up strategies. Proposals are evaluated based on various criteria, including technical requirements, reliability, associated risk and successful track-record of the manufacturer, and price. If we are selected, we enter into negotiations and, if successful, ultimately receive a purchase order from the customer. Many purchase orders allow for or require phased delivery of products over several months or years, with payments being made following order placement, achievement of other milestones and product delivery. The sales cycle for our products from initial contact with a potential customer in the government market varies widely, ranging from a few months to well over a year. The sales process for our products for commercial applications depends on the individual customer and the size and structure of a project. Our sales team often engages in detailed discussions with potential customers to define the customer's needs and budget. Following these discussions, we sometimes either sign a memorandum of understanding ("MoU") or a term sheet or directly negotiate long-form agreements but even then there is no guarantee that we will enter into final agreements. Accordingly, relationships and anticipated opportunities, in some of which we may invest considerable time and resources, might not come to fruition. From time to time, in particular with respect to large, established customers, we may also be required to participate in commercial RfI or RfP processes. As with sales in the government market, the entire commercial sales process may take from a few months to over a year.

There are many other factors specific to clients that contribute to the timing of their purchases, including budgetary constraints, funding authorization, changes in technical requirements and changes in their personnel. In addition, the significance and timing of our product enhancements, and the introduction of new products by our competitors, may also affect our customer's purchases. As a result, even final purchase orders or definitive agreements relating to the development and delivery of laser communication products may be subject to change or cancellation. For all of these reasons, it is difficult to predict whether a sale will be completed or changed, the particular period in which a sale will be completed or the period in which revenue from a sale will be recognized. It is possible that in the future we may experience even longer sales cycles, more complex customer needs, higher upfront sales costs, and less predictability in completing some of our sales. Moreover, we may in the future enter into agreements under which we will not receive any payments or recognize any revenue until we complete a lengthy implementation cycle.

We have entered into and may in the future enter into strategic partnership agreements with key customers, which may include exclusivity arrangements and provisions that allow either party to terminate the relationship under certain specified circumstances. For example, on October 31, 2021, we entered into a strategic agreement (the "Strategic Agreement") with NG pursuant to which we agreed to serve as a strategic supplier to NG and to exclusively develop and sell to NG customized laser communication solutions for use in or relating to space where the ultimate customer is a U.S. government customer. Under the Strategic Agreement, we may also collaborate on the development of laser communications for aerospace-based and defense applications outside the space sector. In return, NG has agreed to provide us with an annual minimum awards opportunity to sell and provide to NG customized products or off-the-shelf products and/or related services. Although NG was selected by the U.S. government to provide 42 satellites for the Tranche 1 Transport Layer program, making us the sole supplier of optical communication terminals, there is no guarantee that NG will present us with further opportunities in the anticipated annual amount. Even if they do, there is no guarantee that NG will be awarded the contracts. Furthermore, during the term of the Strategic Agreement, we will not be able to develop and sell customized products to any third party in the space sector where the ultimate customer is a U.S. government customer. Our failure to comply with this exclusivity obligation under the Strategic Agreement could result in NG terminating the Strategic Agreement. In July 2022, we agreed with L3Harris on a strategic cooperation framework pursuant to which we will serve as preferred provider of laser communication solutions to L3Harris and L3Harris, in return, was granted certain collaboration privileges. In connection therewith, L3Harris invested €11.2 million by means of a capital increase from authorized capital in exchange for 409,294 new ordinary shares of the Company. While we intend to build on our existing collaboration with L3Harris in the airborne domain and widen the scope to cover all domains including space, air, maritime and ground, there is no guarantee that we will receive any purchase orders from L3Harris.

If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient sales to justify our investments, our revenue could be lower than expected and it could have a material adverse effect on our financial condition.

***Orders included in our optical communications terminal backlog may not result in actual revenue and are an uncertain indicator of our future earnings.***

Our optical communications terminal backlog grew significantly over the past few years, from six terminal deliverables in backlog as of December 31, 2020 to 10 units in backlog as of December 31, 2021 (not taking into account the terminal deliverables under our contract with SpaceLink; see further information below), to 256 units in backlog as of December 31, 2022 and to 796 units in backlog as of December 31, 2023. Optical communications terminal backlog represents the quantity of all open optical communications terminal deliverables in the context of signed customer programs at the end of a reporting period. Optical communications terminals are defined as the individual devices responsible for pointing the laser beam and capable of establishing a singular optical link. The optical communications terminal backlog includes (i) optical communications terminal deliverables related to customer purchase orders; and (ii) optical communications terminal deliverables in the context of other signed agreements. Backlog is calculated as the order backlog at the beginning of a reporting period plus the order intake within the reporting period minus terminal deliveries recognized as revenue within the reporting period and as adjusted for canceled, changed and adjusted orders. If there are multiple options for deliveries under a particular purchase order or binding agreement, backlog only takes into account the most likely contract option based on management assessment and customer discussions.

Our optical communications terminal backlog is comprised of executed purchase orders from leading customers in the defense industries, customers with which we have had long-standing relationships and governmental agencies. We believe that the disclosure of backlog aids in the analysis of the demand for our products, as well as our ability to meet that demand. However, because revenue will not be recognized until we have fulfilled our obligations to a customer, there may be a significant amount of time between executing a contract with a customer and delivery of the product to the customer and revenue recognition. Any changes in government spending, the 2022 slowdown in economic activity, the ongoing supply chain disruptions (in particular, the global chip shortage) and/or any decreases and/or instability in commodity prices, generally increase the risk of backlog orders being delayed, suspended or canceled. Any such delays, suspensions or cancellations, or any scope changes could materially reduce or eliminate profits that we would otherwise realize from orders in optical communications terminal backlog. For example, in September / October 2022, Electro Optic Systems Holdings Ltd., the parent company of SpaceLink, announced that it will end its investment in U.S.-based satellite optical data-relay constellation startup SpaceLink due to the lack of an investment partner, thereby preparing SpaceLink for liquidation. SpaceLink, a former customer, is a commercial constellation builder seeking to develop a medium Earth orbit-based constellation that deploys optical-intersatellite links (“OISLs”) to relay data for space systems in low Earth orbit. While SpaceLink made several milestone payments throughout 2021 and 2022, it defaulted on its obligations in October 2022 as a result of which we decided to terminate our contract with SpaceLink with immediate effect in November 2022. Given the termination of the contract, we decided to no longer show any terminal deliverables under our SpaceLink contract in our backlog for the relevant periods.

Finally, poor contract performance could also result in cancellations and reduce or eliminate profits realized from orders in backlog. Such developments could have a material adverse effect on our business and our profits. In addition, our customers may order products from multiple sources to ensure timely delivery and may cancel or defer orders subject to penalties. Should any cancellations or deferrals occur, our optical communications terminal backlog and anticipated revenue would be reduced unless we were able to replace the canceled order. As a result, optical communications terminal backlog is not necessarily indicative of our revenues to be recognized in a specified future period and we cannot assure you that we will recognize revenue with respect to each order included in our backlog.

***We have limited experience with order processing and are subject to internal order processing risks that could materially impact our ability to process orders.***

We develop, manufacture and assemble our laser communication products in-house. As part of our order processing management, we must implement adequate internal logistical and technical production processes to minimize project-based risks. Once a customer orders our products, we are required to deliver such products to the customer on a mutually agreed date. Since we have only limited experience with order processing, serial production and delivery logistics, there is a risk that unexpected or spontaneous demand for our products could lead to delays in our internal logistical and technical production processes as well as delays in delivery. This is especially true in the space domain, in which potential customers may demand a steep production increase of laser communication equipment for the rapid deployment of constellations in order to minimize the time during which the constellation is only partially deployed and therefore of limited use. Unanticipated developments with respect to component assembly, or inability to handle customer orders due to a lack of appropriate processes, structures or other factors, could materially impact our ability to process orders. This could lead to customer dissatisfaction, reputational harm and loss of customer orders. Issues related to order processing could also render the sourcing of future orders more difficult, thereby having an adverse effect on our business and our reputation as a reliable partner.

## **Risks Related to Our Financial Position**

***We may not be able to obtain sufficient financing for our operations and ongoing growth of our business.***

The implementation of our business strategy requires significant capital outlays. The nature of our business also requires us to make capital expenditure decisions in anticipation of customer demand. To date, we have primarily raised capital and funded our operations with

proceeds from the sale of our ordinary shares as well as debt financing. On April 25, 2023, Mynaric USA Inc. (“Mynaric USA”), as the borrower, the Company and all its other subsidiaries, as guarantors, two funds affiliated with a U.S.-based global investment management firm, as lenders (the “Lenders”), and Alter Domus (US) LLC, as administrative agent, entered into a five-year, secured term loan credit agreement in an aggregate principal amount of \$75 million (the “Original Credit Agreement 2023”). We have fully drawn on all commitments under the Original Credit Agreement 2023. In March 2024, we amended the Original Credit Agreement 2023 (the “First Amendment” and the Original Credit Agreement 2023 as so amended, the “Credit Agreement 2023”) to add a delayed draw term loan facility in an aggregate amount of \$20 million, of which \$10 million remain undrawn as of the date hereof. In addition to the loan, two affiliates of the Lenders agreed to subscribe for and acquire an aggregate of 565,224 new ordinary shares of the Company. The placement price for the new shares was €22.019 per ordinary share, resulting in aggregate proceeds raised of €12.8 million.

We anticipate that our future cash requirements will continue to be significant and that we will need to obtain additional financing to implement our business plan. The availability and cost of external financing depend on a number of factors, including our financial performance, general market conditions and, in the case of any debt financing, potentially our credit rating. This financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business.

Our ability to raise equity financing depends on our ability to convince investors to fund our operations and future growth, especially considering that we have not generated meaningful revenues to date and our market valuation is mostly based on our potential future financial performance rather than past or current financial performance. Our ability to raise financing will depend on the growth of the laser communication market, as well as our success in securing market share and implementing our business model. It is also dependent on our ability to position ourselves favorably to investors from different regions, with different investment focus and investment limitations. This is particularly relevant as our involvement in the government defense sector may make us unattractive to investors with certain environmental, social and corporate governance (ESG) requirements. Furthermore, our ability to raise equity financing depends on the general interest of investors in the aerospace sector and the sentiment of the financial markets at large, both of which are beyond our control.

Our ability to raise further debt financing, should we need or choose to do so, will largely depend on past financial results. Given that we and the industry in which we operate are still at a very early maturity stage and due to our intensive development activities over the last few years, we have consistently incurred significant losses, which have a negative impact on our creditworthiness to banks and lenders. We may fail to obtain debt financing due to a perceived low creditworthiness, a lack of credit ratings, a lack of positive cash flow, our management’s inability to negotiate with existing or potential lenders, as well as external factors such as general market interest rates, banks’ and other lenders’ credit policies or changes in the legal environment. Furthermore, any debt financing, if available, may involve restrictive covenants that could reduce our operational flexibility or profitability.

In addition, long-term disruptions to the capital or credit markets as a result of uncertainty or recession, changing or increased regulation or failures of significant financial institutions could adversely affect our access to capital. If adequate funds are not available on a timely basis, we may be required to curtail the development of our technology or products, or materially delay, curtail, reduce or terminate our research and development and commercialization activities. We could be forced to sell or dispose of our rights or assets. Any inability to raise adequate funds on commercially reasonable terms could have a material adverse effect on our business, financial condition, results of operation and prospects, including the possibility that a lack of funds could cause our business to fail and liquidate with little or no return to investors.

***The covenants under our Credit Agreement 2023 impose operating and financial restrictions on us that could significantly impact our ability to operate our business.***

The terms of the Credit Agreement 2023 impose, and future financial obligations may impose, operating and financial restrictions on us. These restrictions may prohibit or otherwise limit our ability to fund our operations or capital needs or to undertake certain other business activities or transactions without the consent of the Lenders, which in turn may adversely affect our financial condition. The Credit Agreement 2023 requires us to maintain a specified consolidated leverage ratio and a minimum amount of liquidity, which may require us to take action to reduce our debt, reserve cash amounts or to otherwise act in a manner contrary to our business objectives. The Credit Agreement 2023 also restricts our ability to, among other things, incur additional debt and guarantee indebtedness; pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock, or make other restricted payments; make loans or certain investments; sell certain assets; create liens on certain assets; consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; enter into certain transactions with our affiliates; alter the businesses we conduct; and enter into agreements restricting our subsidiaries’ ability to pay dividends. We could incur substantial indebtedness in the future, and the agreements governing any such indebtedness may provide further restrictions on our business.

As a result of these covenants, we are limited in the manner in which we may conduct our business, and we may be unable to engage in attractive business activities or finance future operations or capital needs. These restrictive covenants may limit our ability to engage in activities that may be in our long-term best interest.

***Our failure to comply with the covenants or other terms of the Credit Agreement 2023, including as a result of events beyond our control, could result in a default under the Credit Agreement 2023 that would materially and adversely affect the ongoing viability of our business.***

A failure to comply with the covenants or other terms of the Credit Agreement 2023 could result in an event of default which, if not cured or waived, could result in the acceleration of a substantial amount of our indebtedness and entitle the Lenders to exercise remedies against their collateral.

Our obligations under the Credit Agreement 2023 are secured by a security interest in substantially all of the assets of the borrower and each of the guarantors, which include the Company and each of its existing subsidiaries. Future subsidiaries of the Company are also required to become guarantors of the loans and to grant a security interest in their assets as security for the loans. Accordingly, an acceleration of the debt would result in the Lenders being entitled to claim the full amount owed from all of the entities in the Mynaric Group, and the exercise of remedies by the Lenders against their collateral could result in foreclosure of substantially all the assets of the Mynaric Group, which would have a material adverse effect on the ongoing viability of our business and could result in insolvency proceedings. In the event of an insolvency, given that the Lenders under the Credit Agreement 2023 hold a senior secured position, the obligations owing to them would need to be paid before any funds could be made available to unsecured creditors or equity holders.

Accordingly, if we default on our indebtedness, this could have a material adverse effect on our business, financial condition and results of operation.

***The Credit Agreement 2023 requires the payment of an exit fee under certain circumstances.***

The Credit Agreement 2023 requires Mynaric USA, as borrower, to pay an exit fee to the Lenders at the time the loans are repaid in full, prepaid in full or accelerated. Such exit fee is calculated as 180% of “invested capital” less the cumulative amount of principal repayments and cash interest payments on the loans received on or prior to the exit date, with “invested capital” defined to mean \$74,250,000 plus the aggregate principal amount of term loans advanced under the delayed draw term loan facility (less the 2% original issue discount on such additional term loans) plus the aggregate amount by which the principal amount of the loans is increased as a result of the payment of interest in kind. The exit fee percentage will increase to 185% if the exit fee is triggered on or after the third, but prior to the fourth, anniversary of the drawdown date, and will increase to 200% if the exit fee is triggered on or after the fourth anniversary of the drawdown date. In addition, certain events occurring prior to the full repayment of the facility may trigger mandatory prepayments which also require the payment of an exit fee. Such mandatory prepayments may be triggered upon dispositions of the Company’s assets or upon equity issuances of the Company, subject to specified conditions and in excess of specified amounts.

In the event of an acceleration or mandatory prepayment, we may not have or be able to obtain sufficient funds to refinance our indebtedness or to make any accelerated payments or mandatory prepayment. Even if we were able to obtain new financing, we would not be able to guarantee that the new financing would be on commercially reasonable terms. If the payment of an exit fee is triggered under the Credit Agreement 2023 earlier than we currently anticipate, or if events occur that trigger the payment of a higher exit fee than we currently anticipate will be the case at the end of the loan’s term, we may not have or be able to obtain sufficient funds in order to satisfy such payment obligations, which may have a material adverse effect on our financial condition and results of operation.

***A change of control could result in us facing substantial repayment obligations under the Credit Agreement 2023.***

Certain events relating to a change of control of the Company and our subsidiaries would constitute an event of default under the Credit Agreement 2023. As a result, upon a change of control event, we may be required to immediately repay the outstanding principal, any accrued interest on and any other amounts owed by us under the Credit Agreement 2023. The source of funds for these repayments would be our available cash or cash generated from other sources and there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness and other payment obligations in full. If we were unable to obtain sufficient funds to repay such indebtedness and other payment obligations, this would have a material adverse effect on our financial condition and results of operation.

***We may not be able to obtain or agree on acceptable terms and conditions for all or a significant portion of the government grants, loans and other incentives for which we may apply, which may negatively affect our ability to reach funding goals.***

We may apply for German and foreign federal and state grants, loans and tax incentives under various government programs designed to stimulate the economy of the relevant jurisdiction or to support the development of aerospace-based related technologies. We anticipate that there may be new opportunities for us to apply for grants, loans and other incentives from the German federal or state government(s), the European Union or other governments or quasi-governmental organizations. Our ability to obtain funds or incentives from these sources is subject to the availability of funds under applicable programs and approval of our applications to participate in such programs. The application process for these funds and other incentives will likely be highly competitive. We cannot assure you that we will be successful in obtaining any of these grants, loans and other incentives. If we are not successful in obtaining any of these additional incentives and unable to find alternative

sources of funding to meet our planned capital needs, our financial condition could be materially adversely affected and we may need to shift capital originally planned to be used in other parts of our business, which may harm the overall development of our business and the implementation of our growth strategy.

***We are exposed to foreign currency exchange risk and our financial position and results of operations may be negatively affected by the fluctuation of different currencies.***

We conduct business transactions predominantly in foreign currencies. Accordingly, exchange rate movements can have an adverse effect on our financial position and results of operations. Exposure to foreign currency exchange risk arises, for example, from purchases and sales transacted by one of our operating units in currencies other than the unit's functional currency. We operate primarily in Europe and the U.S. with approximately 90% of our outstanding cash-in from customer contracts denominated in U.S. dollars. Most of our sales are thus transacted in foreign currency (U.S. dollars). U.S. dollar cash inflows are partially used to finance the Company's U.S. subsidiary. As of December 31, 2023, we had U.S. dollar receivables and cash at banks of \$20.0 million. Any changes in foreign currency exchange rates may severely impact our net cash used in operating activities and our result of operations.

#### **Other Risks Related to Our Operations**

***We are highly dependent on our senior management team and other highly qualified personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.***

Our success depends, in significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly qualified engineering, design, manufacturing and quality assurance, finance, marketing, sales and support personnel. Certain members of our senior management team have extensive experience in the aerospace industry, and we believe that their depth of experience is instrumental to our continued success. The loss of any one or more members of our management team, for any reason, including resignation or retirement, could adversely affect our competitiveness and the implementation of our growth strategy.

Competition for qualified employees is intense, and our ability to hire, attract and retain such employees depends, among other things, on our ability to provide competitive compensation. In addition, there is only a small pool of potential replacement employees with adequate competencies and knowledge. Any inability to hire, attract, train and develop qualified employees may result in high employee turnover and may force us to pay significantly higher wages, which may harm our profitability. In addition, we may have to hire a significant additional number of employees in order to be able to finalize the development of our products and start serial production according to our currently envisaged timeline. Any deficiency in our ability to hire additional employees may harm the roll-out of our serial production.

***Our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our cyber-security.***

Our ability to execute our business strategy depends, in part, on the continued and uninterrupted performance of our IT systems, which support our operations. Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from, among other things, computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization or similar disruptive problems. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. Furthermore, foreign governments may target us given our involvement in government programs, including because we may be in possession of national security information and involved in the development of advanced technology systems. If we are unable to protect sensitive information, governmental authorities could question the adequacy of our security measures.

Our disaster recovery planning cannot account for all eventualities. Our business and operations could be adversely affected if, as a result of a significant cyber event or otherwise, our operations are disrupted or shut down, confidential or proprietary information of ours, our employees, our customers or other third parties such as suppliers is stolen, lost or disclosed, we lose customers, we incur costs or are required to pay fines in connection with confidential or export-controlled information that is disclosed, we must dedicate significant resources to system repairs or increase cyber security protection or we otherwise incur significant litigation or other costs as a result of any such event. Furthermore, negative publicity arising from these types of events could damage our reputation. A serious disruption to our systems could significantly limit our ability to manage and operate our business efficiently, which in turn could have a material adverse effect on our business, results of operations and financial condition. In addition, our products can be exposed to cyber-security risks, such as the risk of being breached or failure to detect, prevent or combat attacks, which could result in losses to our customers and claims against us. A cybersecurity breach could also damage our reputation by adversely affecting our customers' perception of the security of their information.

***We are a supplier for government programs, which subjects us to risks including early termination, audits, investigations, sanctions and penalties.***

Within the value chain for the government aerospace-based communication industry, we are a sub-system supplier for system primes such as aircraft and satellite manufacturers. We have entered into contracts as a sub-system supplier with counterparties that are prime contractors for the U.S. government who have development contracts directly with the U.S. government and may also do so with non-U.S. governments in the future. As a result, we are and may in the future be subject to statutes and regulations applicable to companies doing business with the relevant government. Government contracts may contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts with private sector counterparts and which are unfavorable to the contractors. For example, most U.S. government agencies include provisions that allow the government to unilaterally terminate or modify contracts for convenience, and in that event, the counterparty to the contract may generally recover only its incurred or committed costs and settlement expenses and profit on work completed prior to the termination.

In addition, government contracts may contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements include, for example:

- specialized disclosure and accounting requirements unique to government contracts;
- financial and compliance audits that may result in potential liability for price adjustments, recoupment of government funds after such funds have been spent, civil and criminal penalties, or administrative sanctions such as suspension or debarment from doing business with the U.S. government;
- public disclosures of certain contract and company information; and
- mandatory socioeconomic compliance requirements, including labor requirements, non-discrimination and affirmative action programs and environmental compliance requirements.

If we fail to comply with government contracting laws, regulations and contract requirements, our government contracts may be subject to termination, and we may become subject to financial and/or other liability under our contracts or criminal law.

***Our operations, or those of our suppliers and other business partners, could be adversely affected as a result of disasters or unpredictable events.***

Our operations, or those of our suppliers and other business partners, could be disrupted by natural disasters such as earthquakes, fires or explosions, pandemics and epidemics, power outages, terrorist attacks, cyberattacks, war or other critical events. Some of our existing or future production sites, or those of our suppliers and other business partners, may be in regions that could be affected by natural disasters such as flooding or earthquakes. Disruptions may also result from possible regulatory or legislative changes in the relevant jurisdictions of our, our suppliers' or our business partners' operations. For example, due to efforts of several governments to limit the spread of COVID-19 or implementation of post-COVID-19 protection measures, global supply chains experienced severe disruptions, which have impacted, and continue to impact, semiconductor supply chains.

Furthermore, the United States and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions such as the invasion of Ukraine by Russia in February 2022. In response to this invasion, the North Atlantic Treaty Organization (NATO) deployed additional military forces to Eastern Europe, and the United States, the United Kingdom, the European Union and other countries have announced and implemented sanctions and restrictive actions against Russia and related individuals and entities. The invasion of Ukraine by Russia and the resulting measures that have been taken, and could be taken in the future, have created global security concerns that could have a lasting impact on regional and global economies. Although the length and impact of the ongoing military conflict in Ukraine is highly unpredictable, the conflict could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, and could further drive supply chain interruptions. Additionally, Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, which, in the end, may make it more difficult for us to obtain equity or debt financing and negatively impact demand for our products.

Moreover, in October 2023, hostilities between Israel and the Hamas as well as other terrorist organizations escalated with the sudden massive attack on Israel and its civil population in October 2023. Israel is one of our focus markets. It is currently uncertain how the escalation of the hostilities in Israel and the Middle East may affect our ability to successfully market and distribute our products in that region. In addition, the hostilities may have a broader negative impact on financial markets and the geopolitical and financial scenario, globally and for individual countries and regions.

***Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations.***

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”), was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp., and on May 1, 2023, First Republic Bank (now part of JPMorgan Chase), were each swept into receivership. Since that time, there have been reports of instability at other U.S. banks. As of December 31, 2023, we held \$13.3 million of our cash in non-interest bearing bank accounts at First Republic Bank. Although we are not a borrower or party to any such instruments with SVB, Signature or any other financial institution currently in receivership, if any of our lenders or counterparties to any financial instruments (such as letters of credit) were to be placed into receivership, we may be unable to access such funds. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties’ ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected.

Although the U.S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to \$25 billion of loans to financial institutions secured by certain government securities held by financial institutions to mitigate the risk of potential losses on the sale of government securities with interest rates below current market interest rates, widespread demand for customer withdrawals or other liquidity needs of financial institutions for immediate liquidity may exceed the capacity of such program. Additionally, there is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

Although we assess our banking relationships as we believe necessary or appropriate, our access to cash in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect the financial institutions with which we have banking relationships. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could also relate to the financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets; or termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, widespread investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

Finally, a critical supplier or business partner could be adversely affected by any of the liquidity or other risks that are described above and may file for bankruptcy or open insolvency proceedings, which could in turn negatively affect our operations (for example, if we need to seek an alternative supplier or business partner, possibly having to adapt our products to new components, which could result in additional costs and delays in the deliveries of our products to our customers).

If any of these risk materializes, this would have a material adverse effect on our financial condition and results of operations.

## **Regulatory Risks**

***We are subject to regulatory risks, in particular related to evolving sanctions laws as well as governmental export controls, in a number of jurisdictions that could limit our customer base and result in higher compliance costs.***

We are subject to regulatory risks, in particular related to complex and evolving export control and economic sanctions laws in certain of the markets in which we operate, including the United States and the European Union. Export control laws impose controls, export license



requirements and restrictions on the export of certain products and technology. Any changes to our products or changes in export regulations may limit our ability to export our products and provide our services (such as product maintenance or installation services) in certain countries, or may require export authorizations, including by license, license exception or other appropriate government authorizations.

Export control and economic sanctions laws may include prohibitions on the sale or supply of certain products to embargoed or sanctioned countries and regions, governments, persons and entities. For example, while spaceborne laser communication terminals initially did not qualify as a dual use item under applicable German or European Union regulations, in July 2020, the German government issued a so-called single intervention (Einzeleingriff) banning the shipment of spaceborne laser communication terminals to customers in China, which included the shipment of our laser communication products to a Chinese customer. As a result of this decision, we decided to withdraw from the Chinese market. Subsequently, the German legislature amended the national export list (Ausfuhrliste) and specifically categorized spaceborne laser communication terminals as a dual-use item, requiring prior governmental approval before exportation. However, due to the further enhancement of our products, our CONDOR laser terminal now also qualifies as a dual-use item under the European Union's Council Regulation (EC) No 428/2009 of 5 May 2009, as most recently amended by Commission Delegated Regulation (EU) 2021/1528 of 8 June 2021, which established a community regime for the control of exports and the transfer, brokering and transit of Dual-Use Items (the "Dual-Use Regulation"), which supersedes the national dual-use regulations of the European Union member states. Although the export of our CONDOR laser communication terminals is covered by the European Union's general export authorization (EU-Allgemeingenehmigung), we nevertheless will be required to obtain an (individual) export authorization if we export dual-use products to countries that are not covered by the European Union's general export authorization. In a number of other jurisdictions relevant to our operations, laser communication has not yet been specifically categorized as dual-use goods. If laser communication products were categorized as dual-use goods in other jurisdictions, our ability to sell products to certain markets could be adversely affected or we may be required to obtain export licenses. If we fail to obtain such licenses, our business and operations could be adversely affected.

In addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products. Since laser communication is a new technology, import regulations that govern the operation of terminals may be issued and change over time. As of today, we are required to obtain approval for imports to the United States (in the form of what is known as an accession number) under certain performance standards issued by the U.S. Food and Drug Administration, which we have obtained. In addition, while we are currently not subject to the regulation and license requirements of the U.S. Federal Aviation Administration (FAA) or the European Aviation Safety Agency (EASA), we may become subject to such regulations and license requirements in the future. Violations of applicable export control laws and related regulations could result in criminal or administrative penalties, including fines, denial of export privileges, and debarment, which could have a material adverse impact on our business, including our ability to enter into contracts or subcontracts with U.S. or other government customers.

Currently, our largest potential customer base is located in the United States and Canada. We believe that further potential markets may develop in a number of European countries, as well as certain Asian (except China) and Middle Eastern countries. Our products could, therefore, become subject to international trade restrictions in these markets. For example, with respect to the United States, there is a risk that our products may become restricted under arms control provisions, such as the International Traffic in Arms Regulations ("ITAR"). We have implemented policies, plans and procedures to comply with arms control regulations and our products are currently not restricted under arms control provisions in the U.S., such as the ITAR. However, we cannot assure you that in the future all required components for our products can be obtained under these policies. If our products become subject to the ITAR, we may experience lower customer demand for our products. To the extent that certain required parts can only be obtained in compliance with arms control regulations our products could also become subject to arms control regulations, which could have a significant negative effect on the marketability of our products. This would limit our potential customer base to a very limited number of potential customers who are able to import and purchase arms products in accordance with applicable regulations, which could have a material adverse effect on our commercialization plans.

***If we do not maintain required security clearances from, and comply with our security agreements with, the U.S. government, we may not be able to enter into future contracts with the U.S. government requiring such clearance.***

To participate in certain U.S. government programs, we expect to seek and obtain security clearances from the DoD, including by establishing a U.S. entity cleared for access to classified information. For example, certain contracts with the U.S. government may require us to be issued facility security clearances under the National Industrial Security Program. The National Industrial Security Program requires that a corporation maintaining a facility security clearance be effectively insulated from foreign ownership, control or influence ("FOCI"). In anticipation of potential future U.S. government contracts, in April 2022, we established a new U.S. subsidiary, Mynaric Government Solutions, Inc. for purposes of insulating this entity from FOCI. However, we have decided to postpone the process of obtaining a FOCI special security agreement with the U.S. Government for the foreseeable future. Failure to obtain and maintain a required FOCI mitigation agreement with the DoD in the long term and to comply with such agreement and applicable U.S. government industrial security regulations could result in invalidation or termination of the facility security clearances, which in turn would mean that we would not be able to enter into future contracts with the U.S. government requiring facility security clearances.

If we or our employees are unable to obtain or retain any necessary security clearances, we may not be able to win new business, bid on new contracts or effectively rebid on expiring contracts. As a result, our business could be materially adversely affected. Further, if we violate the terms of any special security agreement or if we are found to have materially violated U.S. law, we may be suspended or barred from participating in any government contracts, whether classified or unclassified, and we could be subject to civil or criminal penalties.

***Our business is and could become subject to a wide variety of extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business.***

We are subject to a wide variety of laws and regulations relating to various aspects of our business, including with respect to our technology and products, employment and labor, health care, tax, privacy and data security, health and safety, and environmental issues. Laws and regulations at the German and foreign, federal, state and local levels frequently change, especially in relation to new and emerging industries, and we cannot always reasonably predict the impact of, or the ultimate cost of compliance with, current or future regulatory or administrative changes. For example, the implementation of satellite internet via radio frequency generally requires a license, which will only allot a fraction of the available spectrum and requires a costly and time-consuming application process. Laser communication is currently not regulated by the International Telecommunication Union and can therefore be used without restrictions. However, we cannot assure you that comparable regulatory provisions applicable to laser communication will not be introduced. If laser communication becomes subject to extensive regulations, this could have a material adverse effect on our business and prospects.

Changes in law or the imposition of new or additional regulations that apply to our business could negatively impact our performance in various ways, including by limiting our ability to collaborate with partners or customers or by increasing our costs and the time necessary to obtain required authorization. We monitor new developments and devote a significant amount of management's time and external resources to compliance with these laws and regulations. We cannot assure you, however, that we are and will remain in compliance with all such requirements and, even when we believe we are in compliance, a regulatory agency may determine that we are not. Failure by us, our employees, affiliates, partners or others with whom we work to comply with applicable laws and regulations could result in administrative, civil, commercial or criminal liabilities, including suspension or debarment from government contracts or suspension of our export/import privileges.

***Positive market developments in the area of wireless laser communication could lead to increasingly intense political interest and influence impacting our business.***

The reliable provision and expansion of critical infrastructure such as communication networks is at the core of national interests. Constellations (i.e., communication networks consisting of a large volume of satellite or aircraft platforms) could, if successful, become a cornerstone of the communication landscape of the future and we believe that laser communication technology will play a key role in these constellations. A positive development in the constellations and laser communication market could, therefore, lead to increasing political interest and influence impacting our business including, but not limited to, influence from the United States, which we consider our most important market.

Changes in laws, regulations, political leadership and environment, and/or security risks may dramatically affect our ability to conduct business in international markets, including sales to customers and purchases from suppliers. In particular, our operations may be impacted by German, U.S. or other national policies and priorities, political decisions and geopolitical relationships, any of which may be influenced by changes in the threat environment, political leadership, geopolitical uncertainties, world events, bilateral and multi-lateral relationships and economic and political factors. This is particularly relevant in light of the decision by the German government in July 2020 to ban the shipment of spaceborne laser communication terminals to customers in China, which included the shipment of our laser communication products to a Chinese customer, as a result of which we decided to exit the Chinese market. Due to the German government's export ban, we not only lost an attractive customer order, but also a potential major market for our products. We have only limited options for containing these risks and the occurrence and impact of any of these factors is difficult to predict, but one or more of them could have a material adverse effect on our financial position, results of operations and/or cash flows.

In addition, due to the significant increase in both government and commercial space activities in recent years, in particular the number of constellations that are expected to be deployed, industry experts are increasingly concerned that there is a potential for LEO to become overcrowded and polluted with both active satellites and space debris such that future space endeavors could be more difficult, if not impossible. Outer space remains largely unregulated and there is little to no consensus on standards for space situational awareness, space traffic management, space debris mitigation or space sustainability. A new treaty-like mechanism will be difficult to achieve given the lack of political will and the inability to develop consensus among major governmental space powers. Equally challenging are definitional issues and the dual-use nature of outer space, which makes it difficult to frame appropriate rules. Without coherent international actions to address the risk of debris, it falls on private space companies to adopt responsible satellite design and operational practices to ensure a sustainable space environment. If the risk of increasing satellite collisions materializes, there could be a statutory limit on the number of constellations that can actually be deployed, which would in turn significantly increase competition.

***Regulations related to conflict minerals, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other supply chain regulations, such as the German Supply Chain Act, may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals and other materials used in the manufacturing of our products.***

We may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) to determine, disclose and report whether our products contain “conflict minerals” (tin, tungsten, tantalum and gold). Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017, setting forth supply chain due diligence obligations for European Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, contains similar obligations (European Union Conflict Minerals Regulation).

Even though our production is not dependent on such minerals and we do not import such minerals directly, the electronic components we use in our products may contain such minerals and, as a consequence, we may be required to comply with these requirements and procedures. The implementation of these requirements could adversely affect the sourcing, availability and pricing of the materials used in the manufacture of components used in our products. In addition, we may incur additional costs to comply with the disclosure requirements, including costs related to conducting diligence procedures to determine the sources of conflict minerals that may be used in or necessary to the production of our products and, if applicable, potential changes to products, processes, or sources of supply as a consequence of such verification activities. We may also face reputational challenges if we determine that certain of our products contain minerals that are not determined to be conflict-free.

In addition, legislative or regulatory bodies, or self-regulatory organizations in jurisdictions in which we operate may expand the scope of applicable laws or regulations, or enact new laws or regulations in areas that are relevant to our business. For example, in June 2021, the German legislature passed the Supply Chain Act (Lieferkettensorgfaltspflichtengesetz), which imposes significant obligations on companies that source their products and services through supply chains from developing and emerging countries and sell them in Germany to comply with human rights and environmental standards, and exposes them to potentially serious liability in the event of violations. As a result, companies have to carefully document their whole value chains, review their suppliers and prove that they are making efforts to comply with applicable standards. While the Supply Chain Act currently does not apply to us because we have less than 1,000 employees in Germany, we may become subject to the Supply Chain Act (e.g., either if we exceed the minimum number of employees in the future, or if a legislative change were to lower the threshold or introduce parameters which we fulfilled, so that we would then fall within the scope of the act) or other laws and regulations governing supply chains in the future, which may impose a significant financial and organizational burden on our business.

Any (perceived) non-compliance with existing laws and regulations as well as new or expanded rules could result in damage to our reputation and a loss of revenues as well as liability, fines, charges and other sanctions, remedial measures or consequences.

## **Legal and Tax Risks**

***We may be unable to adequately protect our intellectual property and proprietary rights and prevent others from making unauthorized use of our products and technology.***

Our success and competitiveness depends, in significant part, on our ability to protect our intellectual property rights, including our laser communication technology and certain other practices, tools, technologies and technical expertise we utilize in designing, developing, implementing and maintaining applications and processes used in our products. To date, we have relied exclusively on trade secrets and other intellectual property laws, non-disclosure agreements with our employees, consultants, vendors, customers and other relevant persons and other measures to protect our intellectual property, and intend to continue to rely on these and other means.

For strategic reasons, we do not protect our intellectual property by filing patent applications related to our technology, inventions and improvements. Even if we filed patent applications and patents were granted, we cannot assure you we would be fully protected against third parties as those patents may not be sufficiently broad in their coverage, may not be economically significant, or may not provide us with any competitive advantage. Competitors may be able to design around any patents and develop products that provide outcomes comparable or superior to ours. Furthermore, the filing of a patent would entail the disclosure of our know-how, and breaches of patent rights related to a wrongful use of this know-how would be difficult to enforce in the international landscape. We believe that our intellectual property strategy differs significantly from the strategies of others involved in the laser communication market, many of whom have extensive patent portfolios and rely heavily on intellectual property registrations to enforce their intellectual property rights. As a result of this discrepancy in strategy, we may be at a competitive disadvantage with respect to the strength of our intellectual property protection. Unlike others involved in the laser communication market, who generally have patents providing exclusive control over their innovations, we have no recourse against any entity that independently creates the same technology as ours or legitimately reverse-engineers our technology.

We generally enter into non-disclosure agreements with our employees, consultants and other parties with whom we have strategic relationships and business alliances. We have also entered into license agreements with various collaboration partners. We cannot, however, assure you that these agreements will be effective in controlling access to and distribution of our technology and proprietary information. Since we do not protect our intellectual property by filing patent applications, we rely on our personnel to protect our trade secrets, know-how and other proprietary information to a greater degree than we would if we had patent protection for our intellectual property. In jurisdictions in which our research and development is not protected by similar agreements, there is no protection against the manufacture and marketing of identical or comparable research and development by third parties, who are generally free to use, independently develop, and sell our developments and technologies without paying license or royalty fees. Furthermore, our former employees may perform work for our competitors and use our know-how in performing this work. As we scale our business to support serial production of our laser communication products for new customers by hiring personnel and entering into contracts with third parties, the risks associated with breaches of non-disclosure agreements, confidentiality agreements and other agreements pertaining to our technology and proprietary information will increase.

We may come to believe that third parties are infringing on, or otherwise violating, our intellectual property or other proprietary rights. To prevent infringement or unauthorized use, we may need to file infringement and/or misappropriation suits, which are expensive and time-consuming, could result in meritorious counterclaims against us and would distract management's attention. In addition, in an infringement or misappropriation proceeding, a court may decide that one or more of our intellectual property rights is invalid, unenforceable, or both, in which case third parties may be able to use our technology without paying license fees or royalties. If we are unable to protect our intellectual property and proprietary rights, we may be unable to prevent competitors from using our own inventions and intellectual property to compete against us, and our competitive position may be harmed.

***We may be involved in legal proceedings based on the alleged violation of intellectual property rights, such as patent or trademark infringement claims, which may be time-consuming and incur substantial costs.***

Our industry is characterized by competing intellectual property. We may, therefore, be subject to legal actions for violating intellectual property rights of others, including claims that competitors, collaborators or former employees have an interest in our trade secrets or other intellectual property, and as a result could be subject to significant litigation or licensing costs or face obstacles to selling our products.

As the number of competitors in the market for laser communication grows, the possibility of infringement claims against us increases. Established market players may invest significant resources and capital to protect their intellectual property and scan the market for potential violations, and in many cases our competitors have well-developed patent and intellectual property rights strategies in place. There is generally a heightened risk that inquiries or legal proceedings based on the alleged violation of intellectual property rights are initiated by competitors that develop and test technologies similar to ours, particularly because our competitors may easily determine that we lack the ability to make counter-assertions because of our intellectual property strategy. Some of our competitors may be able to sustain the costs of complex intellectual property litigation more effectively than we can, particularly if they have substantially greater resources. Defending against such litigation is costly and time consuming due to the complexity of our technology and the uncertainty of intellectual property litigation, and would distract our management from our business. Without the protection afforded by patents, the costs we incur defending against such litigation may be greater than the costs incurred by our competitors who have received patent protection for their technologies. Furthermore, we may be required to incur greater costs than our competitors who have received patent protection for their technologies, as we lack the ability to offer cross-licensing arrangements for patents of our own. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

In the event that we become subject to a patent infringement or other intellectual property lawsuit and if the relevant patents or other intellectual property were upheld as valid and enforceable and we were found to infringe or violate those rights or the terms of a license to which we are a party, we could be prevented from selling any infringing products of ours unless we could obtain a license or were able to redesign the product to avoid infringement. If we are unable to obtain a license or successfully redesign, we might be prevented from selling our technology or products. If we are able to redesign, we may need to invest substantial resources in the redesign process. If there is an allegation or determination that we have infringed the intellectual property rights of a competitor or other person, we may be required to pay damages, a settlement or ongoing royalties, or we may be required to enter into cross-licenses with our competitors or we may be required to cease using certain technologies or abruptly change the focus of our development efforts so as to avoid infringing the rights of third parties. In any of these circumstances, we may be unable to sell our products at competitive prices or at all and our financial condition, results of operations, prospects and reputation could be harmed.

Furthermore, a licensor, collaborator, employee, consultant, adviser or other third party may dispute our or our licensor's ownership of certain intellectual property rights. We seek to address these concerns in our contractual agreements; however, we may not have contractual arrangements with the party in question or these provisions may not be effective. If these provisions prove to be ineffective or if we or our licensors fail in defending any such claims, we may have to pay monetary damages and may lose valuable intellectual property rights, such as ownership of, or right to use, intellectual property, which could adversely impact our business, financial condition and results of operations.

In addition, we may be required to indemnify our customers against claims relating to the infringement of intellectual property rights of third parties related to our products. Third parties may assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers, or may be required to obtain licenses for the products or services they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products.

Due to the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during discovery. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments, which could have a material adverse effect on the price of the American Depositary Shares (“ADSs”). If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of the ADSs.

***We have been and may become involved in litigation and administrative and regulatory proceedings, which require significant attention from our management and could result in significant expense to us and disruptions to our business.***

We have been and may become involved in lawsuits and administrative and regulatory proceedings relating to our business, such as commercial contract claims, labor disputes with our employees, proceedings initiated by public authorities or other examinations and investigations. For example, in 2020 the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, “BaFin”) initiated an investigation against us 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”). On January 14, 2020, we had announced, by means of a press release published on our website, that we had entered into a new multi-million Euro contract with a space customer. BaFin argued that the conclusion of this contract would have fallen under the ad hoc disclosure obligation of Article 17 para. 1 MAR, and that the publication on our website did not satisfy this obligation. On March 20, 2023, BaFin imposed an administrative fine amounting to €150,000 in this matter. The administrative fine order is final and binding. In 2021, we received two additional notifications from BaFin relating to the alleged delay of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para. 1 MAR both of which were dropped. See “Item 4. Information on the Company—B. Business Overview—Legal Proceedings.”

In connection with our withdrawal from the Chinese market due to the single intervention (Einzeleingriff) by the German government banning the shipment of spaceborne laser communication terminals to customers in China, we terminated all business relationships with customers in China. By letter dated July 2023, a former Chinese customer asserted a repayment claim in the amount of €495,000 plus default interest and ancillary costs in connection with our termination of their contract. We responded in a letter dated August 2023 that we do not see a basis for this claim under the contract with the former customer. However, on December 22, 2023, our former Chinese customer filed a claim in arbitration court. We cannot rule out that the arbitration court may come to a different conclusion.

Furthermore, we were subject to a German wage tax audit (Lohnsteuerprüfung) for the period from January 2017 to August 2021, in particular with respect to the compensation of a former member of the Company’s management board. Although the ultimate outcome of this audit did not have a material adverse effect on our financial position, cash flows or overall trends in results of operations, some of these proceedings, as well as any future proceedings, may result in significant monetary damages or cause reputational harm.

Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any proceeding. An unfavorable outcome could materially adversely affect our business, financial condition and results of operations or limit our ability to engage in certain of our business activities. In addition, regardless of the outcome of any litigation, administrative or regulatory proceeding, such proceedings may be expensive, time-consuming, disruptive to normal business operations and require significant attention from our management.

***We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers.***

Some of our employees, consultants and advisers, including our senior management, were previously employed at other companies that are engaged in the development or production of laser communication technology or products. Some of these employees, consultants and advisers, including members of our senior management, may have executed proprietary rights, nondisclosure and/or non-competition agreements in connection with their previous employment. We try to ensure that these individuals do not use the proprietary information or know-how of others in their work for us. However, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such former employer. We are not aware of any such disclosures, or threatened or pending claims related to these matters, but in the future, litigation may be necessary to defend against such claims. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management. If we fail in defending any such claims, we may lose valuable intellectual property rights or personnel, in addition to possibly paying monetary damages or being enjoined from conducting our business as contemplated.

***We may become exposed to unforeseen tax consequences as a result of operating across borders and in multiple jurisdictions.***

The more markets in which we operate, the greater our exposure to unforeseen tax consequences. Any expansion internationally would increase the tax risks we face associated with international operations, including expanded compliance with potentially conflicting and changing laws of taxing jurisdictions where we do business such as Germany and the United States, the complexity and adverse consequences of such tax laws, and potentially adverse tax consequences due to changes in such tax laws. Any changes in applicable tax laws and tax rates in the jurisdictions we are operating in, in particular Germany and the United States, would have a material adverse effect on our results of operations and harm our profitability.

**Compliance Risks**

***We have identified material weaknesses in our internal control over financial reporting. If we are unable to successfully remediate these material weaknesses and to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.***

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. In connection with our listing on The Nasdaq Stock Market LLC (“Nasdaq”), we are subject to Section 404 of the Sarbanes-Oxley Act, which requires the management of U.S. public companies to develop and implement internal control over financial reporting and to evaluate their effectiveness.

Our management assessed the effectiveness of our internal control over financial reporting based on the criteria established in the SEC guidance on conducting such assessments as of December 31, 2023. Our management conducted the assessment based on certain criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in 2013. Based on such evaluation, our chief executive officer and chief financial officer concluded that as of December 31, 2023, our internal controls over financial reporting were not effective. They identified the following material weaknesses with respect to assuring the proper application of accounting and financial reporting with respect to the current SEC disclosure requirements:

During fiscal year 2023, we began making progress to remediate the deficiencies in our internal controls over financial reporting and we implemented additional processes and controls designed to address the underlying causes of the material weaknesses.

The following previously disclosed material weakness in internal control over financial reporting has been partially remediated a lack of design of controls in accounting process which can prevent material misstatements in a timely manner. The remediation was achieved by completing the implementation of the internal control system and establishing flow charts and risk control matrices for all business processes relevant to financial reporting, as well as establishing flow charts and risk control matrices for all IT systems relevant to financial reporting.

However, the following material weaknesses in our internal controls existed as of December 31, 2023: (i) a lack of sufficient resources with an appropriate level of technical accounting and SEC reporting experience and clearly defined roles within the finance and accounting functions, (ii) insufficient risk assessment procedures necessary to ensure the completeness of processes and identification of required internal controls over financial reporting, (iii) a lack of design and operating effectiveness of controls in accounting process which can prevent material misstatements in a timely manner, (iv) a lack of design and operating effectiveness of general information technology controls (GITC) for information systems that are relevant to the preparation of the consolidated financial statements and (v) a failure to implement sufficient monitoring controls ensuring that corrective action is taken when implemented controls do not operate as designed.

While we have developed a remediation plan to address our material weaknesses, this remediation plan or any additional plan we implement may be insufficient to address our material weaknesses and additional material weaknesses may be discovered in the future. As part of this plan, we engaged and continue to engage in the following remediation efforts:

- We hired additional resources to support our accounting and financial reporting functions in Germany and the United States. We will continue to hire additional staff, accountants and a controller with IFRS knowledge and additional resources with an appropriate level of SEC reporting experience in 2024.
- The key components of our remediation plans in the financial year 2023 were as follows: (i) enhance the execution of our risk assessment activities by evaluating whether the design of our internal controls appropriately addresses the risks in our business processes and changes in the business (including changes to people, processes and systems) that could impact our system of internal controls; (ii) review our current processes, procedures and systems to identify opportunities to enhance the design of each process and to design and implement additional control activities that can prevent material misstatements; (iii) develop and roll-out a process to manage the valuation of inventory in combination with quarterly meetings with all stakeholders to agree on production and forecasts, and design and implement controls that address the valuation of inventory, including control activities associated

with the review of data used and the appropriateness of the assumptions and methodology used to determine the net realizable value; (iv) create greater awareness and continuously improve the system of internal control over financial reporting by: (x) investments in state-of-the-art tools to support internal controls over financial reporting on the software / IT side and financial statement closing and reporting, (y) establishment of an “Internal Controls Manual” (including communication and training) and continuous monitoring of defined controls, and (z) implementation of a global “Ethics Hotline.”

While we are working to remediate the weaknesses as quickly and efficiently as possible, we cannot at this time provide an estimate of the timeframe for implementing our plan to remediate these material weaknesses. These remediation measures may be time consuming and costly, and might place significant demands on our financial and operational resources. As we continue with the remediation of our material weaknesses, we may determine that additional or other measures may be necessary to address and remediate the material weaknesses, depending on the circumstances and our needs. We will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively.

While we are required to disclose material changes in, and are now required to conduct an annual assessment of, our internal control over financial reporting, our independent registered public accounting firm has not been, and will not be, required to attest to the effectiveness of our internal control over financial reporting for as long as we are an “emerging growth company” under the Jumpstart Our Business Startups Act (JOBS Act). We could be an “emerging growth company” until December 31, 2026 (the last day of our financial year following the fifth anniversary of our initial public offering in November 2021). The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that are applicable to us as a U.S. public company and an assessment of the effectiveness of our internal control over financial reporting by an independent registered public accounting firm in accordance with the provisions of Section 404 could detect additional significant deficiencies or material weaknesses that our management’s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements, require us to incur the expense of remediation and investors may lose confidence in the accuracy and completeness of our financial reports which could cause the market price of our ordinary shares to decline and also restrict our future access to the capital markets. We could be also subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities.

***Our risk management and internal control procedures may not prevent or detect violations of law.***

Our business may or will be subject to various laws and regulations relating to, among other things, bribery and corruption, money laundering, antitrust and data protection, as well as export control regulations, trade and economic sanctions and embargoes on certain countries, persons, groups and/or entities, projects and/or activities. Our existing risk management and compliance processes and controls may not be sufficient to effectively prevent or detect inadequate practices, fraud and violations of law or group-wide policies by our subsidiaries, intermediaries, sales agents, employees, directors and officers. As a result, we may be exposed to legal sanctions, penalties and loss of orders as well as material harm to our reputation.

We have procedures in place designed to ensure compliance with sanctions and other trade controls and we monitor our product developments closely regarding any further regulatory implications. However, we cannot assure you that our sanctions compliance procedures and trade controls policies will effectively prevent us from violating such laws and regulations. Unanticipated developments such as Germany’s decision to categorize our spaceborne laser communication terminals as dual-use goods (i.e., products that may have both civil and military applications) may require us to obtain new governmental approvals or licenses, which we have not anticipated, for the export of our products to countries which are not covered by the European Union’s general export authorization. In addition, we cannot assure you that our compliance processes will be efficiently implemented in the future or that our subsidiaries, intermediaries, sales agents, employees, directors and officers will effectively follow these processes.

Our failure to maintain adequate internal controls, including in relation to the handling of conflicts of interest, the prevention of bribery, corruption, violations of sanctions and other trade control laws and regulations, and the handling of confidential information and information technology security, as the applicable standards regulating such internal control requirements are modified or amended from time to time, could result in violations of applicable laws, rules or regulations and adversely affect our business, financial condition and results of operations, and in particular our costs.

## Risks Related to the ADSs

*The market price of the ADSs has fluctuated significantly in the past and may continue to do so in the future and any such fluctuations could result in substantial losses for holders of the ADSs.*

The market price of the ADSs is affected by the supply and demand for the ADSs, which may be influenced by numerous factors, many of which are beyond our control, including:

- fluctuation in actual or projected results of operations;
- changes in projected earnings or failure to meet securities analysts' earnings expectations;
- the absence of analyst coverage;
- negative analyst recommendations;
- changes in trading volumes in the ADSs (including by the sale of shares or ADSs granted to our employees under employee participation programs);
- large-volume or targeted transactions by short-sellers;
- changes in our shareholder structure;
- changes in macroeconomic conditions;
- the activities of competitors and sellers;
- changes in the market valuations of comparable companies;
- our ability to successfully finalize development of, market and commercialize our products;
- the recruitment or departure of key management or scientific personnel or other key employees;
- significant lawsuits, including patent, shareholder or customer litigation;
- changes in investor and analyst perception with respect to our business or the industry in general; and
- changes in the statutory framework applicable to our business.

As a result, the market price of the ADSs may be subject to substantial fluctuation.

In addition, general market conditions and fluctuation of share prices and trading volumes could lead to pressure on the market price of the ADSs, even if there may not be a reason for this based on our business performance or earnings outlook. The stock market in general and the market for smaller technology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. In addition, prices for companies with a limited operating history may be more volatile compared to share prices for established companies or companies from other industries.

If the market price of the ADSs declines as a result of the realization of any of these risks, investors could lose part or all of their investment in the ADSs.

Additionally, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the shares. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.



***The acquisition of a 20% or more voting interest in us by foreign investors requires governmental approval, which may restrict certain investments in and limit demand for the ADSs.***

Pursuant to the cross-sectoral examination in Section 55 et seq. of the German Foreign Trade and Payments Ordinance (*Außenwirtschaftsverordnung*, “AWV”), the German Federal Ministry for Economic Affairs and Energy (*Bundesministerium für Wirtschaft und Energie*, “BMWi”) may prohibit or restrict the acquisition of our shares or ADSs by a foreign acquirer (i.e., an investor that is resident or based outside the European Union (*Unionsfremder*)) if it endangers the public order or the security of Germany. According to an amendment to the AWV, which came into force on May 1, 2021, statutory notification requirements apply, *inter alia*, to any acquisition by a foreign acquirer of 20% or more of the voting rights of a company that develops or manufactures, among other things, goods intended for use in space or for use in space infrastructure systems as well as goods specifically required for the operation of laser communication networks, including the Company. If grounds for an objection exist, the BMWi may prohibit the direct acquirer of the ADSs from making such an acquisition within two months of the receipt of the approval request in writing or issue instructions in order to ensure the public order or security in Germany. See “Item 4. Information on the Company—B. Business Overview—Regulatory Environment—German Foreign Investment Regime.” As a result, any such requirement to obtain governmental approval or the issuance of an objection by the BMWi may restrict certain investments in the ADSs, limit demand for the ADSs, and have negative impact on the stock exchange price of the ADSs.

***Future offerings of debt or equity securities by us could adversely affect the market price of the ADSs, and future issuances of equity securities could lead to a substantial dilution of our shareholders.***

We will require additional capital in the future to finance our business operations and growth. We may seek to raise such capital through the issuance of additional equity or debt securities with conversion rights (e.g., convertible bonds and option rights). An issuance of additional equity or debt securities with conversion rights could potentially reduce the market price of the ADSs. We currently cannot predict the amounts and terms of such future offerings.

If offerings of equity or debt securities with conversion rights are made without granting preemptive rights to our existing shareholders, these offerings will dilute the economic and voting rights of our existing shareholders. Preemptive rights may be restricted or excluded by a resolution of our shareholders’ meeting or by another corporate body designated by our shareholders’ meeting. Our management board is authorized until May 13, 2026 to issue shares or grant rights to subscribe for shares up to our authorized share capital from time to time and to limit or exclude preemptive rights in connection therewith. This could cause existing shareholders to experience substantial dilution of their interest in us.

In addition, dilution may arise from the acquisition or investment by us in companies in exchange, fully or in part, for newly issued ADSs or shares, share options or conversion rights granted to our business partners or our customers as well as from the exercise of share options or conversion rights granted to our employees in the context of existing or future share option programs or the issuance of ADSs or shares to employees in the context of existing or future employee participation programs. Any future issuance of ADSs or shares could reduce the market price of the ADSs and dilute the holdings of existing shareholders, which may have a negative effect on any dividend payments.

***Future sales by major shareholders, or the perception of future sales, could materially adversely affect the market price of the ADSs.***

For various reasons, shareholders may sell all or some of their shares or ADSs, including in order to diversify their investments, subject to certain restrictions described below. Certain of our existing shareholders hold a substantial number of our shares, and may acquire a substantial number of the ADSs in the future. Sales of a substantial number of our shares or ADSs in the public market, or the perception that such sales or issuances might occur, could depress the market price of the ADSs and could impair our ability to raise capital through the sale of additional equity securities.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline.***

The trading market for the ADSs will depend in part on the research and other reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our shares or ADSs or publishes inaccurate or unfavorable research about our business, the trading price of the ADSs may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for the ADSs could decrease, which might cause the ADS price and trading volume to decline.

***We do not expect to pay any dividends in the foreseeable future.***

We have not yet paid any dividends to our shareholders and do not currently intend to pay dividends for the foreseeable future. Under German law, dividends may only be distributed from our distributable profit (*Bilanzgewinn*) or distributable reserves reflected in our unconsolidated financial statements (as opposed to the consolidated financial statements for us and our subsidiaries) prepared in accordance

with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from IFRS as issued by the IASB in material respects.

Our ability to pay dividends therefore depends upon the availability of sufficient net retained profits. In addition, future financing arrangements may contain covenants that impose restrictions on our ability to pay dividends. Any determination to pay dividends in the future will be at the discretion of our management board and will depend upon our results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant.

Consequently, we do not expect to pay dividends in the foreseeable future, and as a result any return on an investment in the ADSs will be solely dependent upon the appreciation of the trading price of the ADSs, which may not occur. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information-Dividends.”

***Holders of the ADSs may be subject to limitations on transfer of their ADSs.***

The ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason. As a result, you may not be able to trade or otherwise transfer your ADSs in the manner or at the time you choose.

***Holders of ADSs are not treated as shareholders of our company and the exercise of voting rights by holders of the ADSs is limited by the terms of the deposit agreement.***

Holders of ADSs are not treated as our shareholders, unless they withdraw the shares underlying the ADSs from the depository. The depository and the custodian for the depository are the holders of the ordinary shares underlying the ADSs. Holders of ADSs, therefore, do not have any rights as shareholders of our company, other than the rights that they have pursuant to the deposit agreement.

Holders of the ADSs may exercise their voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of the deposit agreement. If we ask the depository to solicit your instructions, then upon receipt of voting instructions from a holder of the ADSs in the manner set forth in the deposit agreement, the depository for the ADSs will endeavor to vote such holder’s underlying ordinary shares in accordance with those instructions. Under our articles of association, the minimum notice period required for convening a shareholders’ meeting corresponds to the statutory minimum period, which is currently 36 days. When a shareholders’ meeting is convened, a holder of the ADSs may not receive notice of a shareholders’ meeting sufficiently in advance of the meeting to permit such holder to withdraw the ordinary shares underlying its ADSs from the depository to allow the holder to cast its vote with respect to any specific matter at the meeting. In addition, the depository and its agents may not be able to send voting instructions to a holder of the ADSs or carry out such holder’s voting instructions in a timely manner. We will make all reasonable efforts to cause the depository to extend voting rights to a holder of the ADSs in a timely manner, but such holder may not receive the voting materials in time to ensure that such holder can instruct the depository to vote the shares underlying its ADSs. Furthermore, the depository and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, a holder of the ADSs may not be able to exercise its right to vote and may lack recourse if the ordinary shares are not voted as requested by such holder.

***The rights of shareholders in companies subject to German corporate law differ in material respects from the rights of shareholders of U.S. corporations.***

We are a stock corporation (Aktiengesellschaft or AG) incorporated under German law. Our corporate affairs are governed by our articles of association and by the laws governing stock corporations incorporated in Germany. You should be aware that the rights of shareholders of a German stock corporation under German law differ in important respects from those of shareholders of a U.S. corporation. These differences include, in particular:

- Under German law, certain important resolutions, including, for example, capital decreases, measures under the German Transformation Act (Umwandlungsgesetz), such as mergers, conversions and spin-offs, the issuance of convertible bonds or bonds with warrants attached and the dissolution of the German stock corporation apart from insolvency and certain other proceedings, require the vote of a 75% majority of the capital represented at the relevant shareholders’ meeting (Hauptversammlung). Therefore, the holder or holders of a blocking minority of more than 25% or, depending on the attendance level at the shareholders’ meeting, the holder or holders of a smaller percentage of the shares in a German stock corporation may be able to block any such votes, possibly to our detriment or the detriment of our other shareholders.

- As a general rule under German law, a shareholder has no direct recourse against the members of the management board (Vorstand) or supervisory board (Aufsichtsrat) of a German stock corporation in the event that they have breached their duty of loyalty or duty of care to the German stock corporation. Apart from insolvency or other special circumstances, only the German stock corporation itself has the right to claim damages from members of the management board or the supervisory board. A German stock corporation may waive or settle such damage claims only if at least three years have passed since the violation of a duty occurred and the shareholders approve the waiver or settlement at the shareholders' meeting with a simple majority of the share capital represented at such meeting, unless a minority holding, in the aggregate, 10% or more of the German stock corporation's share capital objects to the shareholder resolution approving the waiver or settlement and has its objection formally recorded in the minutes of the shareholder meeting by a German civil law notary.

For more information, we have provided summaries of relevant German corporate law and of our articles of association in Exhibit 2.3 to this Annual Report.

In addition, the responsibilities of members of our management board and supervisory board may be different from the management or directors of those corporations. In the performance of their duties, our management board and supervisory board are required by German law to consider the interests of our company, its shareholders, its employees and other stakeholders. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as an ADS holder.

***Holders of our ADSs may not be able to participate in any future rights offering or elect to receive dividends in shares, which may cause additional dilution to their holdings.***

Under German law, the existing shareholders of a stock corporation generally have a preemptive right in proportion to the amount of shares they hold in connection with any issuance of ordinary shares, convertible bonds, bonds with warrants, profit participation rights and participating bonds. However, a shareholders' meeting may vote, by a majority representing at least three-quarters of the share capital represented at the meeting, to waive or authorize the management of the company to waive (with the approval of the supervisory board), this preemptive right provided that, from the company's perspective, there exists good and objective cause for such waiver.

The deposit agreement provides that the depositary need not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our future rights offerings and may experience dilution in their holdings. In addition, if the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for these rights.

***Investors may have difficulty enforcing civil liabilities against us, our management board members, our supervisory board members.***

Certain members of our supervisory board and management board are non-residents of the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible, or may be very difficult, to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany. An award for monetary damages under the U.S. securities laws would be considered punitive if it does not seek to compensate the claimant for loss or damage suffered and is intended to punish the defendant. The enforceability of any judgment in Germany will depend on the particular facts of the case as well as the laws and treaties in effect at the time. Litigation in Germany is also subject to rules of procedure that differ from the U.S. rules, including with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. With very narrow exceptions, proceedings in Germany would need to be conducted in the German language, and all documents submitted to the court would, in principle, have to be translated into German. For these reasons, it may be difficult for a U.S. investor to bring an original action based upon the civil liability provisions of the U.S. federal securities laws against us, certain members of our supervisory board and management board in a German court. The United States and Germany do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters, though recognition and enforcement of foreign judgments in Germany is possible in accordance with applicable German laws.

***German and European insolvency laws are substantially different from U.S. insolvency laws and may offer our shareholders less protection than they would have under U.S. insolvency laws.***

As a company with its registered office in Germany, we are subject to German insolvency laws in the event any insolvency proceedings are initiated against us including, among other things, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings as of June 2017. Should courts in another European country determine that the insolvency laws of that country

apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency laws in Germany or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency laws and make it more difficult for our shareholders to recover the amount they could expect to recover in a liquidation under U.S. insolvency laws.

***We are an emerging growth company, as defined in the Securities Act, and we cannot be certain whether the reduced disclosure requirements applicable to emerging growth companies will make the ADSs less attractive to investors, given that we may rely on these exemptions.***

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and therefore we may take advantage of certain exemptions from reporting requirements that are applicable to public companies that are not “emerging growth companies,” including, but not limited to, presenting only limited selected financial data in this Annual Report, not being required to comply with the auditor attestation requirements of Section 404 in this Annual Report or subsequent Annual Reports filed on Form 20-F and not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements. As a result, our shareholders may not have access to certain information that they may deem important. In addition, the JOBS Act provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards, which allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Such provisions are only applicable under U.S. GAAP. We currently prepare our financial statements in accordance with IFRS as issued by the IASB, which do not have separate provisions for publicly traded and private companies. However, in the event we convert to U.S. GAAP while we are still an “emerging growth company,” we may be able to take advantage of the benefits of this extended transition period. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if our total annual gross revenue exceeds \$1.235 billion, if we issue more than \$1.00 billion in non-convertible debt securities during any three-year period, or if we are a large accelerated filer and the market value of the ADSs held by non-affiliates exceeds \$700 million as of the end of any second quarter before that time. Investors may find the ADSs less attractive because we have relied on the reporting requirement exemptions described above. If some investors find the ADSs less attractive, there may be a less active trading market for the ADSs and the price of the ADSs may become more volatile.

***As a foreign private issuer, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient than those of a U.S. domestic public company.***

As of the date of this Annual Report, we report under the Exchange Act, as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we are subject to German laws and regulations with regard to such matters and intend to furnish half year interim reports to the SEC, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports with respect to their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information. In addition, foreign private issuers are required to file their annual report on Form 20-F within four months after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to prevent issuers from making selective disclosures of material information. As a result of all of the above, holders of the ADSs may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer and, therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2024.

In the future, we would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of our executive officers or directors are U.S. citizens or residents, (ii) more than 50% of our assets are located in the United States or (iii) our business is administered principally in the United States. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which would be required to include financial statements prepared under U.S. GAAP, and which would be more detailed and extensive than the forms available to a foreign private issuer. We will also have to comply with U.S. federal proxy requirements, and our

officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we would incur significant additional legal, accounting and other expenses that we would not incur as a foreign private issuer. These expenses would relate to, among other things, the obligation to present our financial information in accordance with U.S. GAAP in the future. Additionally, a loss of our foreign private issuer status would divert our management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***As we are a foreign private issuer and intend to follow certain home country corporate governance practices, holders of the ADSs may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.***

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of Nasdaq, provided that we disclose the requirements we are not following and describe the home country practices we are following. The standards applicable to us are considerably different than the standards applied to domestic U.S. issuers. For instance, we are not required to:

- have a majority of the board be independent (although all of the members of the audit committee must be independent under the Exchange Act);
- have a compensation committee or a nominating or corporate governance committee consisting entirely of independent directors;
- have regularly scheduled executive sessions with only independent directors; or
- adopt and disclose a code of ethics for directors, officers and employees.

We have relied on and intend to continue to rely on some of these exemptions. As a result, holders of the ADSs may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

***Our ADSs and ordinary shares are listed on two separate stock markets and investors seeking to take advantage of price differences between such markets may create unexpected volatility in the price of the ADSs.***

Our ordinary shares are listed and traded on the XETRA trading system of the Frankfurt Stock Exchange and our ADSs are listed and traded on Nasdaq. While our ordinary shares and ADSs are traded on these markets, respectively, price and volume levels for our ordinary shares or ADSs could fluctuate significantly, independent of the price of the ADSs or trading volume on either market. Investors could seek to sell or buy our ordinary shares or ADSs to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in the price of the ADSs and in the volumes of ADSs available for trading. In addition, if we are unable to continue to meet the regulatory requirements for listing on Nasdaq, we may lose our listing on the exchange, which could further impair the liquidity of the ADSs.

***The holdings of shareholders may be significantly diluted by future capital increases.***

In order to meet our need for capital, we may issue, in the future, shares, including in the form of ADS, or convertible bonds or warrants, for example to finance our business operations. The future issuance of shares, or the exercise of conversion or option rights on our shares, may dilute shareholders' voting rights or their percentage ownership in us if the new shares are issued without granting subscription rights or similar rights or to the extent such rights are not exercised.

***If we were to pay dividends, holders of the ADSs may be unable to claim tax credits with respect to, or tax refunds to reduce German withholding tax applicable to, the payment of such dividends, or such dividends may effectively be taxed twice.***

As a German tax resident company, if we were to pay dividends, such dividends will be subject to German withholding tax. Currently, the applicable aggregate German withholding tax rate is 26.375% of the gross dividend (25% income tax plus 5.5% solidarity surcharge thereon). This German tax can be reduced to the applicable rate under the Treaty (as defined in "E. Taxation-German Taxation of ADSs-Taxation of Non-German Resident U.S. Holders"), which is generally 15%, if the applicable taxpayer is eligible for such Treaty rate and files an application containing a specific German tax certificate with the German Federal Central Tax Office (Bundeszentralamt für Steuern). If such a tax certificate cannot be delivered to the ADS holder due to applicable settlement mechanics or lack of information regarding the ADS holder, holders of the ADSs may be unable to benefit from the double tax treaty relief (including "Eligible U.S. Holders" as defined under the Treaty) and may be unable to file for a credit of such withholding tax in its jurisdiction of residence. Further, the payment made to the ADS holder equal to the net dividend may, under the tax law applicable to the ADS holder, qualify as taxable income that is in turn subject to withholding, which could mean that a dividend is effectively taxed twice. There can be no guarantee that the information delivery requirement can be satisfied in all cases, which could result in adverse tax consequences for affected ADS holders. ADS holders should note that the applicable interpretation

circular (Besteuerung von American Depositary Receipts (ADR) auf inländische Aktien) issued by the German Federal Ministry of Finance (Bundesministerium der Finanzen), dated May 24, 2013 (reference number IV C 1-S2204/12/10003), as amended by the circular dated December 18, 2018 (reference number IV C 1-S2204/12/10003), (the “ADR Tax Circular”), is not binding on German courts, and there is no certainty as to whether a German tax court will follow the ADR Tax Circular in determining the German tax treatment of the ADSs. In addition, the ADR Tax Circular does not include details on how an ADR program should be designed. If the ADSs were determined not to fall within the scope of application of the ADR Tax Circular, or a German tax court did not follow the ADR Tax Circular, and profit distributions made with respect to the ADSs were not treated as a dividend for German tax purposes, a holder of the ADSs would not be entitled to a refund of any taxes withheld on the dividends under German tax law and profit distributions made with respect to the ADSs may be effectively taxed twice.

***The interpretation of the treatment of ADSs by the German tax authorities is subject to change.***

The specific treatment of ADSs under German tax law is based on administrative provisions issued by the fiscal authorities, which are not codified law and are subject to change. Tax authorities may modify their interpretation and the current treatment of ADSs may change. According to the circular issued by the German Federal Ministry of Finance (*BMF-Schreiben*), dated May 21, 2019, (reference number IV C 1 - S 1980-1/16/10010 :001), ADSs are not treated as capital participation (*Kapitalbeteiligung*) within the meaning of Section 2 para. 8 of the Investment Tax Code (*Investmentsteuergesetz*). This interpretation by the fiscal authorities may have adverse effects on the taxation of investors. For example, an investment fund may no longer be considered an equity fund or mixed fund within the meaning of Section 2 para. 6 and 7 of the Investment Tax Code if such fund acquires ADSs and, as result, has invested less than 50% or 25% of its assets, respectively, in capital participations.

***ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiffs in an action of that kind.***

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other ADS holders bring a claim against us or the depository in connection with matters arising under the deposit agreement or relating to the ADSs, including claims under federal securities laws, you may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiffs in that action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial.

No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any ADS holder or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. Corporate History**

We initially conducted our business through ViaLight Communications GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) under German law, which was incorporated on June 15, 2009. In preparation for our initial public offering on the Frankfurt Stock Exchange, the shareholders of ViaLight Communications GmbH decided to incorporate a new entity in the form of a German

stock corporation (Aktiengesellschaft) to serve as a holding company for the Mynaric group (formerly ViaLight Communications group). Accordingly, in August 2017, the initial shareholders of ViaLight Communications GmbH, through a series of transactions, contributed their equity interests in ViaLight Communications GmbH and its subsidiaries to Blitz 17-625 AG, a German stock corporation (Aktiengesellschaft), against the issuance of new ordinary shares in Blitz 17-625 AG. Subsequently, in August 2017, our general shareholders' meeting resolved to change our legal name from Blitz 17-625 AG to Mynaric AG.

We are registered with the commercial register (Handelsregister) of the local court of Munich under docket number HRB 232763.1 Our principal executive offices are located at Bertha-Kipfmüller-Str. 2-8, 81249 Munich, Federal Republic of Germany. Our telephone number is +49 (0)89 5589 428 0. Our website address is [www.mynaric.com](http://www.mynaric.com). The information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report, and you should not consider any information contained on, or that can be accessed through, our website as part of this Annual Report or in deciding whether to purchase our ADSs.

On November 12, 2021, our ADSs commenced trading on the Nasdaq Global Select market under the symbol "MYNA." We received approximately €58.2 million (US\$66.04 million based on the spot exchange rate as of December 31, 2021 of US\$1.00 = €0.88292) in net proceeds from our initial public offering in the U.S., after deducting underwriting commissions and discounts and the offering expenses payable by us. Our ordinary shares are listed on the Frankfurt Stock Exchange under the symbol "M0Y."

The SEC maintains an internet site at <http://www.sec.gov> that contains reports, information statements, and other information regarding issuers that file electronically with the SEC.

## **B. Business Overview**

### **BUSINESS**

#### **Overview**

We believe we are a leading developer and manufacturer (in terms of production capacity) of advanced laser communication technology for aerospace-based communication networks in government and commercial markets. Laser communication networks provide connectivity from the sky, allowing for high data rates and secure, long-distance data transmission between moving objects for wireless space- and airborne-based as well as terrestrial applications. Our technology and products are designed to provide the secure wireless backbone for connectivity to link satellites, high-altitude platforms, unmanned aerial vehicles and aircraft with potential future use on ships, mobility platforms and fixed locations on the ground. We aim to industrialize laser communication by focusing on standardization, scale production and cost-efficiency. We believe that we are one of the first companies to develop laser communication technology at commercially attractive price points built at scale for use in both government and commercial markets. By leveraging our deep technical expertise and early mover advantage, we aim to become the go-to supplier for the "internet above the clouds."

Laser communication offers significant technical and operational advantages for wireless data transmission compared to other wireless communication systems, which mostly use radio frequency ("RF") technologies to transmit information. RF-based communication is generally characterized by lower bandwidth, significant license requirements and a wide beam divergence, which makes it much more susceptible to detection, interception and, potentially, jamming. Laser communication, on the other hand, benefits from its higher bandwidth capacity, lower latency, improved security, lower power requirements and a license-free spectrum. Laser communication has achieved world record transmission rates of 13.16 terabits per second, as compared to RF's maximum transmission rate of 36 gigabits per second (according to the Facebook Connectivity Lab). Current demand for laser communication is predominantly driven by government applications in defense, surveillance, intelligence and border control, which seek to leverage the superior capabilities of laser communication. With its significant advantages and wide range of applications, laser communication is highly attractive for the development of next-generation communication networks, in particular for space and airborne applications.

We were founded in 2009 by former scientists of the German Aerospace Center (Deutsches Zentrum für Luft- und Raumfahrt e.V., "DLR") and have invested in developing and optimizing our laser communication technology, which we are now commercializing. We have developed pre-serial production versions of our CONDOR inter-satellite link terminal and our HAWK airborne terminal, and are currently ramping up serial production to enable customers to deploy our technology at scale. We believe that we are one of a few companies offering a commercially viable laser communication terminal solution combining light weight, robustness, high data rate and high-power efficiency at attractive prices. We aim to industrialize laser communication by focusing on developing standardized and modularized products suitable for a wide array of customers and applications. We have benefited from advancing on the learning curve with the development of the pre-serial product versions of our CONDOR and HAWK terminals, as we continuously seek to decrease the costs of deploying laser communication. By moving from singular prototype production to pre-serial production levels, we have already reduced our material costs per unit for our CONDOR terminals by around 80% compared to previous versions. We are currently ramping up serial production targeting a per year

production rate capacity of up to 2,000 units in the medium-term. We expect to continue to incur significant expenses related to the ramp-up of serial production, the further development of our technology and products as well as the expansion of our sales and marketing activities.

Over the past few years, our CONDOR terminals have gained significant traction in the space industry and we have been successful in attracting initial customers, in particular in the government sector. For example, in October 2021, we entered into a Strategic Agreement with Northrop Grumman (NG) under which we agreed to serve as a strategic supplier to NG and to exclusively develop and sell to NG customized laser communication solutions for use in or relating to space where the ultimate customer is a U.S. government customer. In connection with the Strategic Agreement, we entered into a definitive agreement with NG in March 2022 for the delivery of CONDOR terminals for the transport layer Tranche 1 of the SDA's PWSA satellite constellation. The agreement has an initial value of \$36 million and provides for performance-based payment milestones throughout 2022, 2023 and 2024; product shipments are commencing in 2024. In October 2022, we received an additional order from NG for 42 CONDOR terminals as part of the SDA's Tranche 1 tracking layer program. In January 2023, we entered into a definitive agreement with a new, undisclosed U.S.-based customer for the delivery of CONDOR terminals with an approximate value of \$24 million. In May 2023, we entered into a definitive agreement for the sale of CONDOR terminals with Loft Federal, a subsidiary of Loft Orbital. Loft Federal was selected to produce, deploy and operate SDA's NExT program and will use our terminals to support secure and reliable communication. CONDOR terminal shipments are commencing in 2024. Moreover, after an intensive test campaign, our CONDOR terminals passed optical verification and phase 1 of interoperability tests in September 2023, confirming the product's compliance with the SDA's Optical Communications Terminal Standard, relevant for the Tranche 1 transport and tracking layer programs under which we are supplying terminals. The SDA also selected us to contribute to an optical ground terminal demonstration, aimed at demonstrating the successful connection between various space-based optical communications terminals and an optical ground station designed by us. In November 2023, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 beta-variant transport layer program. The agreement has a value of approximately \$25 million and foresees payment milestones beginning in 2023, extending over 2024 to 2025, with product shipments commencing in 2024. Also in November 2023, we entered into a definitive agreement with an existing, undisclosed U.S.-based customer for the delivery of CONDOR terminals with an approximate value of \$30 million. The agreement foresees payment milestones in late 2023, extending over 2024 to 2025, with product shipments commencing in 2024. In December 2023, we entered into an additional definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 alpha-variant transport layer program. The agreement has a value of approximately \$33 million and foresees payment milestones beginning in 2024 and continuing in 2025, with product shipments commencing in 2024. In May 2024, we were selected by Rocket Lab USA, Inc. to supply CONDOR terminals to the SDA's Tranche 2 beta-variant transport layer program. The order has an approximate value of \$15 million, with product shipments beginning in 2025 and continuing into 2026. Most recently, we experienced a delay in the production and delivery of CONDOR terminals, which was initially scheduled to start in the fourth quarter of 2023. We currently expect volume production and shipments to commence in 2024.

With respect to our HAWK terminals, in July 2022, we agreed with L3Harris on a strategic cooperation framework pursuant to which we will serve as preferred provider of laser communication solutions to L3Harris, and L3Harris, in return, was granted certain collaboration privileges. With this strategic cooperation framework, we and L3Harris seek to build on our existing collaboration in the airborne domain and widen the scope to cover all domains, including space, air, maritime and ground. Through this partnership, we believe that we are well-positioned to successfully introduce our HAWK terminal to certain customers in the U.S. government market. In November 2022, we delivered a set of multiple HAWK terminals for an initial test campaign to a new commercial U.S.-based energy customer. The terminals are intended to be utilized as part of disaster recovery missions where satellite or terrestrial communications infrastructure has been compromised. In addition, we delivered a small number of HAWK terminals to a U.S.-based government customer in 2022. Although our near-term focus is principally on the finalization of our CONDOR terminals, we see sizeable demand over the medium-to-long term for laser communication capabilities by customers focusing on maritime applications and mobility platforms on the ground for which the HAWK terminal, while primarily developed for airborne applications, may function as a satisfactory demonstration system to evaluate our product's performance and define upcoming product needs.

We believe that our existing customer relationships will significantly help us win additional business in the context of current and future government and commercial programs. We also believe that the introduction of laser communication technology at commercially attractive price points built at scale has the potential to create a significant market for laser communication for years to come.



We are currently in the early phases of serial production and have only recently begun to monetize our technology. Our revenue amounted to €5,390 thousand for the financial year ended December 31, 2023 (compared to €4,422 thousand in 2022). Our operating loss amounted to €79,163 thousand for the financial year ended December 31, 2023 and we reported a net loss of €93,528 thousand for the same period (compared to an operating loss of €73,790 thousand and a net loss of €73,782 thousand in 2022). We manage our business based on our two operating segments, which are also our reportable segments in accordance with IFRS 8. Our two reportable segments include our Space segment, which currently comprises our CONDOR terminals, and our Air segment, which currently comprises our HAWK terminals. Our measure of segment profitability for each reportable segment is operating profit/(loss). We are headquartered in Munich, Germany, with additional offices in Los Angeles and in the Washington D.C. area. As of December 31, 2023, we had 314 full-time equivalent employees (“FTEs”).

## **Our Market Opportunity**

Globally, the need for fast, secure and ubiquitous network connectivity continues to grow – a trend that has been reinforced by the COVID-19 pandemic and geopolitical conflicts such as the ongoing war in Ukraine and the hostilities in the Middle East, including the escalation of the conflict between Israel (one of our focus markets) and the Hamas and other terrorist organizations as from October 2023. Existing data networks, like the internet, are largely based on terrestrial infrastructure such as fiber optic networks, which provide for excellent connectivity in urban, densely populated areas and suburban areas, but cannot be expanded infinitely, resulting in rural and remote areas often lacking reliable or secure terrestrial infrastructure access. Current alternative connectivity solutions, such as RF-based network connectivity provided by satellites in geostationary orbit, are expensive and characterized by relatively low bandwidth and high latency connectivity, as well as limited security from hacking and spoofing. Even where broadband connectivity is available, many existing network technologies are reaching their capacity limits. Over the past decade, internet traffic has grown significantly, and this growth is expected to continue, driven largely by the increase in mobile internet usage and the proliferation of internet-connected devices including the internet of things (“IoT”), which are to be supported by high speed, high bandwidth networks.

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

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

Current demand for laser communication is predominantly driven by both government organizations and commercial players seeking to establish LEO satellite-based space communication networks. The U.S. government has been the strongest proponent to date of aerospace-based network capabilities and has made the development of government space architectures using large-scale LEO constellations a priority. As such, the U.S. Department of Defense’s (the “DoD”) proposed budget for the fiscal year 2024 includes \$30.1 billion for the U.S. Space Force and the SDA, an increase of \$3.8 billion compared to 2023. As fast and secure military communication is a critical requirement for defense communications, governments seek to leverage the superior capabilities of laser communication to enable secure and stealth data exchange, battlefield connectivity, intelligence, surveillance and reconnaissance (“ISR”) data distribution and teamed systems of systems. In the future, such government space architectures are expected to move to multi-orbit “proliferated” constellations (i.e., large constellations of small satellites), particularly those based in LEO, but also including laser-linked satellites in higher orbits.

Over the past years the number of active satellites in orbit increased significantly from around 960 in late 2010 to 3,300 satellites in 2020 to more than 9,300 satellites as of February 2024. The number of communication constellation satellites increased by more than a factor of ten between late 2019 and 2023 driven significantly by the start of satellite deployments as part of commercial mega-constellations. Given these growth dynamics, we expect a continued rapid increase in active satellites in orbit. Going forward, Beyond Earth Institute estimates that by 2030 there could be as many as 100,000 satellites in orbit. We believe the vast majority of these satellites will be part of communication constellations with each satellite in the constellation potentially requiring at least two and often four optical communications terminals.

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

## Our Value Proposition

Our laser communication technology and products are designed to overcome the current limitations of existing communication systems in air and space. By leveraging our technical expertise and first mover advantage, we believe that we are well-positioned to take advantage of the current market opportunity in government driven end-markets, by building key relationships which will position us for wider deployment as technologies are adopted at scale.

Our value proposition to customers comprises the following:

- **Serial Production:** Our new dedicated serial production facility in Munich, Germany, allows us to test and optimize production processes and quickly scale up production. Its size, layout and processes have been set up with a specific focus on scalable production which is adaptable to the dynamic developments expected from the laser communications market and the demand across distinct market verticals. Lean manufacturing principles drove the design of our new facility in Munich with component part flow, workstations, final assembly, and testing capabilities optimized for efficiency and high throughput production. It is designed to function as a sandbox (i.e., a testing environment) to establish production capabilities and allow us to ramp up our production as dictated by market demand.
- **Cost-efficiency / Affordability:** We aim to industrialize laser communication by focusing on cost-efficient solutions to decrease the costs of deploying laser communication for our customers and target markets. To this end, we seek to leverage proven industrialized processes and supply chain strategies from other industries, including the use of commercial off-the-shelf components originally developed and utilized by the automotive, medical device, telecommunication and other established industries. At the same time, we have decided to insource optics production such as our metal telescope. Telescopes are a key component of optical communication terminals but those qualified for operation in space and featuring the required performance typically come at significant costs. We utilize telescopes made from metal rather than the typical but more expensive materials used for space products. We have already insourced most production steps, including diamond-turning and magnetorheological finishing and we are expanding our capabilities, further allowing us to go from raw material to finished optical telescope entirely in-house at significantly reduced cost. In addition, we have developed an extensive parts qualification program to identify and select commercial off-the-shelf electronics components suitable for operation and withstanding the radiative environment in space. By advancing on the learning curve from singular prototype production to pre-serial production levels, we have already reduced our material costs per unit for our CONDOR terminals by around 80% compared to previous versions. We expect to be able to further reduce both material costs and assembly costs in connection with the commencement of serial production.
- **Reliability / Simplicity:** We conduct extensive testing of our products and components to eliminate faults early in the manufacturing process and to make the use of our products as reliable as possible. For example, we operate vibration tables to stress-test our products' resilience in different vibration environments and a moving hexapod test platform to emulate satellite or aircraft movements. Multiple thermal chambers are used to simulate varying temperatures typically encountered by our products when in operation and we utilize a thermal vacuum chamber to test the combined effects of varying temperatures with different pressures. In addition, we believe that the ability to simply integrate our products in target platforms is a key differentiator, which is why we continuously conduct outdoor tests and flight campaigns to optimize and gain insights into the usability of our products in typical real-world scenarios. For example, we have established a remote-controlled outdoor testbed and routinely operate terrestrial outdoor links subject to the influence of atmospheric effects. We also regularly conduct flight campaigns with different airframes such as ultra-lights and high-altitude long-endurance aircraft.
- **Standardization:** Unlike traditional key suppliers to the air and space industries, which historically focused on developing bespoke solutions for individual customers, we seek to offer standardized and modularized products suitable for a wide array of customers and applications. Our technology is designed to serve multiple use cases and potential markets, extending beyond government to commercial and industrial use. As the market for laser communication develops over the medium- to long-term, we believe our technology will be extensible across applications, domains, and target platforms. We actively support cross-vendor interoperability of laser communication systems and were the first company to successfully demonstrate implementation of SDA's optical-intersatellite links ("OISL") industry standard. Our own interoperability labs in Germany and the United States allow us to spearhead standardization efforts in the industry. These interoperability labs are equipped with link testbeds that allow data transmission testing over different (simulated) link distances while replicating various environmental effects typically encountered

in air and space. Our labs allow for testing of various parameters including motion, micro-vibration, acquisition, and point-ahead and associated effects thereby creating an environment to verify interoperability and allow cross-testing with other vendors.

## **Key Investment Highlights**

### ***Significant growth potential for laser communication in government and commercial markets***

We believe that the increasing need for fast, secure and ubiquitous network connectivity opens up significant growth potential for laser communication in the near to medium-term. Current demand for laser communication is predominantly driven by government needs, with the U.S. government spearheading the adoption of laser communication technology. U.S. allies and other governments are also evaluating new technologies as part of their national objectives to modernize their space capabilities. As privacy and security of military communication is a critical requirement for defense communications, governments seek to leverage the superior capabilities of laser communication to enable secure and stealth data exchange, battlefield connectivity as well as ISR data distribution. The U.S. government has invested significantly in research and development as well as deployment of laser communication and other technologies. MarketsandMarkets estimates that the military communications market, one of the fastest growing defense segments, is expected to account for approximately \$35.4 billion in spending by 2028 up from \$24.2 billion in 2023, with total global defense spending reaching more than \$2.8 trillion by 2028 from \$2.2 trillion in 2022 (based on our assumption of a compound annual growth rate of 2%, based on historical growth rates published by the Stockholm International Peace Research Institute).

While government funding is currently driving laser communication demand, we see increasing activity in the commercial market. In particular, we expect the space segment to grow, as space-enabled broadband connectivity has become central to businesses and individuals and the need to stay connected has spread to locations that cannot readily access existing terrestrial networks. To keep pace with growing demand from underserved regions and an increasing number of applications, network operators will need to look beyond terrestrial infrastructure. The inherent capabilities of laser communication technology can help network operators address these key challenges. According to investment manager ArkInvest, the satellite broadband market could generate \$84 billion in annual revenue over the next ten years. We believe that laser communication will enable aerospace-based constellations in the commercial market to serve cellular backhaul (e.g., 4G/5G/6G), automotive, infrastructure, maritime and consumer applications. For example, by establishing laser-enabled optical mesh networks through satellites in LEO or MEO, laser communication may enable such satellites to perform as virtual cell towers connecting various devices, such as ships, aircraft, cars, satellites, trains and even terrestrial cell towers that may be too difficult or costly to connect via existing terrestrial network connections, providing hundreds of kilometers of coverage radius per network node compared to only a few kilometers provided by terrestrial cell towers.

We believe that laser communication will eventually be attractive to a wide range of diversified markets across a number of industries. For example, we believe that laser communication will offer significant advantages for high quantity IoT connectivity involving significant volumes of devices and for private optical mesh networks and backbone connectivity for industries such as aviation. In addition, laser-enabled quantum key distribution (QKD) from space to on premise optical ground terminals may offer widely accessible data security.

### ***Multi-year government programs driving near-term adoption and technology validation***

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

The most prominent government projects currently deploying laser communication are the SDA's PWSA, a proposed multi-layered network of small satellite constellations primarily in LEO, and DARPA's Blackjack program, which aims to develop and validate the critical elements for a global high-speed network in LEO providing for highly connected and resilient coverage, both of which are part of the CJADC2:

- SDA's PWSA: The PWSA will be comprised of seven layers of satellite constellations each providing a unique capability. These layers will all be tied together by a so-called "transport layer," a low-latency data and communications proliferated "mesh network" of satellites (*i.e.*, a decentralized network comprising various wireless nodes with each node acting as a forwarding node to transfer the data) connected through OISLs. In addition to the transport layer, the PWSA will include a "tracking layer" comprised of sensor satellites to detect and track missiles, which also will use OISLs to connect to SDA's transport layer satellites. Laser communication is one of the most critical technologies the SDA is evaluating in connection with the PWSA, as OISLs are key to making LEO communication satellites useful. The constellation will be launched in "Tranches" starting with "Tranche 0." The Tranche 0 constellation is designed to serve as the prototype for a number of subsequent tranches. According to the SDA, Tranche 0 will consist of 20 transport layer satellites (whereby one satellite will remain on the ground to serve as a software testbed), and eight missile tracking layer satellites. On April 2, 2023, the SDA announced the successful initial launch of Tranche 0 of the PWSA

(with ten satellites), and on September 2, 2023, it announced the successful launch of a second batch of 13 PWSA Tranche 0 satellites, with the final, third group of four Tranche 0 tracking layer satellites scheduled to launch by the end of 2023. In March 2022, the SDA awarded Lockheed Martin, NG and York Space Systems with contracts for a total of 126 laser-linked satellites for the transport layer “Tranche 1” of its satellite constellation. Tranche 1 of the transport layer is expected to launch in late 2024. In July 2022, the SDA awarded L3Harris and NG with contracts for a total of 28 satellites equipped with OISLs for the Tranche 1 tracking layer, which is expected to launch in 2025. In August 2023, the SDA awarded NG and Lockheed Martin two prototype agreements with a total value of approximately \$1.5 billion to build and operate its “Tranche 2” transport layer – beta variant prototype constellation, consisting of 72 satellites. In December 2023, the SDA awarded Rocket Lab a prototype agreement with a total value of approximately \$515 million to build and operate its “Tranche 2” transport layer – beta variant prototype constellation, consisting of 18 satellites. Further, on October 30, 2023, the SDA announced awards to York Space Systems and NG of two prototype agreements with a total value of approximately \$1.3 billion to build and operate the “Tranche 2” transport layer-alpha variant prototype constellation, consisting of 100 satellites. In September 2023, the SDA solicited proposals for “Tranche 2” tracking layer vehicles. In October 2023, the SDA issued a request information and, in December 2023, a draft solicitation for “Tranche 2” transport layer gamma-variant space vehicles.

- DARPA’s Blackjack program: Much of the technology that the SDA needs for its constellations is being co-developed under DARPA’s Blackjack program. Blackjack seeks to incorporate and capitalize on commercial sector advances in LEO, including the design of LEO constellations intended for broadband internet service that are designed and manufactured with previously unavailable economies of scale. DARPA has awarded more than a dozen contracts to large defense contractors and start-up companies, each working on a different technology set. As part of Phase 2 of the Blackjack program, which is currently ongoing, DARPA plans to launch several “risk reduction” flights to test laser communication with government payloads in orbit and to demonstrate OISL interoperability with different hardware.

There are numerous additional government programs in the airborne market focusing on the development of connected systems and shared networks based on different communication technologies, including laser communication. These programs include, most notably, the U.S. military’s Advanced Battle Management System (“ABMS”), a military IoT being developed as one of the core elements of the CJADC2, which will enable the joint force to quickly collect, analyze and transmit data at machine speeds. The ABMS is designed to securely connect sensors, data, decision-makers and weapons across multiple domains and to enable ubiquitous connectivity and availability offering powerful capabilities for command and control. Further, SDA’s NEXt program, an experimental testbed that will demonstrate warfighter utility of emerging mission partner satellite payloads prior to potential incorporation in future tranches. The program will leverage the low latency data transfer and beyond line-of-sight command and control infrastructure established by the PWSA to field and connect additional space vehicles with different mission payload configurations. As another example, under Project Skyborg, the U.S. Air Force aims to develop a digital artificial intelligence architecture to support a family of low-cost, modular unmanned aerial vehicles (“UAVs”) that can communicate via a network shared with manned aircraft, enabling so-called Manned-Unmanned Teaming (MUM-T). In Europe, Airbus Defense and Space and its French partner Dassault Aviation are currently working on the Future Combat Air System (FCAS), a program aiming to develop a family of air systems connected by an advanced air combat cloud network. In the European summer of 2023, the so-called “Implementation Agreement” for the next FCAS phase (technology maturation) between the three states – Germany, France and Spain – was signed. This cloud network will be designed to deliver common situational awareness by instantaneously capturing, sharing, merging and processing large amounts of data from all connected core air vehicles and unmanned platforms. New programs are regularly introduced as the importance of information supremacy in the defense context and the reliance on data for civil purposes continues to grow.

We believe that these government programs, most of which are driven by the U.S. government, are crucial for the ongoing development and implementation of aerospace-based communication networks in general, and laser communication systems specifically. In addition, in March 2023, we were selected for three technology development projects related to quantum communication, which are part of the second phase of the QuNET initiative funded by Germany’s Federal Ministry of Education and Research. Our technology development will be co-funded with a total amount of up to €5.6 million between 2023 and 2025.

***Deeply engaged with customers in the government market through highly attractive contract awards within initial government programs***

While laser communication is in the early stages of development, we expect to benefit from our deep technical expertise and first mover advantage in industrializing laser communication technology, paving the way for large-scale deployment. As we are deeply engaged with pioneering customers, we believe that we are well-positioned in the government market with respect to both of our products, our CONDOR inter-satellite link terminal and HAWK airborne terminal.

Our most notable awards are as follows:

- In September 2020, in connection with the SDA’s PWSA, we were awarded the first part of a contract for the delivery of our CONDOR terminals to a customer for its work on Tranche 0. Initial delivery of equipment to this customer took place in first half of 2021.

- In October 2020, we were selected by Telesat to supply multiple units of our CONDOR terminals for Telesat's work on DARPA's Blackjack program. We delivered the terminals to Telesat's system integrator in the second half of 2022. As part of our engagement in the Blackjack program, we established the industry's first laser communication interoperability laboratory in Los Angeles that simulates conditions in space to test interoperability between different vendors' terminals.
- In late October 2021, we entered into the Strategic Agreement with NG under which we agreed to serve as a strategic supplier to NG and to exclusively develop and sell to NG customized laser communication solutions for use in or relating to space where the ultimate customer is a U.S. government customer.
- In March 2022, in connection with the Strategic Agreement with NG, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for Tranche 1 of the SDA's PWSA satellite constellation. The contract has an initial value of \$36 million and provides for performance-based payment milestones throughout 2022, 2023 and 2024. Our ability to generate additional revenue from the Strategic Agreement will depend on NG being awarded the relevant government contracts.
- In October 2022, we received an additional order from NG for 42 CONDOR terminals as part of the SDA's Tranche 1 tracking layer program.
- In September 2023, we announced that our CONDOR terminal had passed optical verification and phase 1 of interoperability tests in the context of the SDA's Tranche 1 program, confirming the product's compliance with the SDA's Optical Communications Terminal Standard.
- On January 9, 2023, we entered into a definitive agreement with a new, undisclosed U.S.-based customer for the delivery of CONDOR terminals. The agreement has a value of approximately \$24 million and provides for payment milestones in the first and second half of 2023.
- On May 2, 2023, we entered into a definitive agreement for the sale of CONDOR terminals with Loft Federal, a subsidiary of Loft Orbital. Loft Federal was selected to produce, deploy and operate SDA's NExT program and will use our terminals to support secure and reliable communication.
- On November 1, 2023, we entered into an additional definitive agreement with an undisclosed U.S.-based customer for the delivery of CONDOR terminals. The order has a value of around \$6 million and foresees payment milestones in the fourth quarter of 2023 and in 2024.
- On November 2, 2023, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 beta-variant transport layer program. The agreement has a value of approximately \$25 million and foresees payment milestones beginning in 2023, extending over 2024 to 2025.
- On November 29, 2023, we entered into a definitive agreement with an existing, undisclosed U.S.-based customer for the delivery of CONDOR terminals. The agreement has a value of approximately \$30 million and foresees payment milestones in late 2023, extending over 2024 to 2025.
- On December 13, 2023, we entered into an additional definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 alpha-variant transport layer program. The agreement has a value of approximately \$33 million and foresees payment milestones beginning in 2024 and continuing in 2025.
- On May 7, 2024, we were selected by Rocket Lab USA, Inc. to supply CONDOR terminals to the SDA's Tranche 2 beta-variant transport layer program. The order has an approximate value of \$15 million.

In 2021, 2022 and 2023, we were awarded additional contracts by different government agencies relating to the design, development, production and testing of initial demonstrators for end-to-end optical communication systems:

- In early December 2021, our co-led consortium UN:IO was selected by the European Commission for initial work on an independent European satellite network. Our initial work includes the development of a detailed technical concept for the proposed European constellation architecture.
- In late December 2021, we were selected to work on the architectural design of a next-generation optical communications terminal as part of phase 0 of DARPA's Space-BACN program. This program envisions an optical communications terminal that could be reconfigured to work with most of today's optical intersatellite link standards allowing seamless communication among government and private-sector proprietary satellites and satellite constellations.
- In February 2022, we were awarded a contract by the European Space Agency ("ESA") to analyze, design, build and test on a laboratory model an end-to-end optical communication system that can achieve data transmission speeds of up to 1 Terabit per second (Tbps).

- In August 2022, we were selected as a key development partner to create a benchtop model of a next-generation optical communications terminal as part of Phase 1 of DARPA's Space-BACN program.
- In March 2023, we were selected for three technology development projects related to quantum communication, which are part of the second phase of the QuNET initiative funded by Germany's Federal Ministry of Education and Research. Our technology development will be co-funded with a total amount of up to €5.6 million between 2023 and 2025.
- In August 2023, we were selected by the SDA to contribute to an optical ground terminal demonstration. The research and development programs' mission, slated for 2025, is to demonstrate the successful connection between various space-based optical communication terminals and an optical ground station designed by us.
- In January 2024, we were selected as a key development partner to create a benchtop model of a next-generation optical communications terminal as part of Phase 2 of DARPA's Space-BACN program.

With respect to our HAWK terminals, in July 2022, we agreed with L3Harris on a strategic cooperation framework pursuant to which we will serve as preferred provider of laser communication solutions to L3Harris and L3Harris, in return, was granted certain collaboration privileges, including our already established interoperability labs and testbeds to emulate the link environment to be expected in space on the ground. With this strategic framework, we and L3Harris seek to build on our existing collaboration in the airborne domain and widen the scope to cover all domains including space, air, maritime and ground. In November 2022, we delivered a set of multiple HAWK terminals for an initial test campaign to a new commercial U.S.-based energy customer. The terminals are intended to be utilized as part of disaster recovery missions where satellite or terrestrial communications infrastructure has been compromised. In addition, we delivered a small number of HAWK terminals to a U.S.-based government customer in 2022. Through this partnership, we believe that we are well-positioned to successfully introduce our HAWK terminal to certain customers in the U.S. government market.

In October 2021, we and H3 HATS GmbH ("H3 HATS") announced the successful start of a joint demonstration campaign to showcase laser communication capabilities for high-altitude long endurance aircraft using industrialized optical communications terminals. Initial flights of the campaign demonstrated key performance criteria of our HAWK terminal in pre-series production onboard one of H3 HATS' aircraft. Our partnership with H3 HATS provides for the expansion of HAWK's suitable mission envelope in upcoming flights and joint customer demonstrations going forward.

We believe that by our early traction with these contract awards within initial government programs in both the space and airborne markets, we will be poised to take advantage of future government initiatives in the U.S. and the other geographies in which we operate.

***Strong position in the commercial market, leveraging government track record***

While the initial development and implementation of aerospace-based communication networks in general, and laser communication systems specifically, are driven by government programs, in recent years large commercial companies have emerged seeking to build satellite mega-constellations for establishing alternative communication networks. For example, well-funded aerospace companies such as SpaceX, OneWeb, Telesat and Kuiper (Amazon) have committed substantial resources to deploying satellite mega-constellations, which are expected to be connected with each other through OISLs. SpaceX already has hundreds of Starlink satellites equipped with OISLs in orbit and has continued the global rollout of its Starlink satellite internet network throughout 2022 and 2023. OneWeb announced in March 2021 that its second generation of satellites will use OISLs for interconnection. In September 2023, OneWeb was acquired by Eutelsat S.A. with a focus on designing and launching its second-generation constellation. SpaceX and OneWeb combined are responsible for over 70% of small satellites launched to orbit in the years 2021 and 2022 creating significant momentum for satellite constellations. Canadian-based Telesat, an established satellite operator, and Kuiper (Amazon), have also announced that they are working on high-speed, low-latency broadband satellite networks in LEO. While a few of these companies may develop laser communication capabilities in-house, we believe that most will rely on third-party suppliers, such as us, capable of providing laser communication products that are affordable, scalable and interoperable. We regularly engage in discussions with key players in the market, whether or not they seek to rely on third-party merchant market suppliers, aiming to strengthen our network of potential industry partners. We believe that by establishing strong relationships with these market participants, we can develop significant potential for future partnerships or collaborations that will utilize our products or components.

As a result of our government track record, we have also been able to secure initial wins in the commercial market for space-based networks. For example, on January 24, 2023, we announced an order for a small number of CONDOR terminals by Japan-based Warpspace Inc. The terminals will be used by Warpspace Inc. to establish a commercial optical data relay network for Earth observation satellites. Product shipments are scheduled for 2025.

In November 2022, we delivered a set of multiple HAWK terminals for an initial test campaign to a new commercial U.S.-based energy customer. The terminals are intended to be utilized as part of disaster recovery missions where satellite or terrestrial communications infrastructure has been compromised.

Beyond communication, commercial constellation operators are targeting several additional applications, including Earth observation and IoT, which may result in a number of smaller companies seeking to provide data relay, secure storage or intelligence services in this market segment. We believe that laser communication is in the early phases of widespread use across commercial applications, and we believe we are well-positioned to serve this market.

### ***Industry leading production capabilities with flexibility to scale***

We believe that the ability to manufacture laser communication terminals at scale will be a key differentiator as laser communication proliferates. We have made significant investments in our manufacturing infrastructure and have demonstrated a proven ability to manufacture both our CONDOR and HAWK terminals. Our production facility in Oberpfaffenhofen, Germany, has state-of-the-art capabilities, which we believe provide an advantage versus our competitors. Our production facility is designed to function as a sandbox (i.e., a testing environment) to establish production capabilities and allow us to ramp up our production as dictated by market demand. Going forward, we expect to be able to increase production output targeting a per year production rate capacity of up to 2,000 units in the medium-term.

### ***Learning curve benefits driving continued cost reductions over time***

By realizing learning curve benefits as we have scaled from singular prototype production to pre-serial production, we have already reduced our material costs per unit for our CONDOR terminals by around 80% compared to previous versions. We expect to be able to further reduce both material costs and assembly costs in connection with the commencement of serial production. We believe that by focusing on cost-efficient solutions and by improving our superior production capabilities, we will be able to significantly decrease the costs of deploying laser communication for our customers and target markets. Similarly, with our decision to base our HAWK terminals on an increased amount of common components and software from our existing SPACE technology, we expect to create cost synergies in benefitting from similar production processes and a reduction of development and maintenance efforts.

### ***Dedicated management team with relevant industry expertise***

We are led by a dedicated senior management team with significant industry experience, including at SA Photonics (acquired by CACI International Inc.), Siemens and, in the case of our co-founder and Chief Technology Officer, at the DLR. In addition, we have assembled a world-class team of engineers and manufacturing experts who comprise our industry leading research and development team. As of December 31, 2023, we had 314.2 FTEs from over 49 nationalities, of which 157 were qualified engineers dedicated to research and development. We believe that the technological expertise and talent of our team allows us to industrialize and commercialize our technology and products, and that this team will provide us with a sustainable competitive advantage over time.

## **Our Operations**

Our laser communication technology and products are designed to provide the secure wireless backbone for connectivity to link satellites, aircraft, UAVs and high-altitude platform stations to the ground. We have introduced two distinct product families for laser-enabled communication in air and space, our CONDOR inter-satellite link flight terminal and our HAWK airborne flight terminal. We have a highly qualified research and development team committed to enhancing our current product portfolio and to developing our pipeline of new and complementary products. We manufacture our own products in our customized facility in southern Germany, which boasts state-of-the-art production capabilities. While we sourced the majority of the components for our products from third-party suppliers in the past, in 2021, we started to in-source important components such as the production of the metal telescope. Although some components are manufactured to our specifications, many of our components are commercial off-the-shelf and are available from multiple sources.

## **Our Products**

We have two principal product families: CONDOR, an optical inter-satellite link flight terminal providing for satellite-to-satellite communications in space, and HAWK, an airborne flight terminal providing for air-to-air and air-to-ground links of airborne vehicles. We have developed and delivered pre-serial production versions of each of these products to initial customers and are currently ramping up initial serial production. In addition to our space-based and airborne products, we developed demonstration prototypes of our ARMADILLO and RHINO ground terminals in 2017 and 2018, respectively, and have recently restarted related product development activities for our ground terminals as use cases and demand are emerging. Our ARMADILLO and RHINO ground terminals are designed to offer high-speed access points for air-to-ground and space-to-ground communication scenarios, respectively.

### Space Terminals

In our Space segment, we offer our CONDOR terminals which are designed to be attached to satellites in order to establish connections between satellites. Our CONDOR terminals designed for LEO provides the backbone for inter-satellite connectivity in LEO. It is capable of establishing links for inter-plane scenarios independent of satellite motion with coarse pointing assembly as well as intra-plane connections without coarse pointing assembly. Use cases for our CONDOR terminals include, among others, government and military secured communication, backbone connectivity for optical mesh networks for commercial satellite constellations and in-orbit optical relay links for surveillance and Earth observation satellites.

### Air Terminals

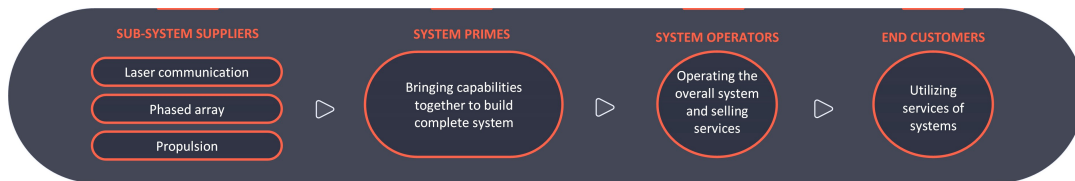
In our Air segment, we offer our HAWK terminal for air operations, which is designed to be installed on airborne vehicles and shall provide high-speed laser connections between aircraft, balloons, drones and other UAVs. Our HAWK terminal is designed for air-to-air and air-to-ground scenarios by using advanced sensor technology. Potential use cases include, among others, ultra-secure connectivity for intelligence, surveillance, and reconnaissance (ISR) missions of UAVs in defense theaters, the establishment of temporary or regionally limited optical mesh networks to provide broadband connectivity and general high-speed UAV connectivity for government and commercial applications. In 2023, we initiated a redesign process of our HAWK terminal and are developing the next-generation product based on our CONDOR technology. In this respect, we are currently undergoing an evaluation process to determine the needs of our customers.

### Ground Terminals

We design and build ground terminals offering high-speed access points for air-to-ground and space-to-ground communication scenarios. We previously sold both our ARMADILLO and RHINO prototypes to initial customers for testing and demonstration purposes. While over the last few years we have not actively promoted or marketed our ARMADILLO and RHINO ground terminals as much as our CONDOR and HAWK products, we have restarted related product development activities for our ground terminals as use cases and demand are emerging with a key focus on initially serving the government market. For example, in August 2023, we were selected by the SDA to contribute to an optical ground terminal demonstration. The research and development programs' mission, planned for 2025, is to demonstrate the successful connection between various space-based optical communication terminals and an optical ground station designed by us. As the market evolves, we believe that ground terminals will play a vital role in the further development and deployment of aerospace-based communication networks for both the government and commercial markets.

### Our Go-To-Market Strategy

We are a sub-system supplier in the aerospace-based communication industry providing products to system primes, such as aircraft and satellite manufacturers, and in certain cases to system operators. We aim to influence both the system primes who build the satellite constellations and the system operators who make the ultimate decisions to deploy laser terminals. The following graphic illustrates our position as sub-system supplier in the aerospace-based communication industry:



Currently, our largest market is North America, specifically the United States and Canada. We also focus on selling our products into select other countries across Europe, the United Kingdom, Japan, South Korea, Israel, India and Australia. Over time, we believe that additional potential markets may develop across the globe.

Due to the expected average lifetime of LEO and MEO satellites, we expect demand for space products to be subject to cyclical developments with significantly shorter replacement cycles for LEO and MEO satellites relative to GEO satellites. For our products in our Air segment, we are able to offer maintenance services, allowing us to generate recurring revenues from such services over the lifetime of the terminal.



### *Customer Acquisition*

We seek to generate sales leads and acquire new customers through our established relationships in the industry, direct sales efforts, trade show attendance, general marketing efforts and public relations. We generally aim to establish relationships with potential customers early in their decision-making processes through our participation in test or demonstration missions, as we believe that this will provide us early insights into customer needs and market developments.

We have a diverse network across the government market, including relationships with a number of system primes who contract with government agencies for the installation and integration of large space- and airborne-based communication systems. We believe that our government and commercial contract wins over the past few years and the successful demonstration of OISL interoperability in accordance with the SDA's industry standard will help us further deepen our network and enable us to engage in leading government projects aiming to develop and deploy laser communication networks.

We also seek to leverage our established government relationships to drive engagement with potential commercial customers. In the commercial market, we target companies aiming to establish smaller Earth observation and surveillance constellations for our CONDOR terminals. For our HAWK terminals, we focus on UAV and unmanned aircraft system builders who work with customers requiring significant data and increased bandwidth for their applications as well as on other markets for which the current HAWK terminal version serves as a satisfactory demonstration system of our product's capabilities. As in the government market, we also seek to establish and advance our relationships with system primes, which focus on integrating new technologies and products into vehicles manufactured by third parties, and with system integrators, which focus on equipping existing platforms with novel capabilities.

In addition to our direct sales and marketing activities, we have developed a global network of distributors for our airborne laser-based communication products. For example, for our HAWK terminal, we have distribution relationships in Australia, Israel and Japan and we are actively working to establish additional partnerships in other jurisdictions, such as India and South America.

### *Sales Cycle*

The typical sales cycle for our products in the government market includes a pre-sale process to define a potential customer's needs and budget. While certain customers may choose, or be required, to conduct an RfI or RfP process, allowing several companies to openly bid for the project, we focus on developing relationships with potential customers early in their decision-making processes, positioning us to avoid RfP processes where possible. In case of government space programs, we typically engage with potential customers in the form of a customer-initiated RfI process, which may take up to six months. During this phase our business development and sales teams provide the potential customer with preliminary information about our products' suitability in the context of the particular program. This phase is followed by an RfP campaign that includes further refinements of specific program requirements and generally results in an actual firm bid. Such bid is typically composed of, among others, unit volumes, prices, delivery times and payment milestones.

The sales process for our products for commercial applications depends on the individual customer and the size and structure of a project. Our sales team often engages in detailed discussions with potential customers to define the customer's needs and budget. Following these discussions, we typically either sign an MoU or a term sheet or directly negotiate long-form agreements. From time to time, in particular with respect to large, established customers, we may also be required to participate in RfI or RfP processes. As with sales in the government market, the entire commercial sales process may take from a few months to over a year.

If we are selected, we enter into negotiations and, if successful, typically receive a purchase order from the customer. Many purchase orders allow for or require phased delivery of products over several months or years, with payments being made following delivery or achievement of other milestones. Following acceptance of our bid, we move to the integration phase. During the integration phase our team engages closely with the customer to prepare frictionless integration of our products onto the customer's platform along a predefined milestone plan. This stage of the engagement may take up to a year. We often ship small quantities of our products to such customer for testing and demonstration campaigns that typically occur during this phase as the insights and documentation created during these milestones are critical for the program's success. Finally, once integration work is mostly concluded, we move to the product delivery phase that may stretch from as little as a few months to years depending on the scale of the customer program. Through our participation in these processes, we have developed an extensive library of materials and processes for responding effectively and efficiently in a timely manner. The entire sales process can take anywhere from a few months to over a year.

### *Customer Awards*

#### Government Market

Since 2021, we created a substantial track record in the government market.

- In May 2021, in connection with the SDA's PWSA, we successfully demonstrated the industry's first over-the-air transmission using an OISL terminal communicating with an independently built testbed, both of which are compliant with the SDA's OISL industry standard.
- In October 2021, we entered into the Strategic Agreement with NG under which we agreed to serve as a strategic supplier to NG and to exclusively develop and sell to NG customized laser communication solutions for use in or relating to space where the ultimate customer is a U.S. government customer.
- In March 2022, in connection with the Strategic Agreement, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for Tranche 1 of the SDA's PWSA satellite constellation. The Tranche 1 order has an initial value of \$36 million and provides for performance-based payment milestones throughout 2022, 2023 and 2024. Any milestone payments under the SDA Order will count towards the \$35 million revenue opportunity under our Strategic Agreement with NG, subject to such milestone payments actually being made. Our ability to generate additional revenue from the Strategic Agreement will depend on NG being awarded the relevant government contracts.
- In October 2022, we received an additional order from NG for 42 CONDOR terminals as part of the SDA's Tranche 1 tracking layer program. In September 2023, we announced that our CONDOR terminal had passed optical verification and phase 1 of interoperability tests in the context of the SDA's Tranche 1 program, confirming the product's compliance with the SDA's Optical Communications Terminal Standard.
- On January 9, 2023, we entered into a definitive agreement with a new, undisclosed U.S.-based customer for the delivery of CONDOR terminals. The agreement has a value of approximately \$24 million and provides for payment milestones in the first and second half of 2023; with product shipments commencing in 2024.
- On May 2, 2023, we entered into a definitive agreement for the sale of CONDOR terminals with Loft Federal, a subsidiary of Loft Orbital. Loft Federal was selected to produce, deploy and operate SDA's NEXt program and will use our terminals to support secure and reliable communication. CONDOR terminal shipments are commencing in 2024.
- On November 1, 2023, we entered into an additional definitive agreement with an undisclosed U.S.-based customer for the delivery of CONDOR terminals. The order has a value of around \$6 million and foresees payment milestones in the fourth quarter of 2023 and in 2024 and product shipments commencing in 2024.
- On November 2, 2023, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 beta-variant transport layer program. The agreement has a value of approximately \$25 million and foresees payment milestones beginning in 2023, extending over 2024 to 2025, with product shipments commencing in 2024.
- On November 29, 2023, we entered into a definitive agreement with an existing, undisclosed U.S.-based customer for the delivery of CONDOR terminals. The agreement has a value of approximately \$30 million and foresees payment milestones in late 2023, extending over 2024 to 2025, with product shipments commencing in 2024.
- On December 13, 2023, we entered into an additional definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 alpha-variant transport layer program. The agreement has a value of approximately \$33 million and foresees payment milestones beginning in 2024 and continuing in 2025, with product shipments commencing in 2024.
- On May 7, 2024, we were selected by Rocket Lab USA, Inc. to supply CONDOR terminals to the SDA's Tranche 2 beta-variant transport layer program. The order has an approximate value of \$15 million, with product shipments beginning in 2025 and continuing into 2026.

In 2021, 2022 and 2023, we were awarded additional contracts by different government agencies relating to the design, development, production and testing of initial demonstrators for end-to-end optical communication systems:

- In early December 2021, our co-led consortium UN:IO was selected by the European Commission for initial work on an independent European satellite network. Our initial work includes the development of a detailed technical concept for the proposed European constellation architecture.
- In late December 2021, we were selected to work on the architectural design of a next-generation optical communications terminal as part of phase 0 of DARPA's Space-BACN program. This program envisions an optical communications terminal that could be reconfigured to work with most of today's optical intersatellite link standards allowing seamless communication among government and private-sector proprietary satellites and satellite constellations.
- In February 2022, we were awarded a contract by the ESA to analyze, design, build and test on a laboratory model an end-to-end optical communication system that can achieve data transmission speeds of up to 1 Terabit per second (Tbps).

- In August 2022, we were selected as a key development partner to create a benchtop model of a next-generation optical communications terminal as part of Phase 1 of DARPA's Space-BACN program.
- In March 2023, we were selected for three technology development projects related to quantum communication, which are part of the second phase of the QuNET initiative funded by Germany's Federal Ministry of Education and Research. Our technology development will be co-funded with a total amount of up to €5.6 million between 2023 and 2025.
- In August 2023, we were selected by the SDA to contribute to an optical ground terminal demonstration. The research and development programs' mission, slated for 2025, is to demonstrate the successful connection between various space-based optical communication terminals and an optical ground station designed by us.
- In January 2024, we were selected as a key development partner to create a benchtop model of a next-generation optical communications terminal as part of Phase 2 of DARPA's Space-BACN program.

With respect to our HAWK terminals, in July 2022, we agreed with L3Harris on a strategic cooperation framework pursuant to which we will serve as preferred provider of laser communication solutions to L3Harris. In addition, we delivered a small number of HAWK terminals to a U.S.-based government customer in 2022. Through this partnership, we believe that we are well-positioned to successfully introduce our HAWK terminal to certain customers in the U.S. government market.

In October 2021, we and H3 HATS announced the successful start of a joint demonstration campaign to showcase laser communication capabilities for high-altitude long endurance aircraft using industrialized optical communications terminals. Initial flights of the campaign demonstrated key performance criteria of our HAWK terminal in pre-series production onboard one of H3 HATS' aircraft. Our partnership with H3 HATS provides for the expansion of HAWK's suitable mission envelope in upcoming flights and joint customer demonstrations going forward.

#### Commercial Market

As a result of our government track record and our first mover advantage, we have also been able to secure initial wins in the commercial market:

- *Capella Space:* In August 2021, we received a purchase order from Capella Space (which we previously announced as an undisclosed commercial customer), under which we will deliver up to 20 CONDOR terminals over a period of four years.
- *Undisclosed Customer:* In November 2022, we delivered a set of multiple HAWK terminals for an initial test campaign to a new commercial U.S.-based energy customer. The terminals are intended to be utilized as part of a disaster recovery missions where satellite or terrestrial communications infrastructure has been compromised.
- *Warpspace:* On January 24, 2023, we announced an order for a small number of CONDOR terminals by Japan-based Warpspace Inc. The terminals will be used by Warpspace Inc to establish a commercial optical data relay network for Earth observation satellites. Product shipments are scheduled for 2025.

#### *Strategic Agreement with Northrop Grumman*

On October 31, 2021, we entered into the Strategic Agreement with Northrop Grumman (NG) setting forth the terms for a strategic collaboration primarily in the space arena. We and NG signed the Strategic Agreement based upon a shared interest in accelerating the growth, development, adoption and innovation of laser communication solutions primarily for aerospace and defense applications, including air, space, ground, maritime, and undersea with a near-term emphasis on the space arena for the U.S. government's needs and missions. Under the Strategic Agreement, we serve as a strategic supplier to NG, granting NG assured and preferred access and pricing to our products and services.

As part of the Strategic Agreement, we have agreed with NG to exclusively develop and sell to NG customized laser communication solutions for use in or relating to space where the ultimate customer is a U.S. government customer. The Strategic Agreement does not restrict our ability to develop or sell customized products in any other market segment or to sell our off-the-shelf products to any customer.

Under the Strategic Agreement, NG has agreed to provide us with an annual minimum awards opportunity to sell and provide to NG customized products or off-the-shelf products and/or related services. Over the term of the Strategic Agreement, the cumulative annual awards opportunity will amount to at least \$35 million.

The Strategic Agreement has a term of five years. We are entitled to terminate the Strategic Agreement under certain circumstances, including if NG fails to offer us the relevant minimum annual awards opportunity in a given year. NG is entitled to terminate the Strategic Agreement if we fail to perform our obligations under the Strategic Agreement subject to a cure period or if there has occurred any material adverse change to our capabilities or other attributes that would impact our reputation or ability to perform under the Strategic Agreement. We

may not assign the Strategic Agreement without NG's prior consent. In case of a change of control, NG is entitled to terminate the Strategic Agreement.

In connection with the Strategic Agreement, we entered into a definitive agreement with NG in March 2022 for the delivery of CONDOR terminals for Tranche 1 of the SDA's PWSA satellite constellation. The agreement has an initial value of \$36 million and provides for performance-based payment milestones throughout 2022, 2023 and 2024, with product shipments in 2024. Any milestone payments under the SDA Order will count towards the \$35 million revenue opportunity under our Strategic Agreement with NG, subject to such milestone payments actually being made. In October 2022, we received another order from NG for 42 CONDOR terminals as part of the SDA's Tranche 1 tracking layer program. We expect to deliver our CONDOR terminals to NG in 2024, with deployment expected to take place in 2025. In addition, in November 2023, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 beta-variant transport layer program. The agreement has a value of approximately \$25 million and foresees payment milestones beginning in 2023, extending over 2024 to 2025, with product shipments in 2024. In December 2023, we entered into an additional definitive agreement with NG for the delivery of CONDOR terminals for the SDA's Tranche 2 alpha-variant transport layer program. The agreement has a value of approximately \$33 million and foresees payment milestones beginning in 2024 and continuing in 2025, with product shipments in 2024. Our ability to generate additional revenue from the Strategic Agreement will depend on NG being awarded the relevant government contracts.

#### *Strategic Cooperation Framework with L3Harris*

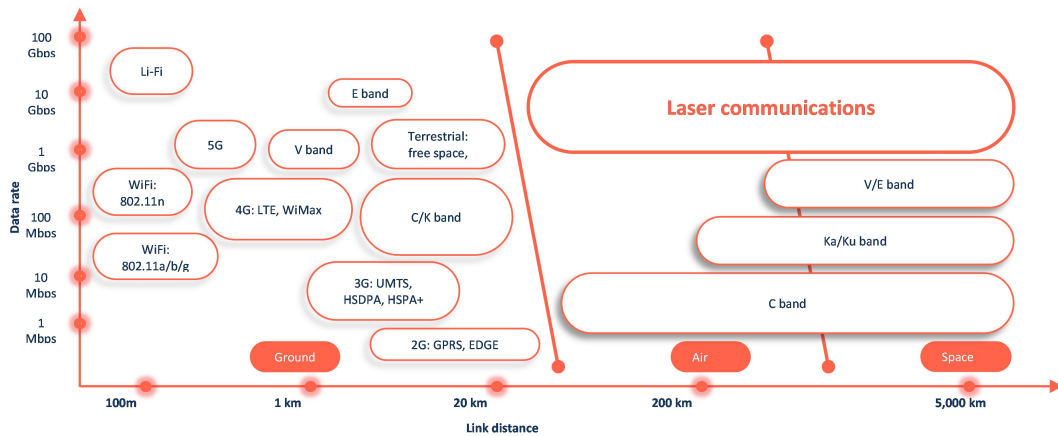
On July 5, 2022, we agreed with L3Harris on a strategic cooperation framework. Under the cooperation framework, we agreed to serve as preferred provider of laser communication solutions to L3Harris. In return, we granted L3Harris certain collaboration privileges such as access to select test capabilities, including our already established interoperability labs and testbeds to emulate the link environment to be expected in space on the ground. With this strategic framework, we and L3Harris seek to build on our existing collaboration in the airborne domain and widen the scope to cover all domains including space, air, maritime and ground. In connection with the strategic cooperation framework, L3Harris invested €11.2 million by means of a capital increase from authorized capital in exchange for 409,294 new ordinary shares of the Company.

#### ***Our Technology***

Laser communication is a highly attractive broadband technology providing for fast, secure and reliable data transmission. Due to the nature of the laser and the small divergence angle of the transmitter, detecting and intercepting laser beams is difficult, making laser communication more secure than existing RF-based wireless systems. In contrast, RF waves are characterized by a much wider beam divergence, and in certain cases even spread spherically, which opens up a broader area for the detection, interception, manipulation, theft and interruption of data. The secure nature of laser communication is key for governments and commercial players seeking to deploy laser communication as part of the next generation of satellite constellations.

While a narrow laser beam is advantageous for thwarting detection, interception and exploitation, it requires higher precision in aligning sending and receiving stations compared to RF technologies. Accordingly, when used in connection with moving objects such as aircraft and satellites, the laser beam needs to be continuously retraced and repositioned between the moving platforms. The alignment mechanism we have developed for our CONDOR and HAWK terminals overcomes this challenge by utilizing two stages of steerable mirrors for the coarse and fine pointing mechanism, respectively. Our laser-based communication system utilizes an accurately steered infrared laser beam at a wavelength of approximately 1550 nanometers to transmit data wirelessly and allows for superior performance parameters compared to competing RF-based communication systems (i.e., systems utilizing radio frequencies in the electromagnetic spectrum bands).

The graphic below illustrates the technological benefits of laser communication compared to existing RF-based communication technologies in terms of distance, data and bandwidth:



### Research & Development and Engineering

Research & development is critical to our business strategy. We believe we have developed strong in-house capabilities in product design, engineering, testing and quality assurance, covering the entire research and development process from conception to completion. We are committed to investing in a robust research and development program to enhance our current product portfolio and to develop our pipeline of new and complementary products.

Our research & development activities were initially based on a license granted to us by the DLR under a cooperation and licensing agreement entered into in 2013. Under this agreement, the DLR granted us a non-exclusive, non-assignable and non-sublicensable limited license for two of DLR’s patents, a software program and know-how related to ground and flight terminals for optics-free communication. In a subsequent amendment, we were granted an exclusive license for certain applications, which include ground-based optical communications, air-based optical communications and ground-air communications. We pay annual license fees under our agreement with the DLR. The agreement will terminate on December 31, 2027. Given the rapid technological developments in our industry and the limited extent of our current reliance on this license, we do not expect that we will need this license for development of our products going forward and accordingly we currently do not intend to seek an extension of this agreement beyond its termination date.

We also collaborate with research institutes for the development and manufacture of certain optical components and products. For example, in cooperation with a German technology research institute, we have developed a metal telescope primarily for use in our CONDOR terminal that allows us to significantly reduce costs compared to alternative components. While we have already insourced most production steps for production of the metal telescope, including diamond-turning and magnetorheological finishing, we seek to expand our capabilities, further allowing us to go from raw material to finished optical telescope entirely in-house. For our HAWK terminals, we have been working on the development of an ultra-sensitive photo diode in cooperation with a French research institute, which is designed to convert fast optical pulses into corresponding electrical signals for optical measurement. Through its superior sensitivity capabilities, our photo diode will allow us to use more standardized versions of other optical components in our products, reducing overall system complexity and cost. We expect to be able to implement this ultra-sensitive photo diode into our HAWK terminals in the near-term. Additionally, by leveraging “commercial off-the-shelf” components developed in the telecommunication industry, we seek to further develop techniques to increase optical bandwidth in a cost-efficient manner, which will allow us to significantly decrease the “cost per bit” over time.

As part of our research and development activities, we have developed significant in-house testing capabilities for our products. For example, we have established a micro-vibration link testbed, which simulates the operational use of our products in air and space (e.g., vibrations during satellite or aircraft operations) while also allowing us to conduct interoperability tests with other vendors. We installed our first micro-vibration link testbed in our research and development facility and have recently completed installation of a second testbed for our interoperability laboratory in Los Angeles. In addition to our micro-vibration testbed, we use a vibration and shock testbed that simulates heavy vibrations and shocks experienced during rocket launch and aircraft landing and turbulences. We also conduct data transmission tests, in which we simulate different (simulated) link distances, acquisition tests (which include far-field simulations of the laser beam) and scenario and full motion testing (which allows us to replicate certain flight conditions in our labs). Additionally, we have installed clean room facilities which include a thermal-vacuum chamber that simulates various temperature and pressure gradients and thermal chambers which are required for temperature shock simulations. We also perform radiation tests, including the exposure of our electronics to harmful radiation to be expected in space, which we do not conduct in-house.

On July 13, 2023, for the second time, we were awarded the honor “Best Submitted Idea” in the SME/Scale-up category at the INNOspace Masters Highlight Conference hosted by the German Space Agency of the DLR. The award recognizes pioneers and innovative ideas to advance the next generation of space technology.

Our research and development team consists of in-house staff, including engineers, machinists and researchers as well as quality and manufacturing personnel. Our research and development team conceptualizes technologies and then builds and tests prototypes before refining and/or redesigning as necessary. Our goal is to develop standardized, cost-effective laser communication products and to build tools and testbeds for handover to serial production. As of December 31, 2023, we had 157 FTEs dedicated to research and development.

We have made substantial investments in product and technology development since our inception. Research and development expenditure totaled €21,572 thousand in 2023 compared to €18,986 thousand in 2022 and €20,675 thousand in 2021, of which €0 thousand, €967 thousand and €2,845 thousand, respectively, were capitalized. For more information on the capitalization of development costs under IFRS, see “Item 5. Operating and Financial Review and Prospects—Key Factors Affecting Our Results of Operations.” We conduct the majority of our research and development activities at our facility in Gilching, Germany. We believe that the close interaction between our research and development, marketing and manufacturing groups allows for timely and effective realization of our technology and products.

At the end of the third quarter 2023, based on customer feedback and market requirements as well as strategic reasons, we decided to initiate a re-design process with respect to our HAWK terminal. We continue to believe in the significant potential in the airborne market and have therefore decided to design the next generation of our HAWK terminals based on an adapted version of our core SPACE technology used in our CONDOR terminals. This would allow us to benefit from similar production processes and reduce development and maintenance efforts for both our SPACE and AIR technologies. In the short term, we plan to only produce a limited number of HAWK terminals (based on our AIR technology) in 2024 and 2025. As a result, we recognized an impairment loss on our AIR technology in the amount of €3,308 thousand and wrote it down to a residual amount of €0, as the technology is no longer expected to be used internally and is not reasonably saleable.

### ***Manufacturing and Supply Chain***

We have developed highly sophisticated and proprietary manufacturing capabilities in recent years. Initially, we manufactured the prototypes and pre-serial production versions of our CONDOR and HAWK terminals at our site in Gilching, Germany. In 2020, we leased a larger, customized production facility in Oberpfaffenhofen, near Munich. Our facility in Oberpfaffenhofen has approximately 1,600 square meters (approximately 17,200 square feet) of production, assembly, testing, quality assurance and warehouse space and we currently employ around 18.0 FTEs in the production of our laser terminals in this facility. In 2023, in preparation for future growth, we decided to re-locate our facilities to Munich and to sublease a substantial part of our production facility in Gilching, Germany, to third parties. The lease for our new facility in Munich has a term of ten years following handover (which took place in October 2023). Our facility in Munich has approximately 11,000 square meters (approximately 120,000 square feet) of office space, production and development facilities. For more information, see “—Facilities.” We are currently ramping up serial production targeting a per year production rate capacity of up to 2,000 units in the medium term. Going forward, we may be required to install additional production equipment as we further scale our business.

We work with third-party suppliers to provide components used in our products and we expect to continue to do so for future products. Although some components are manufactured to our specifications (such as certain optical or electronic components), most components are available commercially-off-the-shelf. In order to mitigate the risks related to a single-source of supply, we always seek to have at least two qualified suppliers for every component. We forecast our component needs based on current utilization patterns and sales forecasts of future demand. We generally do not maintain long-term contracts with suppliers, but instead rely on informal arrangements and off-the-shelf purchases based on purchase orders. As we expand our business, we may seek to enter into master supply agreements with certain suppliers to ensure continuous supply of critical components for our products.

We believe that our manufacturing capabilities and know-how provide significant barriers to entry, and we have demonstrated an ability to manufacture efficient and effective laser communication products at attractive prices. We believe that customers view our manufacturing capabilities as differentiated in the market.

In November 2023, we announced we experienced a delay in the production and delivery of CONDOR terminals, which was initially scheduled to start in the fourth quarter of 2023. Volume production and shipments of these units was started in the first quarter of 2024 with further ramps of production to occur throughout 2024. The delay in production of our CONDOR terminals resulted in a backlog in our inventories, which also increased significantly as part of the ramp up of our serial production.

### **Our Competitive Landscape**

To our knowledge, currently only a limited number of companies focus on the development of laser communication capabilities in the aerospace industry. As the market evolves, we expect to see additional competitors such as SpaceX or potentially Amazon enter the market or

attempt to develop laser communication capabilities in-house. Positive market development notwithstanding we do not expect the number of competitors to grow significantly considering the technological complexity of our underlying technology.

Our main direct competitors include, among others:

- *TESAT Spacecom*, an Airbus subsidiary headquartered in Germany, specializing in the production of payload equipment for communication satellites;
- *SA Photonics*, a subsidiary of CACI International Inc. headquartered in California, USA, specializing in free space optical communications, fiber lasers and optical sensing systems;
- *Skyloom*, a telecommunications company headquartered in Colorado, USA, specializing in the development and deployment of a portfolio of proprietary laser communication solutions to enhance space-based communications for LEO satellite constellations
- *Thales Alenia Space*, a joint venture between Thales and Leonardo headquartered in France, that designs, operates and delivers satellite-based systems that help customers position and connect;
- *Ball Aerospace*, a Ball Corporation subsidiary headquartered in Colorado, USA, specializing in the development and testing of terrestrial-based applications for laser technology;
- *General Atomics Electromagnetic Systems*, an affiliate of General Atomics, that designs and builds complex payloads, optical communication terminals and integrated support systems; and
- *SpaceMicro*: a San Diego-based supplier of space electronics and satellite components in which Voyager Space acquired a majority stake.

We believe that we are differentiated based on our know-how and expertise in ramping up serial production and supply chains, whereas our competitors have historically focused on developing bespoke, non-scalable solutions for individual projects. We believe that customers are seeking more standardized and industrialized solutions that provide the requisite technical capabilities without the additional costs associated with bespoke products and with the capability to ramp up production quickly. We also believe we are the only company offering laser communication terminal products for all altitudes of aerospace applications ranging from the ground, aviation airspace and the stratosphere up to LEO.

### **Information Technology**

We primarily use several commercially-available software programs for our business operations along with our own proprietary software and applications in connection with operating our products. We seek to control costs and improve our ability to deliver our products by maintaining reliable systems.

We engage in a variety of measures designed to address potential cybersecurity risks. Our efforts include firewalls, antivirus software, patches, data encryption, log monitors, routine backups and routine password modifications. Notwithstanding these efforts, our internal information technology systems environment continues to evolve and our business policies and internal security controls may not keep pace as new threats emerge.

### **Intellectual Property**

Protection of our intellectual property is fundamental to the long-term success of our business. We believe that our continued success depends in large part on our proprietary technology, the skills of our employees and the ability of our employees to continue to innovate and incorporate advances into our products. We rely exclusively on a combination of trade secret, copyright and trademark laws, as well as contractual provisions with employees and third parties, to establish and protect our intellectual property rights. While our expertise in laser communication technology is critical to our success, we typically keep our inventions as trade secrets to avoid public disclosure.

We do not own any patents and do not have any patent applications pending. We have non-exclusive licenses from third parties for the use of certain components in our products. For example, we entered into a license agreement with a German technology research institute in September 2020 under which we were granted a limited, non-exclusive license to manufacture certain optical components based on the know-how and the intellectual property of the institute. The license agreement has a term until December 31, 2034. We agreed to pay royalties based on costs of product sales. Upon expiry of the license agreement, we will be permitted to use such know-how and intellectual property freely without any further obligation to pay royalties.

We own six trademarks and 51 internet domain names. We provide our products to customers pursuant to terms and conditions that impose restrictions on use and disclosure of our proprietary and confidential information. We also seek to avoid disclosure of our intellectual

property using contractual obligations, by requiring employees, consultants and contractors with access to our proprietary information to execute nondisclosure, non-competition and intellectual property assignment agreements. In addition, we generally control access to our proprietary and confidential information through the use of internal and external controls. See “Item 3. Key Information—D. Risk Factors—Legal and Tax Risks—We may be unable to adequately protect our intellectual property and proprietary rights and prevent others from making unauthorized use of our products and technology.”

## Insurance Coverage

We have insurance policies in place that we consider customary for our industry, including general liability insurance, product liability insurance, transportation insurance, and loss of property and earnings insurance. We believe that our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider the scope of our insurance coverage to be customary in our industry.

## Facilities

We currently lease all of our real property and do not own any real property.

<u>Location</u>	<u>Usage</u>	<u>Approximate size</u>	<u>Lease term</u>	<u>Year lease term expires</u>
Bertha-Kipfmüller-Str. 2-8 81249 Munich Germany	Headquarter, office space, production and development facilities	11,000 square meters / 120,000 square feet	10 years <sup>(1)</sup>	2033 <sup>(1)</sup>
Dornierstraße 19 82205 Gilching, Germany	Office space	1,600 square meters/ 17,200 square feet	10 years	2029
13100 Yukon Ave Unit A Hawthorne California 90250 United States of America	Office space, production and development facilities (such as our interoperability laboratory)	1,800 square meters / 20,000 square feet	5.5 years (66 months)	2027
Arlington Tower, 1300 North 17th Street, Arlington, Virginia 22209 United States of America	Office space	260 square meters / 2,800 square feet	4 years	2025 <sup>(2)</sup>

(1) Handover took place in October 2023. For purposes of adapting the facility to our needs, we will pay to the landlord an additional fee of €1.1 million following payment of the first month’s rent. In addition, we have an option to extend our lease for an additional five year term.

(2) We have the option to extend our lease for an additional three years.

## Legal Proceedings

From time to time, we may be involved in various claims and government, legal or arbitration proceedings arising out of our operations, including ordinary course litigation with former employees. The following description includes information on material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during at least the twelve months prior to the date of this Annual Report:

In July 2020, the German Federal Ministry for Economic Affairs and Climate Action (*Bundesministerium für Wirtschaft und Klimaschutz*, “BMWK”) prohibited the export of laser communication terminals for installation on LEO satellites to customers in China based on Section 6 in conjunction with Section 4 para. 1 of the German Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*, “AWG”). The ban was issued on the grounds of essential security interests of the Federal Republic of Germany, in order to prevent a disturbance of the peaceful coexistence of nations and to prevent a substantial disturbance to the foreign relations of the Federal Republic of Germany (Section 4 para 1 no. 1, 2 and 3 AWG), as our laser communication terminals would have a potential use in the fields of military reconnaissance and communication. To comply with the ban, in 2020 we terminated all business relationships with customers in China. While we currently do not intend to pursue any business opportunities in China or with Chinese customers, we have challenged the export ban with a lawsuit before the Administrative Court of Berlin with a view to seeking compensation for losses we suffered as a result of the export ban. In a court hearing on October 26, 2022, our action was dismissed. In connection with our withdrawal from the Chinese market due to the export ban to customers in China, we terminated all business relationships with customers in China. By letter dated July 2023, a former Chinese customer asserted a repayment claim in the amount of €495,000 plus default interest and ancillary costs in connection with our termination of their contract. We responded in a letter dated August



2023 that we do not see a basis for this claim under the contract with the former customer. However, on December 22, 2023, our former Chinese customer filed a claim in arbitration court.

On February 17, 2020, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, “BaFin”) initiated an investigation against us on the grounds of the alleged omission of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para. 1 MAR. On January 14, 2020, we had announced, by means of a press release published on our website, that we had entered into a new multi-million Euro contract with a space customer. During the ongoing investigation, BaFin argued that the conclusion of a contract of such dimensions would have fallen under the ad hoc disclosure obligation of Article 17 para. 1 MAR, and that the publication on our website did not satisfy this obligation. On March 16, 2020, as requested, we provided BaFin with additional information about the contract and the negotiations leading up to it as well as our explanation as to why we did not file an ad hoc disclosure in this case. On November 13, 2020, BaFin informed us that notwithstanding the additional information we provided, it still upholds its view of an existing infringement of the ad hoc disclosure obligation. BaFin has now entered the process of investigating the alleged omission of an ad hoc disclosure as an administrative offence (*Ordnungswidrigkeit*). On October 11, 2022, we received a further letter from BaFin, in which BaFin stated that based on its investigation and prior written responses provided by us, BaFin was of the preliminary view that we had at least objectively violated the ad hoc disclosure obligation of Article 17 para. 1 MAR. We submitted a further written response to the BaFin on November 16, 2022. On March 20, 2023, BaFin imposed an administrative fine amounting to €150,000 on us in this matter. The administrative fine order is final and binding.

On August 17, 2021, we received a notification of a hearing from the BaFin, which initiated an investigation against us on the grounds of the alleged delay of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para. 1 MAR relating to the capital increase in connection with an accelerated book building transaction in February 2020. We submitted a written response to the BaFin on September 17, 2021. By letter dated March 1, 2022, the BaFin informed us that it does not follow our argumentation but that it decided to refrain from pursuing the matter further for reasons of expediency.

On November 25, 2021, we received a notification of a hearing from the BaFin, which initiated an investigation against us on the grounds of the alleged delay of an ad hoc disclosure under the ad hoc disclosure obligation of Article 17 para. 1 MAR relating to the announcement of our initial public offering in the U.S., which was published in April 2021. We submitted a written response to the BaFin on January 10, 2022. By letter dated April 20, 2023, BaFin informed us that they will no longer pursue this matter.

In 2020, Airborne Wireless Network (“ABWN”), a former customer, filed a complaint in the Superior Court of the State of California against Mynaric Lasercom GmbH under a contract relating to the delivery of two prototype versions of laser terminals for airborne applications. In its complaint, ABWN alleged breach of contract due to alleged quality issues with respect to the two terminals delivered by us in 2018 and sought damages in an unspecified amount. The terminals were accidentally damaged in the course of delivery and we repaired one terminal and replaced the second terminal with a new one. On April 20, 2021, we participated in settlement negotiations with ABWN, which did not result in any resolution. Court proceedings were scheduled to begin in March 2022. On March 8, 2022, the competent court granted our motion for summary judgment against ABWN. On March 28, 2022, the court ordered that judgment shall be entered in our favor and dismissed ABWN’s claim with prejudice.

Apart from the proceedings described above, we are not and have not been party to any government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the past twelve months, which may have, or have had in the recent past, significant effects on our financial position or profitability.

## **Regulatory Environment**

### **Overview**

We are subject to a wide variety of laws and regulations relating to various aspects of our business, including with respect to our technology and products, employment and labor, health care, tax, privacy and data security, health and safety, and environmental issues. Laws and regulations at the non-U.S. and U.S. federal, state and local levels frequently change, especially in relation to new and emerging industries, and we cannot always reasonably predict the impact from, or the ultimate cost of compliance with, current or future regulatory or administrative changes. For example, as of the date of this Annual Report, laser communication is not regulated by the United Nations’ International Telecommunication Union and can, thus, be used without restrictions such as license requirements. There is, however, no guarantee that relevant laws, rules and regulations remain unchanged and will not become more comprehensive and stringent in the future. If we fail to comply with any applicable laws, rules, or regulations, we may be subject to civil liability, administrative orders, fines or even criminal sanctions. See “Item 3. Key Information—D. Risk Factors—Regulatory Risks” and “Item 3. Key Information—D. Risk Factors—Legal and Tax Risks.”

The following provides a brief overview of certain selected areas of laws and regulations applicable to our business operations.

## ***Laser Safety Provisions***

We develop and test our technology and products in our production facilities, and are currently ramping up serial production of our products in our production facility in Oberpfaffenhofen and Munich, Germany. In developing and manufacturing our products, we must comply with applicable German and European Union laws and regulations on laser safety requirements. For example, Directive 2006/25/EC of the European Parliament and of the Council of 5 April 2006 (as amended) sets forth minimum requirements for the protection of workers from risks to their health and safety arising or likely to arise from exposure to artificial optical radiation (including laser radiation) during their work in the European Union. In Germany, this directive was implemented by the Regulation for Employee Protection Against Artificial Optical Radiation Risks (*Verordnung zum Schutz der Beschäftigten vor Gefährdungen durch künstliche optische Strahlung*) and the Regulation on Preventive Occupational Medicine (*Verordnung zur arbeitsmedizinischen Vorsorge*). Among other things, these regulations provide for technical rules related to the assessment of laser radiation risks for employees, measurements and calculations related to laser radiation exposure, and risk protection measures that include the appointment of a laser safety officer (*Laserschutzbeauftragter*) and the use of laser protective glasses and screens.

In addition, the U.S. Food and Drug Administration (“FDA”) has issued performance standards (see 21 CFR 1040) regulating light-emitting electronic products, including all types of laser products. Laser products are defined as any manufactured product or assemblage of components which constitutes, incorporates, or is intended to incorporate a laser or laser system. A laser or laser system that is intended for use as a component of an electronic product shall itself be considered a laser product (see 21 CFR 1040.10(b)(21)). Prior to introducing a product in the United States, we provide notice to the FDA, in the form of a safety report, which provides identification information and operating characteristics of the product to demonstrate compliance with the respective U.S. safety level. Our CONDOR and HAWK laser terminals are both categorized as laser class IV. If the FDA should find that the report is complete, it would provide us approval in the form of what is known as an accession number. We may not market a product until we have received an accession number. In addition, we submit an annual report to the FDA that includes, among other things, the radiation safety history of all products we sell in the United States. We have provided the FDA with all relevant documentation and obtained the necessary accession numbers for both of our laser terminals.

## ***Regulation of Production Facilities and Storage Sites***

### ***Emissions***

Specific laws and regulations govern the emission of air pollutants, such as noise, odors, and vibrations. Typically, the operation of industrial facilities is subject to governmental approval and operators of such facilities are required to prevent any form of impermissible emissions. Operators of facilities are required to maintain all installations in compliance with the respective governmental approval in terms of the reduction of certain emissions and the implementation of safety measures. In some cases, continuous improvement or retrofitting of installations to maintain facilities at state-of-the-art safety level standards may be required. Compliance with these requirements is monitored by local authorities, and operators may be required to submit emission reports on a regular basis. Noncompliance with maximum emission levels or other requirements imposed by the relevant authority may result in administrative fines, subsequent orders or, in severe cases, the withdrawal of the approval by the relevant authority.

### ***Regulation of Hazardous Incidents***

Operators of facilities storing large quantities of hazardous goods, which include, among other things, certain glues, lubricants, varnishes, and nitrogen, are required to comply with safety standards set forth in Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances (the “Seveso III Directive”) and the respective national implementing laws. As the former Council Directive 96/82/EC of 9 December 1996 on the control of major-accident hazards involving dangerous substances, the provisions of the Seveso III Directive are designed to prevent major accidents involving dangerous substances, such as emissions, fires, and larger explosions and to limit detrimental consequences in the event of an accident. The degree of additional safety requirements depends on various categories as well as the amount of hazardous substances stored in the relevant facility.

In Germany, the Seveso III Directive was implemented on December 7, 2016, with the Seveso III Transposition Act (*Seveso III Umsetzungsgesetz*) which includes, among others, the amendment of certain provisions of the German Federal Immission Control Act (*Bundesimmissionsschutzgesetz*), the Environmental Impact Assessment Act (*Umweltverträglichkeitsprüfungsgesetz*), and the Environmental Legal Remedies Act (*Umweltrechtsbehelfgesetz*). Additional legislative changes came into force on January 14, 2017 with the amendment of the twelfth ordinance under the German Federal Emissions Control Act (the so-called German Hazardous Incidents Ordinance, *Störfall-Verordnung*).

### *Production, Possession, and Handling of Waste*

During our manufacturing process we generate different kinds of waste, including industrial waste. Applicable waste laws generally require us to reduce and/or avoid waste and to dispose of the different types of waste in a manner consistent with its properties so it does not endanger human health or harm the environment. In the European Union, Directive 2008/98/EC of the European Parliament and of the Council of November 19, 2008 on waste, as amended (Waste Framework Directive), requires European Union member states to take appropriate measures in this regard. In Germany, the Waste Management Act (*Kreislaufwirtschaftsgesetz*) transports these European Union requirements into national law. Under the Waste Management Act, generators, owners, collectors, and transporters of waste have to demonstrate to the competent authority and to other parties that they have properly disposed of hazardous waste (*gefährliche Abfälle*) by waste disposal (*Entsorgungsnachweis*). Besides, the Waste Management Act contains regulations on, among other factors, permissible methods of, and responsibility for, the generation, handling, possession, and discharge as well as recycling methods of waste depending on the danger posed by the waste.

### *German Act on Environmental Liability*

If damage is caused to persons or property by one of our facilities, we may be held strictly liable under the German Environmental Liability Act (*Umwelthaftungsgesetz*). Liability under the Environmental Liability Act may arise for damages caused by substances or gases that spread through soil, air, or water. Under the statute, there is a presumption that any damage has been caused by a facility if the facility is generally capable of causing such damage. Should any of our facilities be subject to the German Hazardous Incidents Ordinance (*Störfall-Verordnung*) in the future, we may be required to provide financial security (*Deckungsvorsorge*) for environmental damages.

### *German Occupational Health and Safety Requirements*

In Germany, general health and safety requirements for employees are laid down by the Working Conditions Act (*Arbeitsschutzgesetz*), the Occupational Safety Act (*Arbeitssicherheitsgesetz*) and the Ordinance on Industrial Safety (*Betriebssicherheitsverordnung*). For the provision and use of working equipment, the Product Safety Act (*Produktsicherheitsgesetz*) applies, along with the Ordinance on Health and Safety at Work (*Arbeitsstättenverordnung*). As regards exposure to hazardous substances, the Ordinance on Hazardous Substances (*Gefahrstoffverordnung*) and the Technical Rules for Hazardous Substances 900 (*Technische Regel für Gefahrstoffe 900*) set out limits for workplaces. All these requirements are further specified by German trade associations (*Berufsgenossenschaften*) in their accident prevention regulations (*Unfallverhütungsvorschriften*), which also address specific health and safety risks of our business.

Compliance with employment safety regulations is subject to regulatory supervision. The law enforcement authorities are provided with wide-ranging enforcement powers including the right to enter a company's premises, to search for documents, and to examine work and personal health equipment. They are also authorized to impose fines.

### **Export Control Regime**

European Union, German and U.S. export control laws restrict the export of products, services, and technologies designed for non-military purposes, but which are utilized in military applications or can contribute to the proliferation of weapons of mass destruction ("Dual-Use Items"). Some of our products qualify as Dual-Use Items.

### *European Union and German Dual-Use Export Control Regime*

In the European Union, the export of Dual-Use Items from European Union member states is harmonized and mainly governed by European law, in particular by Council Regulation (EC) No 428/2009 of 5 May 2009, as amended, which established a community regime for the control of exports and the transfer, brokering and transit of Dual-Use Items (the "Dual-Use Regulation"). The scope of the Dual-Use Regulation is defined in an annex to the Dual-Use Regulation ("Annex I"), which contains a detailed list of goods divided into different categories. For all listed Dual-Use Items, an export authorization is required (Art. 3 Dual-Use Regulation). Our spaceborne CONDOR laser communication terminal qualifies as a Dual-Use Item under the Dual-Use Regulation. In May 2021, the European Parliament and the Council of the European Union adopted Regulation (EU) 2021/821, as amended, which amends the Dual-Use Regulation and which came into effect on September 9, 2021. The amendment includes an export authorization requirement for the export of certain non-listed surveillance technology should the competent member states' authorities consider that the items are or may be used in whole or in part in connection with internal repression and human rights and international humanitarian law violations.

The Dual-Use Regulation provides for four types of export authorizations: (i) European Union general export authorizations (EU-Allgemeingenehmigungen; "EUGEAs"), which allow exports of Dual-Use Items to certain destinations under certain conditions (see Annex II of the Regulation), (ii) national general export authorizations, which may be issued by European Union member states if they are consistent with existing EUGEAs and do not refer to items listed in Annex IIg of the Dual-Use Regulation, (iii) individual export authorizations, which

can be granted to one exporter and cover exports of one or more Dual-Use Items to one end-user or consignee in a third country, and (iv) maximum amount authorizations, which can be granted to one exporter and may cover multiple items to multiple countries of destination or end users. Under the Dual-Use Regulation, the competent authorities of each member state are responsible for establishing their own administrative procedures for applying and obtaining such export authorizations.

General export authorizations (“GEA”) have the advantage that no authorization application needs to be filed; exports and intra-European Union transfers that satisfy the requirements of a general export authorization are automatically authorized. Exporters or transferors wishing to make use of a general export authorization are, however, required to file a notification and registration with the competent authority of the respective member state, which can also be filed after the exportation. The scope of application of the general export authorization is primarily determined by the authorized group of items and the authorized destinations. For example, exports to Australia, Canada, Japan, New Zealand, Norway, Switzerland (including Liechtenstein), the United Kingdom, and the United States of America are covered by GEA EU001. The other five GEAs cover more specific circumstances such as exports of items according to the Wassenaar Agreement (EU002), exports after repair or replacement (EU003), temporary exports for exhibitions or fairs (EU004), exports of specific telecommunication goods (EU005), and exports of specific chemicals (EU006).

In Germany, the administrative procedure to obtain an export authorization is governed by the AWV, which also defines the German Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle; “BAFA”) as the competent authority for issuing such authorization. In addition to control lists set out under the Dual-Use Regulation, European Union member states may also set out their own lists of controlled Dual-Use Items. Germany, for instance, has done so by including additional Dual-Use Items on its national export list (Ausfuhrliste) that are not already covered by the Dual-Use Regulation (e.g., spaceborne laser communication terminals under no. 9A904), if they are to be exported to certain countries. Goods listed on Germany’s national export list are subject to the same license requirements as described above. Exports of our CONDOR terminals require a license from BAFA if the exportation is not covered by the European Union’s general exportation authorization.

#### *U.S. Export Regulations*

The U.S. Export Administration Regulations (“EAR”) provide for specific rules governing exportations from the U.S., re-exportations from a foreign country to another foreign country, and transfers within a foreign country or to a foreign national if the respective item is located within U.S. territory, originate from the U.S., contains more than de minimis amounts of controlled U.S.-origin items or is the direct product of certain U.S.-origin technology or software. The EAR applies to physical goods as well as technology and software. The Commerce Control List (“CCL”) is an annex to the EAR and contains a list of Dual-Use Items and any controls associated with those items. Since the regulatory intention of the EAR is similar to that of the Dual-Use Regulation, the CCL and Annex I of the Dual-Use Regulation are congruent. Our CONDOR laser terminal and HAWK laser terminal are subject to the EAR and identified on the CCL. Items listed on the CCL may require an export license depending on the item, its reason for control, its end destination (both end user and end country) and end use. In some cases, a license exception may apply. The EAR’s rules regarding license requirements are subject to frequent change. Items that do not currently require a license for exportation, re-exportation or transfer may require such license in the future. Obtaining a license from the U.S. Department of Commerce may be time-consuming and may result in the delay or loss of sales opportunities. We cannot ensure that any such license applications will be granted. Violations of the EAR may result in criminal or civil penalties, the denial of export privileges and/or debarment from participation in U.S. government contracts.

#### *U.S. International Traffic in Arms Regulations (ITAR)*

The ITAR is a U.S. regulatory regime to restrict and control the export of defense- and military-related technologies, to safeguard U.S. national security, and further U.S. foreign policy objectives. Defense-related goods and services that are listed on the United States Munitions List (the “USML”) are covered by the regulations. The U.S. Department of State’s Directorate of Defense Trade Controls (“DDTC”) interprets and enforces the ITAR. Nearly every item subject to the ITAR requires a license from DDTC for exportation, re-exportation or transfer, unless an ITAR exemption applies.

Currently, our largest potential customer base is located in the United States. We believe that further potential markets may develop in Asia (except China) and a number of European countries. Therefore, our products could be subject to international trade restrictions in these markets in the future. To the best of our knowledge, none of the components currently used in our products is subject to arms control regulations in the U.S., such as the ITAR; but, this may occur in the future. The related approval process could have a detrimental effect on our potential customers’ demand and could also limit our potential customer base to those entities that are allowed to import and purchase arms products under the relevant regulations.

For practical purposes, ITAR regulations dictate that information and material pertaining to defense- and military-related technologies (items listed on the USML) may not be shared with non-U.S. persons unless authorization from the U.S. Department of State is received or a

special exemption is used. U.S. persons may face heavy fines if they, without authorization or the use of an exemption, provide foreign persons with access to ITAR-protected defense goods, services, or technical data.

### ***Trade Sanctions***

When selling and/or delivering our products to customers around the globe we must observe economic sanctions and embargoes. Such measures can be based on national legislation (like in Germany or the U.S.), but also on acts of international or supranational organizations like the United Nations and the European Union. They can take the form of comprehensive embargoes (total embargoes), partial embargoes, such as arms, sectoral or financial embargoes, and may be directed at countries, governments, organizations, groups, non-state entities and individuals. Sanctions against individuals or entities usually prohibit placing assets of any kind at the disposal of sanctioned parties or providing them with any economic resources. We are also subject to sourcing regulations such as the requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 as amended by Commission Delegated Regulation (EU) 2020/1588 of 25 June 2020, setting forth supply chain due diligence obligations for European Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (European Union Conflict Minerals Regulation) that require us to carefully monitor our supply chain.

We may be required to comply with embargoes, trade sanctions and sourcing regulations for various reasons, including due to the location of our factories, the seat of our respective entity, the nationality of our responsible employees or the components we use.

### ***U.S. Embargoes and Trade Sanctions***

In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") is the primary agency responsible for implementing and enforcing embargoes and trade sanctions. Through the implementation of trade sanctions, the U.S. seeks to restrict certain business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities, in order to further U.S. national security and foreign policy objectives. The U.S.'s complex sanctions regime also encourages companies to implement compliance programs that address sanctions risks, which may increase compliance costs. Violations of U.S. sanctions may subject us to criminal or civil fines, penalties or other sanctions.

U.S. sanctions may take the form of country- or territory-based sanctions or list-based sanctions. Currently, country- or territory-based sanctions target, inter alia, the Crimea region of Ukraine, the so-called "Donetsk People's Republic" and "Luhansk People's Republic," Russia, Cuba, Iran, North Korea and Syria. OFAC maintains several sanctions lists that identify sanctions targets, and the scope of the sanctions' restrictions vary depending on the sanctions list. OFAC's primary sanctions list is the List of Specially Designated Nationals and Blocked Persons, which identifies persons and entities subject to asset blocking restrictions. Certain other OFAC sanctions lists impose non-asset blocking sanctions, such as restrictions on the listed entity's ability to raise debt or equity in the U.S. in the case of OFAC's Sectoral Sanctions Identification List that targets certain sectors of the Russian economy.

U.S. sanctions apply primarily to U.S. persons, which include all companies and other legal entities organized under U.S. law and their foreign branches, as well as U.S. citizens and permanent residents. In the case of U.S. sanctions against Cuba and Iran, sanctions also apply to non-U.S. entities owned or controlled by U.S. persons. Our operations in the U.S. and any activities we have with U.S. persons must therefore comply with U.S. sanctions. In addition, we may also be subject to sanctions-related obligations through contracts with suppliers, credit facilities or loan agreements that require compliance with U.S. sanctions or screening against U.S. sanctions lists.

U.S. sanctions may also have an extraterritorial effect and impact the conduct of non-U.S. persons through so-called "secondary sanctions." Under secondary sanctions, the United States may impose sanctions against non-U.S. persons for engaging in certain transactions or activities, depending on the sanctions program, even absent a U.S. nexus to the activity. For example, as a result of the Countering America's Adversaries Through Sanctions Act of 2017, non-U.S. persons must comply with certain secondary sanctions against Russia, even if such activities have no connection to the United States. Among other things, non-U.S. persons may face penalties and/or asset-blocking sanctions for knowingly facilitating significant transactions or significant financial transactions for or on behalf of a party subject to the United States sanctions against Russia.

Further, non-U.S. persons and entities that cause a U.S. person to violate U.S. sanctions may violate OFAC's prohibition on causing another person to violate sanctions, which may result in civil and criminal penalties under applicable U.S. law. Accordingly, transacting with customers in countries such as Cuba may be allowed under European Union law but still violate U.S. sanctions. In case of such conflicts between European Union law and U.S. sanctions, the Council Regulation (EC) No 2271/96 of 22 November 1996 protecting against the effects of the extraterritorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom, as amended, prohibits European Union companies from complying with certain listed U.S. sanctions and shields these entities from the effects of U.S. sanctions in the European Union. Such anti-boycott rules apply, for example, to the 2018 U.S. sanctions targeting Iran. European Union companies are, nonetheless, free to conduct their business as they see fit, i.e., not trade with countries sanctioned by the U.S.

### *European Union Embargoes and Trade Sanctions*

European Union trade sanctions have a broad scope, applying (i) within the territory of the member states, (ii) to any person inside or outside the territory of the European Union who is a national of a member state, (iii) to any legal person, entity or body which is incorporated or constituted under the law of a member state whether acting inside or outside the European Union, and (iv) to any legal person, entity, or body in respect of any business done in whole or in part within the European Union.

Our commitments in terms of sanctions and embargoes mainly (but not exclusively) derive from Council Regulation (EC) No 2580/2001 of 27 December 2001, as amended, on specific restrictive measures directed against certain persons and entities with a view to combating terrorism. It aims to prevent and prohibit the financing of terrorist acts by prohibiting that funds, other financial assets, and economic resources are made available, directly or indirectly, to, or for the benefit of, a natural or legal person, group, or entity included in the list of restricted parties, or by prohibiting financial or other related services from being rendered for the benefit of restricted parties.

### ***German Foreign Investment Regime***

German foreign trade law may require foreign investors to obtain government approval for the acquisition of our shares if the acquirer directly or indirectly holds 20% or more of our voting rights following the acquisition. Pursuant to the cross-sectoral examination in Section 55 et seq. AWV, the BMWK may prohibit or restrict the acquisition of our shares by a foreign investor that is resident or based outside the European Union (Unionsfremder) if it endangers the public order or the security of Germany.

Additionally, statutory notification requirements apply, inter alia, to direct and indirect acquisitions by a foreign acquirer of 20% or more of the voting rights of a company that develops or manufactures, among other things, goods intended for use in space or for use in space infrastructure systems (Section 55a para. 1 no. 18 third alternative AWV) as well as goods specifically required for the operation of laser communication networks (Section 55a para. 1 no. 22 AWV), including us.

Accordingly, any such acquisition must be notified to the BMWK upon signing of a binding agreement or public takeover offer. However, only the signing of the binding agreement is subject to the notification requirement, not the subsequent acquisition itself (closing). Nonetheless, clearance by the BMWK qualifies as a statutory closing condition for all transactions that are subject to the cross-sectoral investment control proceeding and to the mandatory notification requirement. Furthermore, prior to clearance by the BMWK, the regime prohibits the acquirer, among other things, from exercising any voting rights in the target, and from receiving company related information (provided that such information relates to company divisions or corporate assets that are subject to the investment control proceeding).

Upon receipt of a notification, the BMWK can clear the transaction pursuant to Section 58a para. 1 AWV (in case of mandatory filings) or, alternatively, issue a clearance certificate pursuant to Section 58 para. 1 AWV (in case of voluntary filings). In both cases, clearance is deemed to have been granted within two months from receipt of the notification (phase 1) if the BMWK has not cleared the transaction or initiated formal review proceedings. If the BMWK initiates formal review proceedings (phase 2), it has four months after having received the complete set of information required for the formal review proceedings, to decide pursuant to Section 59 AWV whether to clear the transaction, to prohibit the transaction or either to issue orders to ensure public order and security of the Federal Republic of Germany. The aforementioned statutory review periods of two months (phase 1) respectively four months (phase 2) may be extended or suspended under certain circumstances.

In addition, the BMWK may initiate investigations on its own after becoming aware of the conclusion of a binding agreement, but not later than five years after the conclusion of the respective agreement (Section 55 para. 1 AWV in conjunction with Section 14a para. 3 AWG). If grounds for objections exist, the BMWK may prohibit the direct acquirer from making an acquisition within the meaning of Section 55 AWV within four months of the receipt of the complete application or issue instructions in order to ensure the public order or the security of Germany (Section 59 para. 1 AWV in conjunction with Section 14a para. 1 No. 2 AWG).

In each case, a foreign acquirer of a domestic target company applying for foreign investment control clearance under the cross-sectoral investment control regime is required to disclose its identity. For such purposes, not only the direct acquirer, but also the indirect acquirers (i.e., any entity upstream of a direct acquirer which holds at least 20% of the voting rights in the respective downstream investment vehicle) needs to be disclosed.

### ***Anti-Bribery, Anti-Corruption, Antitrust and Competition***

We are subject to various anti-corruption, anti-bribery, anti-money laundering, antitrust and competition laws. Any violation of these laws in any jurisdiction in which we operate may have serious consequences for entities and/or individuals participating in such misconduct. For example, under German criminal law we must comply with the rules against corruption and bribery of public officials (Sections 332, 334 of the German Criminal Code (*Strafgesetzbuch*)) or private sector employees or business representatives (Section 299 of the German Criminal Code) as well as rules against the taking and giving of bribes meant as an incentive to violating one's official duties (Sections 331, 333 of the

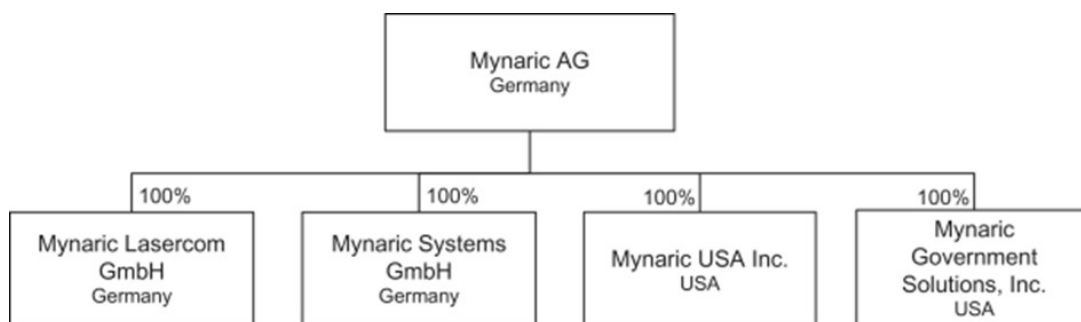
German Criminal Code). These provisions may under certain conditions also apply to circumstances that occur solely or partly on foreign territory. In the United States, the Foreign Corrupt Practices Act of 1977, as amended (“FCPA”) prohibits payments to foreign government officials in order to assist in obtaining or retaining business. The anti-bribery provisions of the FCPA also apply to foreign firms and persons who cause, directly or through agents, an act in furtherance of such a corrupt payment to take place within the territory of the United States.

We are also subject to various antitrust and competition laws. In a broader sense these laws include all legal provisions that concern the protection of a diverse and free competition. National and supranational authorities that monitor compliance with antitrust and competition laws may initiate investigations and proceedings into alleged infringements, such as abuse of a dominant market position, anti-competitive agreements between undertakings or similar agreements with restrictive effects on competition, in particular in terms of Article 101 para. 1 of the Treaty on the Functioning of the European Union and Section 1 of the German Act Against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*), and unless covered by so-called block exemptions or individual exemptions. Violations of antitrust and competition laws can have various consequences including criminal sanctions, administrative fines, disgorgement of profits, exclusion from public tenders, nullity of agreements and civil claims for damages. Antitrust and competition laws in individual jurisdictions may also include rules requiring the approval by antitrust authorities regarding mergers and acquisitions or joint ventures and enable the authorities to impose certain conditions or obligations in these cases.

**C. Organizational Structure**

Our subsidiaries, each of which is wholly owned by Mynaric AG, are Mynaric Lasercom GmbH (a company organized under the laws of Germany), Mynaric Systems GmbH (a company organized under the laws of Germany), Mynaric USA, Inc. (a company organized under the laws of Delaware) and Mynaric Government Solutions, Inc. (a company organized under the laws of Virginia).

The following chart shows our organizational structure and our direct and indirect subsidiaries as of the date of this Annual Report.



In July 2022, Mynaric AG entered into a joint venture agreement with Isar Aerospace Technologies GmbH, REFLEX aerospace GmbH, and SES Astra Services Europe S.à r.l. and established UNIO Enterprise GmbH, with corporate seat in Munich and a share capital of €29,410. Mynaric AG currently holds 21.25% in UNIO Enterprise GmbH.

**D. Property, Plant and Equipment**

See “B. Business Overview—Facilities” in this Item 4.

**ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following discussion and analysis should be read in conjunction with the information included under “Item 4. Information on the Company” and “Item 18. Financial Statements”. The following discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in “Item 3. Key Information—D. Risk Factors.” Actual results could differ materially from those contained in any forward-looking statements.

Our consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

### **Overview**

We believe we are a leading developer and manufacturer (in terms of production capacity) of advanced laser communication technology for aerospace-based communication networks in government and commercial markets. Laser communication networks provide connectivity from the sky, allowing for high data rates and secure, long-distance data transmission between moving objects for wireless space- and airborne-based as well as terrestrial applications. Our technology and products are designed to provide the secure wireless backbone for connectivity to link satellites, high-altitude platforms, unmanned aerial vehicles and aircraft with potential future use on ships, mobility platforms and fixed locations on the ground. For more information on our business, see “Item 4. Information on the Company—B. Business Overview.”

### **Key Factors Affecting Our Results of Operations**

We believe that the factors discussed below have significantly affected our results of operations, financial position and cash flow in the historical periods for which financial information is presented in this Annual Report, and that these factors will continue to have a material effect on our results of operations, financial position and cash flow in the future.

### ***Development of the Laser Communication Market***

Our ability to successfully develop and commercialize our laser communication products depends on the willingness of potential customers to invest in the development of constellations in the context of aerospace-based communication networks. Over the past decade, the laser communication market has started to take shape, driven by rapid technological developments in the space industry, particularly the advent of smaller, lower-cost satellites. While governments remains a critical driver for further expansion of global space activities, a number of well-funded technology companies have developed formidable commercial space-based communication capabilities. At the same time, as private sector space capabilities increase, governments have begun to realize the value of the private commercial space industry and have become increasingly supportive and reliant on private companies to catalyze innovation and advance national space objectives. The combination of increased access to capital, economies of scale, and open innovation models has driven rapid growth in the commercial space market in recent years.

Current demand for laser communication is predominantly driven by government needs, with the U.S. government spearheading the adoption of laser communication technology. U.S. allies and other governments are also evaluating new technologies as part of their national objectives to modernize their space capabilities. Accordingly, governments around the world in general, and the U.S. government in particular, have invested significantly in research and development as well as deployment of laser communication and other technologies with a view to developing the critical elements for connected systems and shared networks providing for highly connected and resilient coverage from the air and/or sky (e.g., constellations of infrared missile warning and missile tracking satellites, military IoT). For more information on these government programs, see “Item 4. Information on the Company—B. Business Overview—Key Investment Highlights—Multi-year government programs driving near-term adoption and technology validation.” The escalation of geopolitical tensions (such as the invasion of Ukraine by Russia or the hostilities between Israel and the Hamas) has further fueled the need for advanced capabilities to withstand and react to new threat scenarios, driving the recent increase in defense-related spending in the U.S. and Europe.

While government funding is currently the driving force and catalyst for laser communication, we believe that laser communication is in the early phases of widespread use across commercial applications. In recent years, large commercial companies have emerged seeking to build satellite mega-constellations, in particular for establishing alternative communication networks. Beyond communication, commercial constellation operators are targeting several additional applications, including Earth observation and IoT, which may result in a number of smaller companies seeking to provide data relay, secure storage or intelligence services in this market segment. As such, we believe that our business is well-positioned to benefit not only from the successful demonstration and deployment of laser communication technology in the governmental sector, but also from potential future large-scale deployment in the commercial and diversified markets.



### ***Regulatory Environment and Government Regulation***

We are subject to a wide variety of laws and regulations relating to various aspects of our business, including complex and evolving export control laws as well as economic sanctions laws promulgated by the United States, Germany and the European Union. Export control and economic sanctions laws may include prohibitions on the sale or supply of certain products to embargoed or sanctioned countries and regions, governments, persons and entities. For example, in July 2020, the German government prohibited a shipment of our CONDOR terminals to a customer in China based on the German Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*). The ban was issued on the grounds of essential security interests, in order to prevent a disturbance of the peaceful coexistence of nations and to prevent a substantial disturbance of Germany's foreign relations, as the CONDOR terminals would have a potential use in the fields of military reconnaissance and communication. To comply with the ban, in 2020, we terminated all business relationships with customers in China, as a result of which we suffered significant losses in revenue. Following this decision, in 2020, the German government categorized laser communication network products as dual-use goods. See "Item 3. Key Information—D. Risk Factors—Regulatory Risks—We are subject to regulatory risks, in particular related to evolving sanctions laws as well as governmental export controls, in a number of jurisdictions that could limit our customer base and result in higher compliance costs."

In addition to such export controls laws and regulations, various countries regulate the importation of certain products, through import permitting and licensing requirements. We are also subject to international trade restrictions in certain of our markets, which may impact the sale and delivery of our products going forward.

### ***Commercialization of our Technology and Serial Production***

To further drive commercialization of our technology and ramp-up serial production, we must complete the ongoing expansion of our production and development facilities, purchase and integrate related equipment, and achieve several research and development milestones. In 2020, we leased a production facility in Oberpfaffenhofen, Germany, requiring substantial installation of manufacturing equipment; a first expansion phase was completed in 2021. We also made investments in our laboratory and testing equipment, including our micro-vibration link testbed and clean room facilities. We also have incurred, and expect to continue to incur, significant costs in connection with the expansion of our facility in Los Angeles, where we recently installed the industry's first laser communication interoperability lab. In preparation for future growth, we have decided to further expand our facilities from 2023 onwards. To this end, we signed a lease agreement for a new location in Munich which offers approximately 11,000 square meters (approximately 120,000 square feet) of office space, production and development facilities. Handover of this new facility took place in October 2023.

In addition, we need to further improve our production processes, the manufacturability of our products, our production yield and costs and the stability of our supply chain. These factors, among others, impact our ability to produce our products at increasing quantities and are crucial to achieve our intended production targets, execute on our optical communications terminal backlog and be able to serve additional customers. To this extent, we plan to continue to expand our team with qualified production personnel and invest in our capabilities, technologies and products.

Going forward, we will require additional capital to continue the ramp up of our serial production capabilities, targeting a per year production rate capacity of up to 2,000 units in the medium-term. Until we can generate sufficient cash-flow from customer contracts, we expect to finance our operations through a combination of existing cash, possible additional public equity offerings, debt financings, collaborations, and licensing arrangements. The amount and timing of our future funding requirements will depend on many factors, including the pace and results of our further development efforts.

### **Customer Demand**

We have received significant interest in our technology and products from a wide array of different potential customers, including, among others, government agencies, aerospace companies and private satellite providers. Within the value chain for the government aerospace-based communication industry, we are a sub-system supplier for system primes such as aircraft and satellite manufacturers that are prime contractors for the U.S. government. In the commercial market, we primarily contract with companies aiming to establish smaller Earth observation and surveillance constellations for our CONDOR terminals. In this context, we also enter into strategic partnership agreements with certain key customers for the further development of our products.

Besides some initial orders and customer deliveries in 2022, we received an order from NG relating to Tranche 1 of the SDA's PWSA satellite constellation. NG's order has an initial value of \$36 million and provides for performance-based payment milestones throughout 2022, 2023 and 2024; product shipments are commencing in 2024. The order follows the Strategic Agreement that we had entered into with NG in October 2021, under which we agreed to serve as a strategic supplier to NG and to exclusively develop and sell customized laser communication solutions for use in or relating to space to NG where the ultimate customer is a U.S. government customer. For more information on the Strategic Agreement and the March 2022 agreement, see "Item 4 Information on the Company—B. Business Overview—Our Operations—Our

Go-To-Market Strategy—Strategic Agreement with Northrop Grumman.” In October 2022, we received an additional order from NG for 42 CONDOR terminals as part of the SDA’s Tranche 1 tracking layer program.

In July 2022, we agreed with L3Harris on a strategic cooperation framework pursuant to which we will serve as preferred provider of laser communication solutions to L3Harris and L3Harris, in return, was granted certain collaboration privileges. In connection therewith, L3Harris invested €11.2 million by means of a capital increase from authorized capital in exchange for 409,294 new ordinary shares. With this strategic cooperation framework, we and L3Harris seek to build on our existing collaboration in the airborne domain and widen the scope to cover all domains including space, air, maritime and ground.

In particular in 2023 and early 2024, our products gathered further traction:

- In November 2023, we entered into an additional definitive agreement with an undisclosed U.S.-based customer for the delivery of CONDOR terminals. The order has a value of around \$6 million and foresees payment milestones in the fourth quarter of 2023 and in 2024, with product shipments commencing in 2024.
- In November 2023, we entered into a definitive agreement with NG for the delivery of CONDOR terminals for the SDA’s Tranche 2 beta-variant transport layer program. The agreement has a value of approximately \$25 million and foresees payment milestones beginning in 2023, extending over 2024 to 2025, with product shipments commencing in 2024.
- Also, in November 2023, we entered into a definitive agreement with an existing, undisclosed U.S.-based customer for the delivery of CONDOR terminals with an approximate value of \$30 million. The agreement foresees payment milestones in late 2023, extending over 2024 to 2025, with product shipments commencing in 2024.
- In December 2023, we entered into an additional definitive agreement with NG for the delivery of CONDOR terminals for the SDA’s Tranche 2 alpha-variant transport layer program. The agreement has a value of approximately \$33 million and foresees payment milestones beginning in 2024 and continuing in 2025, with product shipments commencing in 2024.
- In May 2024, we were selected by Rocket Lab USA, Inc. to supply CONDOR terminals to the SDA’s Tranche 2 beta-variant transport layer program. The order has an approximate value of \$15 million, with product shipments beginning in 2025 and continuing into 2026.

In 2023, we were awarded additional contracts by different government agencies relating to the design, development, production and testing of initial demonstrators for end-to-end optical communication systems. For more information on these additional contracts, see “Item 4 Information on the Company—B. Business Overview—Key Investment Highlights—Deeply engaged with customers in the government market through highly attractive contract awards within initial government programs.”

Driven by these initial customer wins, our optical communications terminal backlog and cash-in from customers grew significantly year-over-year. The table below provides an overview of cash-in from customer contracts and optical communications terminal backlog for the periods presented:

	As of and for the year ended December 31,		
	2023	2022 (unaudited)	2021
Cash-in from customer contracts (in € thousand)	49,196	18,307 <sup>(1)</sup> <sup>(2)</sup>	3,887 <sup>(2)</sup>
Optical communications terminal backlog (in units)	794	256	40 <sup>(3)</sup>

- (1) Does not include approximately €11 million invoiced in December 2022 and paid by our customers in early 2023.
- (2) In September / October 2022, Electro Optic Systems Holdings Ltd., the parent company of SpaceLink, announced that it would end its investment in U.S.-based satellite optical data-relay constellation startup SpaceLink due to the lack of an investment partner, thereby preparing SpaceLink for liquidation. While SpaceLink made several milestone payments throughout 2021 and 2022, it defaulted on its obligations in October 2022 as a result of which we decided to terminate our contract with SpaceLink with immediate effect in November 2022. The milestone payments made by SpaceLink, which are included in cash-in from customer contracts for the relevant periods, amounted to €549 thousand in the year ended December 31, 2022 and €1,813 thousand in the year ended December 31, 2021.
- (3) As we only terminated our contract with SpaceLink in November 2022, backlog as of December 31, 2021 included 30 SpaceLink units. As of December 31, 2022, the backlog no longer included any SpaceLink units. Without the SpaceLink units, backlog as of December 31, 2021 would have amounted to ten units.

Optical communications terminal backlog represents the quantity of all open optical communications terminal deliverables in the context of signed customer programs at the end of a reporting period. Optical communications terminals are defined as the individual devices responsible for pointing the laser beam and capable of establishing a singular optical link each. The optical communications terminal backlog includes (i) optical communications terminal deliverables related to customer purchase orders; and (ii) optical communications terminal deliverables in the context of other signed agreements. Backlog is calculated as the order backlog at the beginning of a reporting period plus the order intake within the reporting period minus terminal deliveries recognized as revenue within the reporting period and as adjusted for canceled, changed and adjusted orders. If there are multiple options for deliveries under a particular purchase order or binding agreement, backlog only takes into account the most likely contract option based on management assessment and customer discussions. We believe that optical communications terminal backlog will continue to increase in 2024 and have already achieved an increase resulting in an optical communications terminal backlog of 855 terminal deliverables as of March 31, 2024.

In light of the increase in optical communications terminal backlog, cash-in from customer contracts increased from €3.9 million in 2021 to €18.3 million in 2022 to €49.2 million in 2023. Cash-in from customer contracts includes payments from customers under purchase orders and other signed agreements, including payments received based on payment milestones under customer programs. We often accrue meaningful payment milestones during the integration phase that precede customer deliveries. For the three months period ended March 31, 2024, cash-in from customer contracts amounted to €8.9 million. Based on our current optical communications terminal backlog, expected shipments to customers and our sales pipeline, we expect cash-in from customers to increase significantly in 2024.

We remain in active discussions with other potential customers and anticipate a considerable increase in customer demand as the constellation markets continue to develop. While initial customer orders are and will continue to be primarily used for pilot projects, we believe that following the successful initial deployment of our products, many of our customers will continue to use our products for the further rollout of their envisioned missions. The timing of receipt of revenues, if any, from projects with our customers is, however, uncertain and subject to change because many factors affect the scheduling of projects or missions. Adjustments to or cancellations of contracts may also occur.

Most recently, we experienced a delay in the production and delivery of CONDOR terminals, which was initially scheduled to start in the fourth quarter of 2023. We currently expect volume production and shipments of these units to commence in 2024. The delay in production of our CONDOR terminals resulted in a backlog in our inventories, which also increased significantly as part of the ramp up of our serial production.

### ***Research & Development***

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

Under IFRS (as with U.S. GAAP), research costs are expensed. However, unlike U.S. GAAP, IFRS has broad-based guidance that requires companies to capitalize development costs, including internal costs, when certain criteria are met. In particular, under IFRS internally developed intangible assets (e.g., development expenses related to a prototype) are required to be capitalized and amortized if certain criteria are met, rather than expensed as incurred as they would be under U.S. GAAP. This difference requires companies that prepare their financial statements in accordance with IFRS, like us, to distinguish development activities from research activities, and to analyze whether and when the criteria for capitalizing development costs are met.

Under our accounting policies, we generally capitalize costs for the development of a technology until the time that development of such technology is completed. For our development projects “AIR technology” (the technological foundation for our HAWK terminal) and “SPACE technology” (the technological foundation for our CONDOR terminal), we defined such a point in time as the time of final development of a technology, followed by delivery of products based on such final technology to customers. All subsequent expenses incurred to maintain the value of the relevant technology are then expensed. Any expenses relating to the further development and/or adaption of our AIR or SPACE technology (such as the adaption of our SPACE technology for MEO-based constellations) or any new technology will only be capitalized if the requirements for capitalization under IFRS are fulfilled.

With respect to the development of our SPACE and AIR technologies, development costs included costs for the development of certain components for use in our CONDOR and HAWK terminals, respectively. Since we completed the development of the technology for our HAWK terminal in mid-2020, all subsequent expenses incurred in connection with our AIR technology have been recognized as expenses. For our SPACE technology, we reached this milestone in March 2021. Since then, we have only capitalized expenses relating to the adaptation of our SPACE technology for MEO-based constellations. The related capitalized costs of both our AIR and SPACE technologies are being amortized over their expected useful lives of 15 years. The expected useful lives of these technologies are estimated based on the experience of our laser experts and the expected product life, which is in turn determined on the basis of our own technical assessment and market studies.

At the end of the third quarter of 2023, based on customer feedback and market requirements as well as strategic reasons, we decided to initiate a re-design process with respect to our HAWK terminal. We continue to believe in the significant potential in the airborne market and have therefore decided to design the next generation of our HAWK terminals based on an adapted version of our SPACE technology used in our CONDOR terminals. This will allow us to benefit from similar production processes and a reduction of development and maintenance efforts for both our SPACE and AIR technologies. In the short term, we plan to produce a limited number of HAWK terminals (based on our AIR technology) in 2024 and 2025. As a result, we recognized an impairment loss on our AIR technology in the amount of €3,308 thousand and wrote it down to a residual amount of €0 as well as an impairment loss on equipment related to our AIR technology of €1,172 thousand.

Research and development expenditure totaled €21,572 thousand in 2023 compared to €18,986 thousand in 2022 and €20,675 thousand in 2021, of which €0 thousand, €967 thousand and €2,845 thousand, respectively, were capitalized. In the year ended December 31, 2023, an impairment in the amount of €3,308 thousand (2022: €1,531, 2021: €0) was recognized for the capitalized development costs regarding our adapted SPACE technology for MEO-based constellations. We expect that our research and development expenses will continue to increase over the next several years as we continue to modify our existing technology for use in related products and to develop other laser communication-related technologies.

In addition, protection of our intellectual property is fundamental to the long-term success of our business. We believe that our continued success depends in large part on our proprietary technology, the skills of our employees and the ability of our employees to continue to innovate and incorporate advances into our products. We rely exclusively on a combination of trade secret, copyright and trademark laws and contractual provisions with employees and third parties, to establish and protect our intellectual property rights. While our expertise in laser communication technology is critical to our success, we typically keep our inventions as trade secrets to avoid public disclosure. We do not own any patents and do not have any patent applications pending. We may incur significant losses without the protection afforded by patents. See “Item 3. Key Information—D. Risk Factors—Regulatory, Legal and Tax Risks—We may be unable to adequately protect our intellectual property and proprietary rights and prevent others from making unauthorized use of our products and technology.”

#### ***Personnel Costs***

Personnel costs, which include salaries, wages and share-based payments as well as social security contributions, account for a significant share of our costs. As we grow our business, we expect these costs to increase. We believe that our success depends, in a significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly qualified personnel such as engineering, design, manufacturing and quality assurance, finance, marketing, sales and support personnel. We cannot guarantee that our efforts to retain and motivate management and key employees or attract and retain other highly qualified personnel in the future will be successful. Competition for qualified employees is intense, and our ability to hire, attract and retain such employees depends, among other things, on our ability to provide competitive compensation. This may require us to increase compensation for current and new employees over time. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We are highly dependent on our senior management team and other highly qualified personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.”

#### ***Currency Fluctuations***

Our reporting currency is the Euro. Some of our current sales are, and we expect that a significant portion of our future sales will be, denominated in U.S. dollars. Fluctuations in foreign currency exchange rates and, in particular, the relative strength or weakness of the U.S. dollar and the Euro can have a significant impact on our performance and results of operations. A weakening of the U.S. dollar against the Euro would have a negative impact on results derived from sales made in U.S. dollars. Conversely, a strengthening of the U.S. dollar against the Euro, could have a positive impact, for example, to the extent that we use U.S. dollar revenue to pay Euro denominated costs. Fluctuations in foreign currency rates could result in either a gain or a loss and could have a significant impact on our performance and results of operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We are exposed to foreign currency exchange risk and our financial position and results of operations may be negatively affected by the fluctuation of different currencies.”

#### ***Components of Our Results of Operations***

Our consolidated statement of profit or loss and other comprehensive income or loss presents costs using the “nature of expense” method, which results in an (unnetted) gross presentation (i.e., before the deduction of any amounts capitalized) of the costs incurred broken down by type or nature of expenditure including cost of materials, personnel costs, depreciation, amortization and impairment, and other operating costs. All capitalized amounts relate to the development of intangible assets or the construction of property, plant and equipment, and are presented within the line item “Own work capitalized.”

The components of our results of operations include the following:

**Revenue:** We generate revenue from contracts with customers for the delivery of goods or the provision of services. Our goods primarily include our CONDOR and HAWK terminals and the services rendered by us mainly consist of the provision of development and training services for our terminals.

**Other operating income:** Other operating income comprises income from government grants and miscellaneous operating income.

**Cost of materials:** Our cost of materials includes costs for raw materials and consumables used, write-downs on raw materials and consumables as well as costs for services purchased.

**Personnel costs:** Our personnel costs consist of wages and salaries as well as share based payments, social security contributions and other employee benefits. Personnel expenses corresponds to personnel costs excluding own work capitalized.

**Depreciation, amortization and impairment:** Depreciation, amortization and impairment include amortization and impairment of intangible assets and depreciation of property, plant and equipment and right-of-use-assets.

**Other operating costs:** Our other operating costs primarily consist of legal and consulting fees, office and IT costs, selling and travel costs, rent and maintenance, other office supplies, costs for preparation and audit of financial statements and accounting expenses, other staff costs as well as administrative offense proceedings. Other operating expenses corresponds to other operating costs excluding own work capitalized.

**Change in inventories of finished goods and work in progress:** Change in inventories of finished goods and work in progress relates to the ongoing production and write downs of finished and unfinished goods of space and air terminals.

**Own work capitalized:** Own work capitalized consists primarily of capitalized development costs shown under internally generated intangible assets. In addition, other own work capitalized includes own work for the construction of property, plant and equipment.

## A. Operating Results

The following tables present the selected consolidated financial information for our company. The financial data as of and for the years ended December 31, 2023, 2022 and 2021 has been derived from our audited consolidated financial statements and the related notes thereto, which are included elsewhere in this Annual Report and which have been prepared in accordance with IFRS as issued by the IASB.

The financial data presented below is not necessarily indicative of the financial results expected for any future periods. The financial data below does not contain all the information included in our financial statements.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,								
	2023			2022			2021		
	AIR	SPACE	Group	AIR	SPACE	Group	AIR	SPACE	Group
	(in € thousands)			(in € thousands)			(in € thousands)		
Revenue	—	5,390	5,390	1,384	3,038	4,422	—	2,355	2,355
Other operating income	1,070	2,554	3,624	673	1,703	2,376	72	363	435
Cost of materials <sup>(1)</sup>	(10,121)	(6,650)	(16,771)	(5,249)	(10,185)	(15,434)	(2,846)	(7,778)	(10,624)
Personnel costs <sup>(1)</sup>	(1,808)	(34,796)	(36,604)	(11,486)	(25,924)	(37,410)	(6,120)	(17,245)	(23,365)
Depreciation, amortization and impairments <sup>(1)</sup>	(4,832)	(6,790)	(11,622)	(1,948)	(6,041)	(7,989)	(1,221)	(3,297)	(4,518)
Other operating costs <sup>(1)</sup>	(727)	(13,988)	(23,222)	(4,831)	(11,163)	(22,082)	(1,923)	(8,418)	(11,830)
Change in inventories of finished goods and work in progress	(624)	(152)	(776)	517	243	760	626	(58)	568
Own work capitalized <sup>(1)</sup>	370	448	818	11	1,556	1,567	619	3,996	4,615
<b>Operating income / (loss)</b>	<b>(16,672)</b>	<b>(53,984)</b>	<b>(79,163)</b>	<b>(20,929)</b>	<b>(46,773)</b>	<b>(73,790)</b>	<b>(10,793)</b>	<b>(30,082)</b>	<b>(42,364)</b>
Financial income	n/a	n/a	911	n/a	n/a	—	n/a	n/a	—
Financial costs	n/a	n/a	(16,035)	n/a	n/a	(2,545)	n/a	n/a	(2,148)
Net foreign exchange gain / (loss)	n/a	n/a	562	n/a	n/a	2,574	n/a	n/a	826
<b>Financial result</b>	<b>n/a</b>	<b>n/a</b>	<b>(14,562)</b>	<b>n/a</b>	<b>n/a</b>	<b>29</b>	<b>n/a</b>	<b>n/a</b>	<b>(1,322)</b>
Share of profit of equity-accounted investees, net of tax	n/a	n/a	(355)	n/a	n/a	(45)	n/a	n/a	—
<b>Income / (loss) before tax</b>	<b>n/a</b>	<b>n/a</b>	<b>(94,080)</b>	<b>n/a</b>	<b>n/a</b>	<b>(73,806)</b>	<b>n/a</b>	<b>n/a</b>	<b>(43,686)</b>
Income tax expense	n/a	n/a	552	n/a	n/a	24	n/a	n/a	(1,791)
<b>Consolidated net income / (loss)</b>	<b>n/a</b>	<b>n/a</b>	<b>(93,528)</b>	<b>n/a</b>	<b>n/a</b>	<b>(73,782)</b>	<b>n/a</b>	<b>n/a</b>	<b>(45,477)</b>
<b>Other comprehensive income / (loss) after tax</b>	<b>n/a</b>	<b>n/a</b>	<b>1,126</b>	<b>n/a</b>	<b>n/a</b>	<b>(411)</b>	<b>n/a</b>	<b>n/a</b>	<b>(498)</b>
<b>Total comprehensive income/ (loss) for the period</b>	<b>n/a</b>	<b>n/a</b>	<b>(92,402)</b>	<b>n/a</b>	<b>n/a</b>	<b>(74,193)</b>	<b>n/a</b>	<b>n/a</b>	<b>(45,975)</b>

- (1) Own work capitalized is comprised of capitalized costs relating to the construction of property, plant and equipment or the development of intangible assets, which are offset by capitalized costs included in other line items as follows:

	For the year ended December 31,								
	2023			2022			2021		
	AIR	SPACE	Group	AIR	SPACE	Group	AIR	SPACE	Group
	(in € thousands)			(in € thousands)			(in € thousands)		
Cost of materials	(242)	(14)	(256)	(3)	(686)	(689)	(487)	(1,508)	(1,995)
Personnel costs	(95)	(289)	(385)	(5)	(660)	(665)	(95)	(1,811)	(1,906)
Depreciation, amortization and impairment	(15)	(75)	(89)	(1)	(111)	(112)	(15)	(272)	(287)
Other operating costs	(17)	(70)	(88)	(1)	(100)	(101)	(21)	(406)	(427)

- (2) Includes non-segment specific expenses in the amount of €8,507 thousand relating to the audit of our financial statements, the remuneration for the members of our supervisory board, costs related to financing activities as well as insurance and other costs related to our stock exchange listings.
- (3) Includes non-segment specific expenses in the amount of €6,088 thousand relating to the audit of our financial statements, the remuneration for the members of our supervisory board as well as insurance and other costs related to our stock exchange listings.
- (4) Includes non-segment specific expenses in the amount of €1,489 thousand relating to the preparation and audit of our financial statements, remuneration for the members of our supervisory board as well as insurance and other costs related to our stock exchange listings.

### Revenue

#### Comparison of the Years ended December 31, 2022 and December 31, 2023

Revenue increased by 21.9% from €4,422 thousand in 2022 to €5,390 thousand in 2023. This increase was mainly the result of preliminary design review services related to our CONDOR terminal and the delivery of engineering models of our CONDOR terminals to initial customers.

On a regional level, revenue was generated exclusively from United States-based customers in the Space Segment.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Revenue increased by 87.8% from €2,355 thousand in 2021 to €4,422 thousand in 2022. This increase is mainly the result of several milestone payments in the amount of €2,589 thousand made by SpaceLink being recognized as revenue since we terminated our agreement with SpaceLink in late 2022 for default. The increase was further driven by the increase in deliveries of our CONDOR and HAWK terminals to initial customers in 2022.

On a regional level, revenue in our Space segment in 2022 consisted exclusively of revenue generated from three customers (including SpaceLink) in the United States. Revenue in our Air segment in 2022 consisted exclusively of revenue generated from two customers in the United States.

**Other Operating Income**

*Comparison of the Years ended December 31, 2022 and December 31, 2023*

Other operating income increased by 52.5% from €2,376 thousand in 2022 to €3,624 thousand in 2023, primarily due to income from government grants relating to milestone achievements under the DARPA Space-BACN program and two ESA programs.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Other operating income increased significantly by 446.2% from €435 thousand in 2021 to €2,376 thousand in 2022, primarily due to income from grants generated under the DARPA Space-BACN program and two ESA programs.

**Cost of Materials**

The following table provides our cost of materials for the periods presented:

	<b>For the year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in € thousands)</b>		
Cost of materials	(16,771)	(15,434)	(10,624)
<i>Of which own work capitalized</i>	<i>256</i>	<i>689</i>	<i>1,995</i>
<b>Cost of materials excluding own work capitalized</b>	<b>(16,515)</b>	<b>(14,745)</b>	<b>(8,629)</b>

*Comparison of the Years ended December 31, 2022 and December 31, 2023*

Cost of materials increased by 8.7% from €15,434 thousand in 2022 to €16,771 thousand in 2023, primarily due to a substantial increase of raw materials and consumables used in connection with the production of our CONDOR terminals and write-downs for raw materials and consumables. Cost of materials included write-downs for raw materials and consumables used in the amount of €9,569 thousand in 2023 compared to €5,601 thousand in 2022. While write-downs in 2022 mainly related to our CONDOR terminals, write-downs in 2023 mainly related to raw materials and consumables used in our HAWK terminals and the underlying AIR technology.

The portion of own work capitalized included in cost of materials decreased by 62.8% from €689 thousand in 2022 to €256 thousand in 2023, primarily due to the discontinuation of the development in 2022 of the adapted SPACE technology for MEO-based constellations. Cost of materials excluding own work capitalized increased by 58.5% from €14,745 thousand in 2022 to €16,515 thousand in 2023, primarily due to a substantial increase of raw materials and consumables used in connection with the production of our CONDOR terminals and write-downs for raw materials and consumables.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Cost of materials increased by 45.3% from €10,624 thousand in 2021 to €15,434 thousand in 2022, primarily due to a substantial increase of raw materials and consumables used in connection with the production of our CONDOR terminals. The increase was further driven by slightly higher costs for services purchased, which included costs for development services through external research institutes and costs for external processing of certain components used in the production process. Cost of materials in 2022 also included write-downs for raw

materials and consumables in the amount of €5,601 thousand (2021: €2,039 thousand) mainly relating to the first and second product versions of our CONDOR terminals.

The portion of own work capitalized included in cost of materials decreased by 65.5% from €1,995 thousand in 2021 to €689 thousand in 2022, primarily due to the completion of the development of our SPACE technology in March 2021. Cost of materials excluding own work capitalized increased by 70.9% from €8,629 thousand in 2021 to €14,745 thousand in 2022, primarily due to a substantial increase of raw materials and consumables used in connection with the production of our CONDOR terminals and higher costs for services purchased.

### **Personnel Costs**

The following table provides our personnel costs for the periods presented:

	For the year ended December 31,		
	2023	2022	2021
	(in € thousands)		
Personnel costs	(36,604)	(37,410)	(23,365)
<i>Of which own work capitalized</i>	385	665	1,906
<b>Personnel expenses (i.e., personnel costs excluding own work capitalized)</b>	<b>(36,219)</b>	<b>(36,745)</b>	<b>(21,459)</b>

### *Comparison of the Years ended December 31, 2022 and December 31, 2023*

Personnel costs decreased by 2.2% from €37,410 thousand in 2022 to €36,604 thousand in 2023. The overall decrease was mainly due to a decrease in share-based payments, which more than offset the increase in wages and salaries.

Personnel costs also included a one-time severance compensation in the amount of €750,000 for the benefit of Emin Bulent Altan as compensation for the termination of his services agreement as a member of the Company's management board, which he received irrespective of his function as chairperson of the supervisory board. The severance compensation was settled in the form of ordinary shares on March 6, 2024. Mr. Altan received 37,128 ordinary shares at a per share price of €20.20.

The portion of own work capitalized included in personnel costs decreased by 42.1% from €665 thousand in 2022 to €385 thousand in 2023, primarily due to the discontinuation of the development in 2022 of the adapted SPACE technology for MEO-based constellations. Personnel expenses (i.e., personnel costs excluding own work capitalized) decreased by 1.5% from €36,745 thousand in 2022 to €36,219 thousand in 2023 due to a decrease in share-based payments, which more than offset the increase in wages and salaries.

### *Comparison of the Years ended December 31, 2021 and December 31, 2022*

Personnel costs increased by 60.1% from €23,365 thousand in 2021 to €37,410 thousand in 2022, primarily due to the significant increase in our headcount from 248.9 FTEs (as of December 31, 2021) to 328.8 FTEs (as of December 31, 2022) to support the ramp-up of our serial production for our CONDOR and HAWK products, to increase resources in administrative functions and to support our growing research and development as well as marketing and sales activities. Included in personnel costs are share-based payments amounting to €6,133 thousand in 2022, the majority of which related to the grants made under the restricted stock units program (the "RSU Program") implemented in 2021 and the other stock option programs.

The portion of own work capitalized included in personnel costs decreased by 65.1% from €1,906 thousand in 2021 to €665 thousand in 2022, primarily due to the completion of the development of our SPACE technology in March 2021. Personnel expenses (i.e., personnel costs excluding own work capitalized) increased by 71.2% from €21,459 thousand in 2021 to €36,745 thousand in 2022.



### Depreciation, Amortization and Impairment

The following table provides our depreciation, amortization and impairment for the periods presented:

	For the year ended December 31,		
	2023	2022	2021
	(in € thousands)		
Depreciation, amortization and impairment	(11,622)	(7,989)	(4,518)
<i>Of which own work capitalized</i>	89	112	287
<b>Depreciation, amortization and impairment excluding own work capitalized</b>	<b>(11,533)</b>	<b>(7,877)</b>	<b>(4,231)</b>

#### Comparison of the Years ended December 31, 2022 and December 31, 2023

Depreciation, amortization and impairment increased by 45.5% from €7,989 thousand in 2022 to €11,622 thousand in 2023. The increase was mainly driven by the impairment loss on our AIR technology, which accounted for a total impairment loss of €3,308 thousand, and the impairment loss on related equipment, which accounted for a total impairment loss of €1,172 thousand. The overall increase was further driven by higher investments in the expansion of our development and production infrastructure, which includes investments in our customized production facility in Oberpfaffenhofen, which resulted in the increase of depreciation of property, plant and equipment.

The portion of own work capitalized included in depreciation, amortization and impairment decreased by 20.5% from €112 thousand in 2022 to €89 thousand in 2023, due to the discontinuation of the development in 2022 of the adapted SPACE technology for MEO-based constellations. Depreciation, amortization and impairments excluding own work capitalized increased by 41.9% from €7,877 thousand in 2022 to €11,184 thousand in 2023, primarily due to the impairment of our AIR technology and higher investments in the expansion of our development and production infrastructure.

#### Comparison of the Years ended December 31, 2021 and December 31, 2022

Depreciation, amortization and impairment increased by 76.8% from €4,518 thousand in 2021 to €7,989 thousand in 2022, primarily due to the impairment of our adapted SPACE technology for MEO-based constellations, which accounted for a total impairment loss of €1,531 thousand, and the ongoing amortization of our SPACE technology and AIR technology, which accounted for €1,075 thousand and €284 thousand, respectively, of amortization in 2022. The increase was further driven by higher investments in the expansion of our development and production infrastructure, which includes investments in our customized production facility in Oberpfaffenhofen and in additional production equipment in the United States. In addition, the increase in depreciation of right-of-use assets further contributed to the increase due to the additional office space being leased in Washington D.C. and Los Angeles.

The portion of own work capitalized included in depreciation, amortization and impairment decreased by 61.0% from €287 thousand in 2021 to €112 thousand in 2022, due to the completion of the development of our SPACE technology in March 2021. Depreciation, amortization and impairment excluding own work capitalized increased significantly from €4,231 thousand in 2021 to €7,877 thousand in 2022, primarily due to driven by higher investments in the expansion of our development and production infrastructure and the increase in depreciation of right-of-use assets.

### Other Operating Costs

The following table provides our other operating costs for the periods presented:

	For the year ended December 31,		
	2023	2022	2021
	(in € thousands)		
Other operating costs <sup>(1)</sup>	(23,222)	(22,082)	(11,830)
<i>Of which own work capitalized</i>	88	101	427
<b>Other operating expenses (i.e., other operating costs excluding own work capitalized)</b>	<b>(23,134)</b>	<b>(21,981)</b>	<b>(11,403)</b>

#### Comparison of the Years ended December 31, 2022 and December 31, 2023

Other operating costs increased by 5.2% from €22,082 thousand in 2022 to €23,222 thousand in 2023, primarily due the increase of legal and consulting fee's relating to financing activities as well as incidental rental costs and maintenance. The increase in incidental rental costs and maintenance is due to the relocation of our headquarter from Gilching to Munich.

The portion of own work capitalized included in other operating costs decreased by 12.9% from €101 thousand in 2022 to €88 thousand in 2023, primarily due to the discontinuation of the development in 2022 of the adapted SPACE technology for MEO-based constellations. Other operating expenses (i.e., other operating costs excluding own work capitalized) increased by 7.1% from €21,981 thousand in 2022 to €23,134 thousand in 2022, primarily due to the increase of legal and consulting fee's as well as incidental rental costs and maintenance.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Other operating costs increased by 86.7% from €11,830 thousand in 2021 to €22,082 thousand in 2022, primarily due to the significant increase in legal and consulting fees, selling and travel costs, increase in office and IT costs related to the our new SAP enterprise resource planning ("ERP") system and onerous contract provision, as well as increased insurance costs relating to directors' and officers' ("D&O") insurance purchased in connection with our initial public offering in the U.S. in late 2021.

The portion of own work capitalized included in other operating costs decreased by 76.3% from €427 thousand in 2021 to €101 thousand in 2022, primarily due to the completion of the development of our SPACE technology in March 2021. Other operating expenses (i.e., other operating costs excluding own work capitalized) increased significantly from €11,403 thousand in 2021 to €21,981 thousand in 2022, primarily due to legal and consulting fees, selling and travel costs, increase in office and IT costs related to the our new SAP ERP system and onerous contract provision, as well as increased D&O insurance costs.

***Change in Inventories of Finished Goods and Work in Progress***

Change in inventories of finished goods and work in progress for the periods presented is comprised as follows:

	For the year ended December 31,		
	2023	2022	2021
	(in € thousands)		
(Decrease)/Increase in inventories of work in progress	(755)	2,100	414
Increase in inventories of finished goods	786	542	616
Write-downs	(806)	(1,882)	(462)
<b>Total changes in inventories</b>	<b>(776)</b>	<b>760</b>	<b>568</b>

*Comparison of the Years ended December 31, 2022 and December 31, 2023*

Changes in inventories of finished goods and work in progress decreased from €760 thousand in 2022 to negative €776 thousand in 2023, primarily due to write-downs of our HAWK terminals. The development for work in progress and finished goods relate to assembled CONDOR Mk3 engineering models.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Changes in inventories of finished goods and work in progress increased from €568 thousand in 2021 to €760 thousand in 2022, primarily due to the ongoing preparations for serial production driving the significant increase in inventories of work in progress. This increase was partially offset by write downs of finished goods and work in progress, which primarily related to the second product version of our CONDOR terminals that were written down to their recoverable amount. This is based on the decision to discontinue production and marketing of the first product version of our CONDOR terminal and to reduce production and marketing of the second product version of our CONDOR terminal in order to meet the increased demand for our advanced third generation CONDOR terminal.

***Own Work Capitalized***

Own work capitalized for the periods presented is comprised as follows:

	For the year ended December 31,		
	2023	2022	2021
	(in € thousands)		
Cost of materials	256	689	1,995
Personnel costs	385	665	1,906
Depreciation, amortization and impairment of other intangible assets and property, plant and equipment	89	112	287
Other operating costs	88	101	427
<b>Total own work capitalized</b>	<b>818</b>	<b>1,567</b>	<b>4,615</b>

*Comparison of the Years ended December 31, 2022 and December 31, 2023*

Own work capitalized decreased by 47.8% from €1,567 thousand in 2022 to €818 thousand in 2023, primarily due to €0 development costs in 2023 compared to €968 thousand in 2022, which related to an adaptation of our SPACE technology for the MEO environment that was subsequently impaired and discontinued in the year ended December 31, 2022. Higher own work capitalized with respect to property, plant and equipment, which in 2023 included using HAWK terminals for internal testing and development purposes, offset this decrease.

#### *Comparison of the Years ended December 31, 2021 and December 31, 2022*

Own work capitalized decreased by 66.0% from €4,615 thousand in 2021 to €1,567 thousand in 2022, primarily due to significantly lower development costs relating to the ongoing adaptation of our SPACE technology (the development of which was initially finalized and followed by customer deliveries in March 2021) for the MEO environment. The decrease in own work capitalized with respect to property, plant and equipment, which in 2022 included the construction of a new link testbed in the United States and the use of HAWK and CONDOR terminals for internal testing and development purposes, further contributed to the overall decrease in own work capitalized.

### **Operating Loss**

#### *Comparison of the Years ended December 31, 2022 and December 31, 2023*

Operating loss increased by 7.3% from €73,790 thousand in 2022 to €79,163 thousand in 2023, primarily due to recognized impairments and write downs due to the discontinuation of our HAWK terminal production technology.

In our Space segment, operating loss increased by 15.4% from a loss of €46,773 thousand in 2022 to a loss of €53,984 thousand in 2023, which was mainly due to significantly higher personnel costs and the other operating costs. The personnel costs increased due to hiring related to productions and re-assignments of employees between our Space and Air segments. This development was partly offset by the increase in revenue in the amount of €2,312 thousand and the decrease in cost of materials in the amount of €3,202 thousand.

In our Air segment, operating loss decreased by 20.3% from a loss of €20,929 thousand in 2022 to a loss of €16,672 thousand in 2023. This development was mainly driven by the fact that the existing and capitalized AIR technology is no longer the basis for the production of HAWK terminals and that the future HAWK solution will be using more components and software from the existing and capitalized SPACE technology to benefit from similar production processes and the reduction of development and maintenance efforts for the technology. Due to the reassignment of employees between our Space and Air segments, our personnel costs and other operating expenses have decreased significantly, offset by higher cost of materials and a decrease in finished goods and work in progress. As a result, we impaired the AIR technology in the amount of €3,308 thousand, related capitalized HAWK terminals, which are classified as property, plant and equipment, in the amount of €1,172 thousand and related inventories in the amount of €9,592 thousand in 2023.

#### *Comparison of the Years ended December 31, 2021 and December 31, 2022*

Operating loss increased by 74.2% from €42,364 thousand in 2021 to €73,790 thousand in 2022, primarily due to higher investments in our development, production and IT infrastructure and higher personnel costs resulting from headcount growth. The substantial increase in operating loss was further driven by the completion of the development of our AIR technology in mid-2020 and of our SPACE technology in March 2021, following which most expenses incurred to maintain the value of our AIR and SPACE technology have been recognized as expenses, see “—Key Factors Affecting Our Results of Operations—Research & Development.” Broken down by segment, the increase in operating loss was primarily driven by our Space segment.

In our Space segment, operating loss increased by 55.5% from a loss of €30,082 thousand in 2021 to a loss of €46,773 thousand in 2022, which was mainly due to higher personnel costs, and other operating expenses. Furthermore, as we completed the development of our SPACE technology in March 2021, the majority of subsequent expenses incurred in connection with our SPACE technology have been recognized as expenses, which further contributed to the increase in operating loss in our Space segment in 2022.

In our Air segment, operating loss increased by 93.9% from a loss of €10,793 thousand in 2021 to a loss of €20,929 thousand in 2022, mainly due to significantly higher personnel costs, cost of purchased material and services and other operating expenses. The increase in operating loss was further impacted by the completion of the development of our AIR technology in mid-2020 following which all expenses incurred to maintain the value of our AIR technology have been recognized as expenses.

### **Financial Result**

#### *Comparison of the Years ended December 31, 2022 and December 31, 2023*

Financial result decreased from a gain of €29 thousand in 2022 to negative €14,562 thousand in 2023, primarily due to an increase in interest and similar expenses on loans relating to the Original Credit Agreement 2023, significant financing components in our customer

contracts, and net foreign exchange losses as a result of the volatile U.S. Dollar exchange rate coupled with a high U.S. dollar bank balance. These effects were partially offset by fair value gains of the embedded prepayment option and the floor included in the Original Credit Agreement 2023.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Financial result decreased from negative €1,322 thousand in 2021 to a gain of €29 thousand in 2022, primarily driven by a significant net foreign exchange gain of €2,574 thousand. This development was partially offset by higher interest and similar expenses primarily relating to the credit agreement we entered into with Formue Nord Fokus A/S, Modelio Equity AB (publ) and Munkekullen 5 förvaltning AB on May 2, 2022.

**Loss before Tax**

*Comparison of the Years ended December 31, 2022 and December 31, 2023*

Loss before tax increased by 27.5% from €73,806 thousand in 2022 to €94,080 thousand in 2023, due to the foregoing reasons.

*Comparison of the Years ended December 31, 2021 and December 31, 2022*

Loss before tax increased by 68.9% from €43,686 thousand in 2021 to €73,806 thousand in 2022, due to the foregoing reasons.

**B. Liquidity and Capital Resources**

Since our inception, we have not generated significant revenue from the sale of our technology or products and have incurred significant operating losses and negative cash flows from our operations. We are currently in the early phases of serial production and have only recently begun to monetize our technology. To date, we have primarily raised capital and funded our operations with proceeds from the sale of our ordinary shares as well as debt financing. We have also received limited grants from government agencies and similar bodies like the European Union for participation in specific research and development projects. For the financial year ended December 31, 2023, we recognized a consolidated net loss of €93.5 million. As of December 31, 2023, our net current assets amounted to €19.4 million.

In September 2021, we entered into a credit agreement for a credit line of approximately €25 million (see “—Credit Agreement 2021” below), which we fully repaid with the proceeds from our U.S. initial public offering in November 2021. On May 2, 2022, we entered into another credit agreement with the same lenders as under the initial credit agreement for a credit line of €25 million (see “—Credit Agreement 2022” below). On April 25, 2023, Mynaric USA Inc. (“Mynaric USA”), as borrower, the Company and its other subsidiaries, as guarantors, entered into a term-loan facility with two funds affiliated with a U.S.-based global investment management firm (the “Lenders”), as lenders, and Alter Domus (US) LLC, as administrative agent, in an amount totaling \$75 million (Original Credit Agreement 2023), the proceeds of which were used to fully repay the outstanding amounts under the 2022 credit line described above. In connection with the Original Credit Agreement 2023, on April 25, 2023, the Company and two affiliates of the Lenders (the “Subscribers”), entered into a subscription agreement, pursuant to which the Subscribers subscribed for a total of 565,224 new ordinary registered shares of the Company (see “—Equity Investment”). In addition, in July 2022, L3Harris invested approximately €11.2 million by means of a capital increase from authorized capital in exchange for 409,294 new ordinary shares. In connection with this equity investment, we and L3Harris agreed on a strategic cooperation framework pursuant to which we will serve as preferred provider of laser communication solutions to L3Harris and L3Harris, in return, was granted certain collaboration privileges. As of the date of this Annual Report, we had €2.5 million in available liquidity primarily consisting of cash and cash equivalents. In March 2024, the Original Credit Agreement 2023 was amended by the First Amendment to add a delayed draw term loan facility in an aggregate principal amount of \$20 million, of which \$10 million remain undrawn as of the date hereof. Proceeds from the delayed draw term loan facility will be used for general corporate purposes.

We have planned for significant increases in revenue and cash inflows by customers in 2024 and 2025 as we continue to ramp up the commercial production of our CONDOR terminal products. While a significant portion of our revenue for 2024 is contractually committed and pre-payments for those contracts have already been received, we are dependent on winning further major public project tenders and realizing corresponding advance payments from such tenders. Our management is actively pursuing multiple opportunities in the commercial and government sectors to sell our CONDOR terminals to an expanding customer base. However, to realize these planned revenue increases, commercial production will need to ramp-up. In this respect, we have already made the majority of investments in property, plant and equipment. The majority of product development and enhancement costs have also been incurred. Hence, our liquidity needs is mainly required for operating costs until the ramp-up of our commercial production.

Based on our liquidity position as of May 17, 2024 and our management's forecast of sources and uses of cash and cash equivalents, we believe that we have sufficient liquidity to meet our financial obligations over at least the next twelve months as of the date of this Annual Report. However, there can be no assurance that revenue and cash-in from customer contracts will be generated in the amount as expected or at the time needed. A shortfall of revenues and of the corresponding cash-in from customer contracts compared to the budget could require additional external financing to meet our current operational planning. In such a situation, if we should be unable to obtain such additional financing or take other timely actions in response to such circumstances, for example significantly curtailing our current operational budget in 2024, we may be unable to continue as a going concern. While we believe that we will be successful in obtaining additional financing in a timely manner to fund our operational and financial obligations, the factors described above represent material uncertainties that may cast significant doubt on our ability to continue as a going concern and, therefore, we may be unable to realize our assets and discharge our liabilities in the normal course of business.

#### ***Credit Agreement 2021***

On September 15, 2021, 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 approximately €25 million. Any loans under the credit agreement were subject to a drawdown fee of 1% of the utilized amount (minimum amount of €5 million) and an interest rate of 1% per beginning 30 days. Under the credit agreement, we were also required to pay a commitment fee totaling 6% of the aggregate commitment of approximately €25 million. The loan agreement had a maturity date of March 31, 2022 subject to an option for a one-time extension for three months. Following the closing of our initial public offering in the United States, on December 3, 2021, we repaid the outstanding loan amount (plus outstanding interest) under the credit agreement with the proceeds from our initial public offering.

#### ***Credit Agreement 2022***

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 (the "**Credit Agreement 2022**"). A loan in a nominal amount of €10 million was disbursed thereunder shortly after the date of the credit agreement. In November 2022, we have borrowed an additional amount of approximately €3.1 million. Outstanding loans under the Credit Agreement 2022 were subject to interest rates 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 2022 also required us to pay a commitment fee totaling 6% of the aggregate commitments of €25 million. The commitment fee and interest on the drawn amount were due and payable together with the repayment of the loan amount(s). On April 25, 2023, we repaid the outstanding loan amount (plus outstanding interest) under the Credit Agreement 2022 with the proceeds from the Credit Agreement 2023 (see "**Credit Agreement 2023**" below).

#### ***Transactions with a U.S.-based Global Investment Management Firm***

##### ***Credit Agreement 2023***

On April 25, 2023, our subsidiary, Mynaric USA, as borrower, the Company and its other subsidiaries, as guarantors, entered into a five-year term loan credit agreement with the Lenders and Alter Domus (US) LLC, as administrative agent. Pursuant to the Original Credit Agreement 2023, the Lenders agreed to provide Mynaric USA with a secured term loan facility in an aggregate principal amount of \$75 million. Mynaric USA drew the full amount of the facility (subject to a 1% original issue discount) on the day of the execution of the agreement. In March 2024, the Original Credit Agreement 2023 was amended to add a delayed draw term loan facility in an aggregate principal amount of \$20 million.

The loans under the Credit Agreement 2023 are guaranteed by the Company and each of its subsidiaries, and are secured by a security interest in substantially all of the assets of Mynaric USA and each of the guarantors. Future subsidiaries of the Company are also required to become guarantors of the loans and to grant a security interest in their assets as security for the loans. As of the date of this Annual Report, there are four guarantors under the Credit Agreement 2023: the Company, Mynaric Government Solutions, Inc., Mynaric Lasercom GmbH and Mynaric Systems GmbH.

A portion of the proceeds of the initial loans were used to repay in full the outstanding loan amount (plus outstanding interest) under the Credit Agreement 2022 and for fees and expenses associated with entering into the Original Credit Agreement 2023, and the balance is being used for general corporate purposes. The proceeds of the loans under the delayed draw term loan facility will also be used for general corporate purposes. The loans under the Credit Agreement 2023 bear interest at a rate equal to Term SOFR for a 3-month tenor (subject to a 2% floor), plus a margin of 10%, and for the first two years, interest in an amount equal to 3% can be paid in kind by increasing the principal amount of the loans. The agreement also required Mynaric USA to pay a 1% commitment fee at the time of the closings of the Original Credit Agreement 2023 and the First Amendment, and requires Mynaric USA to pay an exit fee to the Lenders at the time the loans are repaid in full, prepaid in full or accelerated. Such exit fee is calculated as 180% of “invested capital” less the cumulative amount of principal repayments and cash interest payments on the loans received on or prior to the exit date, with “invested capital” defined to mean \$74,250,000 plus the aggregate principal amount of term loans advanced under the delayed draw term loan facility (less the 2% original issue discount on such additional term loans) plus the aggregate amount by which the principal amount of the loans is increased as a result of the payment of interest in kind. The exit fee percentage will increase to 185% if the exit fee is triggered on or after the third, but prior to the fourth, anniversary of the drawdown date and will increase to 200% if the exit fee is triggered on or after the fourth anniversary of the drawdown date. In addition, certain events occurring prior to the full repayment of the facility may trigger mandatory prepayments which also require the payment of an exit fee. Such mandatory prepayments may be triggered upon dispositions of the Company’s assets or upon equity issuances of the Company, subject to specified conditions and in excess of specified amounts. The Company does not currently expect that mandatory prepayments will be triggered as a result of the Offering.

The Credit Agreement 2023 contains customary events of default, as well as customary affirmative and negative covenants, including covenants that limit the ability of the borrower and the guarantors to incur indebtedness or liens, make investments, sell assets, pay dividends or engage in mergers or other corporate transactions. Each such covenant is subject to customary exceptions and qualifications. In addition, the Credit Agreement 2023 contains financial maintenance covenants, including a covenant requiring the Company not to exceed a specified consolidated leverage ratio (as calculated in accordance with the agreement) as of the end of any quarter commencing with the quarter ending March 31, 2025 and a covenant requiring the Company to maintain minimum average weekly liquidity of \$10 million during each quarter, which commenced with the quarter ended June 30, 2023.

#### *Equity Investment*

In connection with the Original Credit Agreement 2023, on April 25, 2023, the Company and two affiliates of the Lenders (the “Subscribers”) entered into a subscription agreement, pursuant to which the Subscribers subscribed for 401,309 and 163,915 (i.e., a total of 565,224) new ordinary registered shares, respectively. The placement price for the new shares was €22.019 per ordinary share, resulting in aggregate proceeds raised of €12.8 million. On the same day, the management board of the Company resolved, with the approval of the supervisory board, to increase the Company’s share capital from €5,668,391.00 to €6,233,615.00 by issuing 565,224 new ordinary registered shares by partially utilizing the authorized capital 2022/I as resolved by the ordinary shareholders’ meeting (*Hauptversammlung*) on July 14, 2022 and with the exclusion of the shareholders’ subscription rights.

#### *Cash Flow Statement*

The following table shows selected information taken from our consolidated statement of cash flows for the years ended December 31, 2023, 2022 and 2021:

	<b>For the year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in € thousands)</b>		
Net cash used in operating activities	(28,984)	(50,215)	(39,426)
Net cash used in investing activities	(4,588)	(11,699)	(10,958)
Net cash from financing activities	47,087	21,968	54,802
Net increase/(decrease) in cash and cash equivalents	13,515	(39,946)	4,418
Cash and cash equivalents at the beginning of the period	10,238	48,143	43,198
Cash and cash equivalents at end of period	23,958	10,238	48,143

#### *Net Cash used in Operating Activities*

##### Comparison of the Years ended December 31, 2022 and December 31, 2023

Net cash used in operating activities increased from a cash outflow of €50.2 million in 2022 to a cash outflow of €29.0 million in 2023, mainly driven by the significant increase in contract liabilities of €39.8 million, which consisted of cash-in from customer contracts..



The table below summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments as of December 31, 2022:

	As of December 31, 2022					Total
	Carrying amount	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	
	(audited)					
	(in € thousand)					
Trade and other payables	9,238	9,238	—	—	—	9,238
Lease liabilities	8,942	1,901	1,905	3,405	2,372	9,583
Loans and borrowings	14,440	14,440	—	—	—	14,440
Other financial liabilities	339	188	98	180	—	466
<b>Total</b>	<b>32,959</b>	<b>25,767</b>	<b>2,003</b>	<b>3,585</b>	<b>2,372</b>	<b>33,727</b>

### C. Research and Development, Patents and Licenses

See “Item 4.B. Business Overview—Our Operations-Research & Development and Engineering” and “—Key Factors Affecting Our Results of Operations—Research & Development” in this Item 5.

### D. Trend Information

For a discussion of trends, see “—Key Factors Affecting Our Results of Operations,” “A. Operating Results” and “—B. Liquidity and Capital Resources” in this Item 5. and “Item 4. Information on the Company—B. Business Overview.”

### E. Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB. In preparing our consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our consolidated financial statements. We base our material judgments, estimates and assumptions on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. We regularly re-evaluate our material judgments, estimates and assumptions. Our material judgments, estimates and assumptions are described in note 4 to our consolidated financial statements included elsewhere in this Annual Report.



## **ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

### **A. Directors and Senior Management**

#### **Board Structure**

We are a German stock corporation (Aktiengesellschaft or AG) with our registered seat in Germany. We are subject to German legislation on stock corporations, most importantly the German Stock Corporation Act (Aktiengesetz). In accordance with the German Stock Corporation Act, our corporate bodies are the management board (Vorstand), the supervisory board (Aufsichtsrat) and the shareholders' meeting (Hauptversammlung). Our management board and supervisory board are entirely separate and, as a rule, no individual may simultaneously be a member of both the management board and the supervisory board.

Our management board is responsible for the day-to-day management of our business in accordance with applicable laws, our articles of association (Satzung) and the management board's internal rules of procedure (Geschäftsordnung). Our management board represents us in our dealings with third parties and is responsible for implementing an internal monitoring system for risk management purposes.

The principal function of our supervisory board is to supervise our management board. The supervisory board is also responsible for appointing and removing the members of our management board, representing us in connection with transactions between a current or former member of the management board and us, and granting approvals for certain significant matters.

Under German law, the management board and the supervisory board are solely responsible for and manage their own areas of competency (Kompetenztrennung); therefore, neither board may make decisions that, pursuant to applicable law, our articles of association or our internal rules of procedure, are the responsibility of the other board. Members of both boards owe a duty of loyalty and care to us. In carrying out their duties, management board and supervisory board members are required to exercise the standard of care of a prudent and diligent businessperson or supervisory board member, as the case may be. If they fail to observe the appropriate standard of care, they may become liable to the company.

In carrying out their duties, members of the management board and the supervisory board may take into account a broad range of considerations when making decisions. These considerations include the company's interests and the interests of our shareholders, employees, creditors and, to a limited extent, the general public, while respecting the rights of our shareholders to be treated equally.

Our supervisory board has comprehensive monitoring responsibilities. To ensure that our supervisory board is in a position to carry out these functions properly, our management board must, among other duties, regularly report to our supervisory board regarding our current business operations and future business planning (including financial, investment and personnel planning). In addition, our supervisory board is entitled to request special reports from the management board at any time.

Under German law, our shareholders have no direct recourse against the members of our management board or supervisory board if they have breached their duty of loyalty or care to us. Apart from insolvency or other special circumstances, only we have the ability to claim damages from the management board and supervisory board members. We may only waive these claims to damages or settle these claims if at least three years have passed since the violation of a duty occurred, and our shareholders approve the waiver or settlement at a shareholders' meeting with a simple majority of the votes cast at such meeting. However, a waiver or settlement is not permitted if shareholders who in the aggregate hold one-tenth or more of our share capital object to the waiver or settlement and have their objection formally recorded in the minutes of the shareholder meeting by a German civil law notary.

The following description, as far as it relates to our articles of association, is based on our articles of association dated August 23, 2023.

#### **Management Board**

##### ***Overview***

Under our articles of association, the management board must consist of one or several members. The supervisory board determines the exact number of members of our management board and appoints the chairperson and the deputy chairperson of the management board, if any. If only one member has been appointed, he or she represents our Company alone. If several management board members are appointed, we are represented by two management board members jointly or by one management board member together with an authorized representative (Prokurist). Currently, the management board consists of the following three members: Mustafa Veziroglu (Chief Executive Officer), Stefan Berndt-von Bülow (Chief Financial Officer), and Joachim Horwath (Chief Technology Officer). In August 2023, Emin Bulent Altan stepped down from the position of Co-CEO of the Company and was elected as a member of the supervisory board of the Company by vote of the general shareholders' meeting and subsequently appointed chairperson of the supervisory board.

The members of our management board conduct the day-to-day business of our Company in accordance with applicable laws, our articles of association and the rules of procedure for the management board adopted by our supervisory board. The management board is generally responsible for the management of our Company and for handling our day-to-day business with third parties, the internal organization of our business and communications with our shareholders. In addition, the management board is responsible for:

- preparing our annual financial statements;
- making a proposal to be submitted to our shareholders' meeting on how our profits (if any) should be allocated (such proposal to be submitted simultaneously to the supervisory board); and
- regular reporting to the supervisory board on our current operating and financial performance, our budgeting and planning processes and our performance in relation thereto, and on future business planning (including strategic, financial, investment and personnel planning).

The members of our management board are appointed by our supervisory board for a maximum term of five years. According to the recommendations of the German Corporate Governance Code, the first-time appointment of management board members shall be for a period not more than three years. Reappointment or extension, including a repeated reappointment or extension, of the term for up to five years is permissible. The supervisory board may only revoke the appointment of a management board member prior to the expiration of his or her term for good cause, such as for gross breach of fiduciary duties or if the shareholders' meeting passes a vote of no-confidence with respect to such member, unless the supervisory board deems the no-confidence vote to be clearly unreasonable. The supervisory board is also responsible for entering into, amending and terminating service agreements with the management board members and, in general, for representing us in disputes involving the management board irrespective of whether in or out of the court. Our supervisory board may delegate any of these tasks to one of its committees, subject to certain exceptions where resolutions must be taken by the supervisory board as a whole.

In addition to matters for which a resolution adopted by all members of the management board is required by law or our articles of association, the rules of procedure for our management board provide that certain matters require a resolution adopted by all members of the management board (*Gesamtzuständigkeit*). In particular, the entire management board shall decide on, among others:

- the strategy of Mynaric group, fundamental issues of the business policy and any other matters, especially national or international business relations, which are of special importance and scope for the Company and/or its group companies;
- the annual and multi-year business planning for Mynaric group and in particular the related investment and financial planning;
- the preparation of the annual financial statements and the management report, the consolidated financial statements and the group management report, as well as semi-annual financial reports, interim announcements and other comparable reports;
- the convocation of the general meeting and the management board's proposals for resolutions to be passed by the general meeting;
- periodic reporting to the supervisory board;
- measures and legal transactions requiring the approval of the supervisory board or of the general meeting pursuant to relevant laws, the articles of association or these rules of procedure;
- fundamental issues relating to personnel matters;
- (i) setting up or amending of the compensation principles for second level executives and (ii) entering into or amending the terms of employment of any second level executive (including with respect to salary or other compensation);
- adoption, amendment and rescission of the business responsibility plan for the management board;
- the issuance of the declaration relating to the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (if applicable);
- all matters which are not allocated to the business area of an individual member of the management board under the business responsibility plan; and
- all matters which have been presented for resolution to the management board by a member of the management board or with respect to which a member of the management board has requested a resolution by the entire management board.

### ***Members of our Management Board***

The following table sets forth the names of the current members of our management board, their ages, the year of expiration of their term as management board members and position:

<b>Name</b>	<b>Age</b>	<b>Year in which term expires</b>	<b>Position</b>
Mustafa Veziroglu	63	2025	Chief Executive Officer
Stefan Berndt-von Bülow	48	2025	Chief Financial Officer
Joachim Horwath	50	2025	Chief Technology Officer

Unless otherwise indicated, the current business address for each management board member is the same as our business address: Bertha-Kipfmüller-Str. 2-8, 81249 Munich, Germany.

The following is a brief summary of the business experience of the members of our management board:

**Mustafa Veziroglu** has been our CEO since August 2023. Mr. Veziroglu joined our Company in August 2022 as a member of the management board before being appointed Co-CEO effective February 1, 2023 alongside former CEO Mr. Emin Bulent Altan. On August 7, 2023, Mr. Veziroglu was appointed as our sole CEO. Mr. Veziroglu has more than 20 years of experience in executive-level positions in the telecommunications and semiconductor industries. Mr. Veziroglu began his career in 1984 as a design engineer at VLSI Technology Inc. In 1998, he joined Xilinx Inc., where he remained until 2010, during which time he held various positions; from 2001 to 2003, he served as senior director and general manager configuration solutions division, from 2004 to 2007, as vice president and general manager of the market specific products division, and from 2008 to 2010, as vice president of product marketing and business operations. In 2012, he joined Lattice Semiconductor Corporation as corporate vice president of marketing and business development, where he remained until 2014. In 2017, Mr. Veziroglu joined SA Photonics, Inc. as vice president of corporate business operations before being appointed chief operating officer for the communications and sensing division in January 2021, where he led all engineering, program management, sales & marketing, quality and manufacturing operations until December 2021. After the acquisition of SA Photonics by CACI International Inc. in December 2021, Mr. Veziroglu was responsible for running all aspects of SA Photonics LLC until his departure in July 2022. Mr. Veziroglu holds a Bachelor of Science degree in electrical engineering from the Massachusetts Institute of Technology and a Master of Business Administration degree in marketing and finance from Santa Clara University.

**Stefan Berndt-von Bülow** has been our Chief Financial Officer (CFO) since September 2020. He began his professional career in 2002 at LKC Kemper, Czarske, v. Gronau, Berz auditors, lawyers, tax consultants. Mr. Berndt-von Bülow's main task at LKC was the independent preparation and examination of end-of-year accounts, preparation of tax returns and supervision of company audits. In 2008, he joined SHS VIVEON AG as head of accounting and investor relations and was the director of the subsidiary SHS VIVEON GmbH until 2017. He was mainly responsible for the implementation of capital measures and the supervision of merger and acquisitions. In 2017, he joined G&D Currency Technology as head of finance and accounting, where he was responsible for the balance sheet preparation for the G&D Currency Technology group and arranging a multi-million-dollar financing for a major project until the end of 2018. He joined Mynaric at the end of 2018 as head of finance before being appointed as our CFO in September 2020. Mr. Berndt-von Bülow graduated from the University of Munich and holds a degree in Business Administration (Dipl.-Kaufmann).

**Joachim Horwath** has been our Chief Technology Officer (CTO) since 2009. Following a research stay at Siemens optical networks for his thesis "Simulation of Optical Fiber Amplifiers" in 2000 and studying atmospheric impacts on optical-free-space communications with the research group OptiKom at the Technical University of Graz, he joined the German Aerospace Center (DLR), Institute of Communications in 2002 as a scientist. During his time at the DLR, he focused on numerical simulations of atmospheric index-of refraction turbulence effects and helped to overcome limitations of wireless laser communication. As a project manager, he led many national and international projects on space to ground optical communications and space system verification. He started optical terminal development at DLR and successfully demonstrated optical communications for the first time on a stratospheric balloon in 2005 (project STROPEX) and on aircraft in 2008 (project ARGOS). He was awarded the Erwin Schrödinger prize in 2015 for his contributions to Quantum Cryptography and has been introduced into the technology hall of fame in 2018 by the space foundation for his contributions to miniaturized and affordable laser communication technology connecting the skies and beyond. In 2009, Mr. Horwath co-founded Mynaric Lasercom GmbH and has been serving as managing director and chief technical officer since then. He also served as member of the management board of our Company from 2017 to 2019 and was re-appointed as a member of the management board in 2021. Mr. Horwath graduated from the Technical University of Graz, Austria, and holds a degree in electrical engineering (Dipl.-Elektroingenieur).

## Supervisory Board

### Overview

German law requires that the supervisory board consists of at least three members, whereby the articles of association may stipulate a higher number. Pursuant to our articles of association, our supervisory board shall consist of five (5) members. As we grow, our supervisory board may be required to include employee representatives subject to the provisions of the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz), which applies to companies that on a regular basis employ more than 500 employees in Germany (on a headcount basis), or the German Co-Determination Act (Mitbestimmungsgesetz), which applies to companies that on a regular basis employ more than 2,000 employees in Germany (on a headcount basis). Based on the size of our workforce, none of these provisions currently apply to us and we are not required to include employee representatives as members of our supervisory board.

Under German law, the members of a supervisory board may be elected for a maximum term of approximately five years, depending on the date of the annual general shareholders' meeting at which the members of the supervisory board are elected. This time period may not extend past the end of the shareholders' meeting ratifying the acts of the supervisory board for the fourth full financial year following the commencement of their respective terms of office. For example, if a potential supervisory board member is elected in May 2024, his or her term of office may not extend past the shareholders' meeting ratifying the acts of the supervisory board in the financial year 2028.

Re-election, including repeated re-election, is permissible. The shareholders' meeting may specify a term of office for individual members or all of the members of our supervisory board that is shorter than the maximum term of office and, subject to statutory limits, may set different start and end dates for the term of office of individual supervisory board members.

Members of our supervisory board may be dismissed at any time during their term of office by a resolution of the shareholders' meeting adopted by a simple majority of the votes cast at such meeting. In addition, any member of our supervisory board may resign at any time (i) for cause or (ii) by giving three month's written notice of his or her resignation to the chairperson of our supervisory board or, in case the chairperson resigns, to the deputy chairperson.

The shareholders' meeting may, at the time when it elects the members of the supervisory board, also elect one or more substitute members. Should the term of office of a member of our supervisory board end prematurely the substitute member will replace such supervisory board member for the remainder of his or her original term of office. Currently, no substitute members have been elected or have been proposed to be elected.

Our supervisory board elects a chairperson and a deputy chairperson from among its members. The deputy chairperson assumes the chairperson's responsibilities and duties whenever the chairperson is unable to discharge his or her duties. Emin Bulent Altan, Peter Müller-Brühl, Manfred Krischke, Margaret Abernathy, and Arndt Rautenberg are the current members of our supervisory board. The members of our supervisory board have elected Emin Bulent Altan as chairperson of the supervisory board and Peter Müller-Brühl as deputy chairperson of the supervisory board, each for his respective term of office.

German law does not require the majority of our supervisory board members to be independent. However, pursuant to recommendations contained in the German Corporate Governance Code (as in force as of the date of this Annual Report), the supervisory board shall include such number of independent members that are independent from the company, its management board and any controlling shareholder as it considers appropriate, taking into account the shareholder structure, and the majority of the supervisory board members shall be independent from the company and its management board. A member of the supervisory board is deemed independent from the company and its management board if such member has no personal or business relationship with the company or the management board that may cause a substantial, and not merely temporary, conflict of interest.

Pursuant to the German Corporate Governance Code, in case the supervisory board is composed of no more than six (6) members, at least one (1) member of the supervisory board shall be independent from the controlling shareholder. In case the supervisory board comprises more than six (6) members, at least two (2) members of the supervisory board shall be independent from the controlling shareholder. A member of the supervisory board is considered independent from a controlling shareholder if neither such supervisory board member nor its close family members are a controlling shareholder or part of the executive board of a controlling shareholder and no personal or business relationship with the controlling shareholder exists that may cause a substantial, and not merely temporary, conflict of interest.

The supervisory board meets at least four times per year, twice during each of the first and the second half of each financial year. Our articles of association and the supervisory board's rules of procedure provide that a quorum of the supervisory board members is achieved if at least three of its members participate in the vote. Abstention is regarded as participation in the vote, but is not included in the calculation of the votes cast. Members of our supervisory board are deemed to be participating in a vote if they participate via telephone or video conference, as long as no other member of the supervisory board objects to such form of participation. Any absent member may also participate in the vote by submitting his or her written vote through another member.

Resolutions of our supervisory board are passed with a simple majority of the votes cast, unless otherwise required by law, our articles of association or the rules of procedure of our supervisory board. In the event of a tied vote, the chairperson has the tie-breaking vote.

Under the German Stock Corporation Act, our supervisory board is not permitted to make management decisions. However, in accordance with German law, our supervisory board determined that certain matters require its prior consent, including:

- the formation, acquisition, disposal, and winding up of companies, parts of companies, non-current assets required for operations, and equity investments, silent partnerships, and associated executory contracts;
- entry into new lines of business and discontinuation of existing lines of business; changes to the main strategic direction of existing business activity;
- entry into and termination of leases or rental agreements with a fixed term of more than one year, where the annual lease payments or rent exceed €250,000;
- approval of measures / entry into agreements and capital expenditure on property, plant, and equipment and financial assets in excess of the approved budget where the value exceeds €250,000;
- entry into loan agreements where the amount exceeds €500,000;
- changes to human resources policy principles, including the introduction, modification and termination of generally applicable policies related to employee compensation, the introduction of occupational pensions or retirement plans or employee profit participation plans as well as economically comparable arrangements (such as trusts, shareholder loans and option agreements);
- entry into and termination of agreements with employees with total annual compensation (base salary and including variable compensation components, but excluding fringe benefits and long-term incentive plans) exceeding a gross annual amount of €350,000, including in the context of the recruitment of replacement staff;
- termination of employment or other restructuring measures affecting more than 10% of the Company's total head count;
- commencement and termination of legal action having a material effect or a financial risk exceeding €200,000, both by and against the Company;
- acquisition, sale or encumbrance of real estate, sections of land and comparable rights as well as their development;
- granting shareholder loans and credit to non-affiliates, provided these do not concern the granting of mere terms of credit related to ordinary course supply and services, and the portion not covered by related credit insurance exceeds €200,000;
- entry into speculative financial transactions (particularly investment in currencies, derivatives or securities);
- granting security interests to third parties (excluding affiliates), particularly the assumption of suretyships and other guarantees;
- entry into agreements with members of the Management Board or related persons within the meaning of Section 15 of the German Tax Code or corporations, with the exception of agreements with consolidated companies;
- whole or partial sales of material portions of the Company's assets or mergers of the Company;
- establishment or modification of administrative headquarters, branches or permanent establishments for tax purposes;
- grants and revocations of general powers of representation (Prokura) and general powers of attorney in accordance with applicable German laws;
- adoption of the annual consolidated budget (investment, finance, revenue, profit and staffing plans) as well as the implementation of related measures in affiliated companies that are not included in the consolidated budget;
- disposal of tangible and intangible assets (including trademarks, domains and patents) related to the Company's operations outside the ordinary course of business;
- entry into, modification or termination of intercompany agreements within the meaning of Sections 291 et seq. of the German Stock Corporation Act;
- entry into, modification or termination of joint venture agreements or consortium contracts and other partnership agreements outside the ordinary course of business; and
- changes to material accounting policies.

In addition to the matters that our supervisory board has determined from time to time to require its prior consent, as a matter of German law, certain transactions or other matters may only be carried out or implemented subject to our supervisory board's prior consent.

### **Members of our Supervisory Board**

Pursuant to our articles of association, our supervisory board shall consist of five (5) members. The following table sets forth the names of the current members of our supervisory board, their ages, their terms (which expire on the date of the relevant year's general shareholders' meeting) and their principal occupations:

Name	Age	Year in which term expires	Position
Emin Bulent Altan (chairperson) <sup>(1)</sup>	46	2028	Sole proprietor of Earhart Consulting LLC and founding partner of Alpine Space Ventures
Peter Müller-Brühl (deputy chairperson)	55	2028	Co-chief executive officer of GreenCom Networks AG
Dr. Manfred Krischke	57	2028	Chief executive officer of CloudEO AG
Margaret Abernathy	37	2028	General counsel, vice president of government affairs of Impulse Space
Arndt Rautenberg	57	2028	Managing partner of Rautenberg & Company GmbH

(1) Mr. Altan had previously served as Chief Executive Officer from 2019 to February 2023, and Co-Chief Executive Officer, alongside Mr. Veziroglu, from February 2023 to August 2023.

Unless otherwise indicated, the current business address for each supervisory board member is the same as our business address: Bertha-Kipfmüller-Str. 2-8, 81249 Munich, Germany.

The following is a brief summary of the business experience of the members of our supervisory board:

**Emin Bulent Altan** has been a member of our supervisory board since August 2023 and currently serves as chairperson of our supervisory board. Mr. Altan had previously served as CEO of our Company from 2019 to February 2023, and as Co-CEO of our Company, alongside Mr. Veziroglu, from February 2023 to August 2023. Mr. Altan has been active in the aerospace industry since 2004, when he started his professional career at Space Exploration Technologies Corp. (SpaceX), a private U.S. aerospace manufacturer and space transportation services company headquartered in Hawthorne, California. He remained with SpaceX until 2014, first serving as an avionics engineer and then as a senior director of avionics from 2004 to 2010, where he was responsible for growing the company's avionics department, and from 2010 to 2014, as vice president of avionics, where he was responsible for the avionics, software and guidance, navigation and control of the Falcon rockets as well as the Dragon capsules. From 2015 to 2016, Mr. Altan held positions as partner and mentor at the Munich-area industrial start-up accelerator TechFounders, based in the Munich area, as well as taking on the role of head of innovation and digital transformation at Airbus Defence and Space. In 2016, he returned to SpaceX, where he served as the vice president of Satellite Mission Assurance for SpaceX's Starlink satellite mega-constellation. He is also the sole proprietor of Altan International LLC, a consulting firm he founded in 2015, and through which he currently advises a venture capital fund with respect to start-up investments. Since November 2020, he is also an investment partner (together with the founder of Apeiron Investment Group Ltd., one of the Company's former shareholders) with, and serves as a member of the recommendation committee of, Alpine Space Ventures Management GmbH, a venture capital and private equity firm investing in space-related businesses. He has also served as chairman of the advisory board of Isar Aerospace Technologies GmbH, is a member of the advisory boards of C-Star Isar Ltd. and C-Star Isar Co-Invest Fund LP and is a member of the board of directors of Onelight Holdings, Inc. Mr. Altan is also a limited partner of Alpine Space Ventures Fund I FLP GmbH & Co. KG. Mr. Altan holds a Master of Science degree (Dipl.-Inf.) in computer science from the Technical University of Munich and a Master of Science degree in aeronautics and astronautics from Stanford University.

**Peter Müller-Brühl** has been a member of our supervisory board since July 2018. Mr. Müller-Brühl holds business degrees from Middlesex University in London and the European School of Business (ESB) in Reutlingen, Germany, as well as an MBA from Ottawa University, Canada. He started his career in the publishing industry in New York and Moscow and, after he received his MBA, continued in the automotive industry in different commercial and technology management roles until 2008, when he left as chief information officer/chief technology officer Germany for DaimlerChrysler AG. He went on to gain 13 years' experience as a serial entrepreneur in various technology start-ups, as co-founder and member of executive management teams. He served as a venture partner at SpaceTec Capital Partners GmbH, a venture capital consulting firm, from 2008 to 2011, as co-chief executive officer at RapidEye AG, a provider of quality high-resolution satellite imagery and derived geo-information products, from 2011 to 2012, and currently serves as co-CEO and member of the management board of GreenCom Networks AG, a next generation energy service provider, which was acquired by Enphase Energy Inc. in October 2022. He has served as chairman of the supervisory board and member of the audit and compensation committee of CloudEO AG since 2012, member of the supervisory board and member of the audit and compensation committee of Protection ONE GmbH from 2016 to 2020, member of the

supervisory board at Seidel GmbH & Co. KG since 2015 and member of the supervisory board of Xpay Holding AG from 2019 to September 2023.

**Dr. Manfred Krischke** has been a member of our supervisory board since May 2017 and currently serves as chairperson of our supervisory board. He received a doctorate in aerospace engineering (*Dr. Ingenieur*) in 1991 and a degree in space engineering (*Dipl.-Ingenieur, Space*) from the Technical University of Munich in 1996. Mr. Krischke has been the co-founder and chief executive officer of CloudEO AG since 2012, which operates a vendor independent, data agnostic market platform through which customers can obtain professional geo-information services from leading national and international providers at low cost. Since 2011, he has also been a managing shareholder of SCANDO Beteiligungs GmbH. From 2005 to 2010, Mr. Krischke served as a managing director of Intermap Technologies GmbH, a company providing geospatial solutions that allow GIS professionals in commercial and government organizations worldwide to build a broad range of applications. From 2010 to 2011, he was a senior advisor at SpaceTec Capital. In 1998, he founded RapidEye AG, a provider of quality high-resolution satellite imagery and derived geo-information products, and was its chief executive officer until 2004; in 2011 he also served as its interim chief executive officer. From 1991 to 1998, he was a business development manager at Kayser-Threde GmbH. Mr. Krischke also served as a member of the supervisory board of RapidEye AG from 2009 to 2011 and as chairman of the supervisory board of Hyperganic Technologies AG, a company that develops software for advanced industrial 3D printers, from 2017 to 2021. As of August 2022, Mr. Krischke serves as a member of the supervisory board of Skyroads AG, a company that develops technology to manage routes, ensure overall safety and provide for passenger mobility and cargo transport.

**Margaret Abernathy** has been a member of our supervisory board since August 2023. Ms. Abernathy holds a B.S.E in mechanical engineering from Duke University and a J.D. from the University of Southern California. Ms. Abernathy is a seasoned legal professional and executive leader in the high-tech industry with over ten years of experience as a lawyer and a prior professional background in engineering. Ms. Abernathy started her professional career as an engineer at the Department of Defense in 2008, before joining Orbcomm, Inc as a satellite systems engineer in 2009. After working at Orbcomm, Inc. for two years, she obtained her J.D. from the University of Southern California in 2014 and shortly thereafter joined SpaceX Technologies as a contract and patent attorney. In 2015, she started working at BakerHostetler, LLP as a managing associate for their IP and government affairs team, counseling aerospace and high-tech companies in a variety of intellectual property legal proceedings. Ms. Abernathy then went on to serve as a senior clerk at the U.S. Court of Appeals for the Federal Circuit from 2017-2019, where she acted as chief technical advisor for the judge's chambers specializing in the patent appeals and government contract disputes for the team of clerks. She joined Orrick, Herrington & Sutcliffe LLP in 2019 as a senior associate and gained experience representing Fortune 500 and high-growth technology companies in, among others, areas of general corporate law, debt and venture capital financings, and litigation and appeals. In 2022, she joined Phase Four, a satellite propulsion start-up company, as general counsel and vice president of government affairs and business operations. During her tenure at Phase Four, Ms. Abernathy has built the company's first legal, government affairs, people operations, and IT divisions, while managing all aspects of the company's legal operations. In 2024, she started her current role as general counsel and vice president of government affairs at Impulse Space, a provider of media and market intelligence on the space technology industry.

**Arndt Rautenberg** has been a member of our supervisory board since April 2024. He studied business administration at WHU – Otto Beisheim School of Management and at Georgetown University. He started his professional career in 1994 at Boston Consulting Group. In 2000, he and two partners founded a technology investment and advisory firm which they later successfully sold to Sapient (now a subsidiary of Publicis Groupe SA), a NASDAQ-listed technology corporation based in Cambridge, USA. After several years as an executive board member of Sapient, Mr. Rautenberg was appointed Chief Strategy Officer of Deutsche Telekom AG, where he was responsible for both the group's strategy development as well as the portfolio management. He is the founder and Managing Partner of Rautenberg & Company and heads their Dusseldorf office.

## Board Diversity

The table below provides certain information regarding the diversity of the supervisory board as of the date of this Annual Report.

### Board Diversity Matrix

Country of Principal Executive Offices:	Germany
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors and Board Observers	4

	Female	Male	Non-Binary	Did Not Disclose Gender
<b>Part I: Gender Identity</b>				
Directors	1	4	—	—
<b>Part II: Demographic Background</b>				
Underrepresented Individual in Home Country Jurisdiction			—	
LGBTQ+			1	
Did Not Disclose Demographic Backgrounds	1	3		

## B. Compensation

### Compensation of Management Board Members

The remuneration for management board members consists of three components:

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

The amount of the remuneration for the members of the management board largely depends on a member's area of responsibility, individual performance and the performance of the management board as a whole. It also takes into account our economic and financial success and is intended to provide an incentive for long-term and sustainable corporate governance, while linking the interests of the management board members to those of our shareholders.

The overall remuneration for the members of the management board (excluding stock options and fringe benefits) comprises approximately 40% in fixed remuneration and 60% in performance-related remuneration in the event of 100% target achievement.

### Non-Performance-Related Remuneration

The fixed, non-performance-related remuneration is comprised of (i) a fixed annual base salary, which is generally paid out in equal instalments, and (ii) market standard fringe benefits. Fringe benefits mainly consist of expenses for company housing, contribution payments to a statutory and private health and care insurance and other remuneration in kind.

### Performance-Related Remuneration

#### Short-term variable remuneration (STI)

The performance-related remuneration comprises of an annual bonus designed to reward the operational implementation of the corporate strategy in the respective financial year.

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



The annual bonus for 2022 was paid to the members of the management board in May 2023 and is therefore allocated to the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 German Stock Corporation Act in 2023. The annual bonus for 2023 will be determined and paid in 2024 and is therefore allocated to the remuneration awarded and due within the meaning of Section 162 section 1 sentence 1 German Stock Corporation Act in 2024. The annual bonus for 2023 will therefore be disclosed in the remuneration report for 2024.

For the annual bonus 2022, the supervisory board defined two performance targets, an operational target and a financial target, with both targets being equally weighted within the overall target achievement.

The operating target was based on the number of terminals delivered to customers in the financial year 2022. For this purpose, the supervisory board set a target value of 300 terminals delivered to customers for the operating target, which corresponds to a 100% target achievement. Less than 200 terminals delivered to customers corresponds to a target achievement of 0% and 500 terminals delivered to customers corresponds to a target achievement of 200%. An increase in target achievement above 200% is not possible (cap).

The financial target was based on the amount of payments received from customers in the financial year 2022. For this purpose, the supervisory board had set a target value of €33 million for the financial target, which corresponds to a 100% target achievement. Payments of less than €22 million correspond to a target achievement of 0% and payments of €60 correspond to a target achievement of 200%. An increase in the target achievement beyond 200% is not possible (cap).

In addition to the annual bonus, each management board member is entitled to a one-time bonus for investments by strategic investors which exceed 5% of our then current share capital. The one-time bonus is set to amount to 1% of the acquired funds (payment into the share capital or into the capital reserve) and is capped at €1,000,000. In the case of a capital increase with subscription rights, only those investments which go beyond the investor's subscription rights count towards the 5% threshold. The special bonus is a reward for the management board member's performance in acquiring strategic investors for us. In connection with the Credit Agreement 2023, the members of the management board received a bonus payment in the aggregate amount of approximately €125,000.

#### *Long-term variable remuneration (LTI)*

The members of the management board also receive a long-term variable remuneration in the form of stock options, which provides an incentive to the management board members to contribute to our long-term sustainable development and links the interests of the management board members to those of our shareholders.

In 2023, the current members of the management board were granted in total 75.000 stock options under the 2021 Plan, the 2022 Plan and the 2023 Plan. For more information, see “—Share-Based Incentive Plans—Stock Option Program 2021,” “—Share-Based Incentive Plans—Stock Option Program 2022,” and “—Share-Based Incentive Plans—Stock Option Program 2023.”

#### ***Compensation of the Members of the Management Board in 2023***

The following table presents the fixed and variable remuneration components awarded due to the current members of the management board in 2023 in accordance with Section 162 para. 1 sentence 1 German Stock Corporation Act. The table includes all remuneration amounts actually received by the individual management board member in the financial year (“awarded”) and all remuneration legally due but not yet received (“due”).

The amount of the annual bonus (short-term variable remuneration) for 2023 will be determined and paid out in 2024 and will therefore be included in the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 German Stock Corporation Act in 2024, whereby the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 German Stock Corporation Act in 2023 also includes the annual bonus for 2022 which was paid out in May 2023. Accordingly, the information provided in the tables below differs from the information about management board remuneration presented in the notes of the Annual Report 2023 (note 33.2). These differences are due to the differing presentation requirements under the German Corporate Governance Code and IFRS. The share-based remuneration in the form of stock options granted in the financial year 2023 is disclosed with its value, i.e. the number of stock options granted, multiplied by the fair market value at the time of granting.

Management board member	Annual base salary		Fringe benefits		Short-term variable remuneration <sup>(3)</sup>		Long-term variable remuneration <sup>(4)</sup>		Total (in € thousand)
	(in € thousand)	(in %)	(in € thousand)	(in %)	(in € thousand)	(in %)	(in € thousand)	(in %)	
Emin Bulent Altan <sup>(1)</sup>	284	52.4 %	67	12.4 %	191	35.2 %	—	— %	542
Mustafa Veziroglu <sup>(2)</sup>	446	52.3 %	6	0.7 %	138	16.2 %	263	30.8 %	853
Stefan Berndt-von Bülow	325	47.2 %	6	0.9 %	160	23.2 %	198	28.7 %	689
Joachim Horwath	325	47.2 %	6	0.9 %	160	23.2 %	198	28.7 %	689
<b>Total</b>	<b>1,380</b>	<b>49.8 %</b>	<b>85</b>	<b>3.1 %</b>	<b>649</b>	<b>23.4 %</b>	<b>659</b>	<b>23.8 %</b>	<b>2,773</b>

- (1) Bulent Altan resigned from the management board at the end of the Annual General Meeting on August 7, 2023.
- (2) Member of the management board since August 15, 2022.
- (3) Includes annual bonus for 2022 for each management board member as well as one-time bonus for the investment by a U.S.-based global investment management firm as strategic investor.
- (4) Value based on number of stock options multiplied by the fair value of the stock option at time of issuance.

Mr. Altan received additional remuneration for his activities as director of Mynaric USA Inc., which is reflected in the aggregate remuneration described above. The other members of the management board did not receive any remuneration during their term for their positions in our subsidiaries.

### ***Other Remuneration Rules***

#### *Maximum remuneration*

Pursuant to the German Stock Corporation Act, the supervisory board has set a maximum compensation for the members of the management board. This amounts to €6,000,000 for the CEO and €4,000,000 for each ordinary member of the management board for one financial year-irrespective of whether payment is made in this financial year or at a later date.

#### *Penalty and clawback rules*

If necessary, the supervisory board may withhold (penalty clause) or retract (clawback) variable remuneration components if a management board member is in serious breach of their obligations, particularly their compliance obligations. The current employment contracts of all management board members include such clawback provisions. We did not make use of our right to withhold or retract variable remuneration in financial year 2023.

#### *Severance payments*

Service contracts with our members of the management board contain severance payment provisions that comply with the recommendations of the German Corporate Governance Code.

In the event of premature termination of the service agreement, payments by us to the management board member, including fringe benefits, shall not exceed the value of two years' compensation (severance payment cap) and shall compensate no more than the remaining term of the employment contract. If the service contract is terminated for cause within the sphere of the management board member, no payments will be made to the respective member.

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

#### *Change of control*

Our service contracts with the management board members do not contain any provisions in the event of a "change-of-control."

In addition, the 2023 Plan and the 2022 Plan provides for the following regulation in the event of a change-of-control:

A change-of-control exists if a shareholder holds more than 50% of our shares and/or voting rights. In the event of a change-of-control, all participants under the 2023 Plan (or the 2022 Plan) have the right to forfeit stock options against payment of a settlement in the amount of the purchase price paid in the course of the change-of-control (or offered to the shareholders in the event of a public offer) or, if such a purchase price is not known, in the amount of the price of our share or the price of the right or certificate representing our share in the trading system with the highest total trading volume in our shares during the last 30 trading days prior to the day on which we become aware of the change-of-control and, in the case of stock options, less the exercise price.

Prior stock option plans provide for the following provision in the event of a change-of-control:

If the vesting period has not yet expired at the time the change-of-control takes effect, or if the vesting period has expired but the exercise requirements of the stock option plan are not met, the members of the management board are entitled to waive the subscription rights within two weeks of the announcement of the change-of-control by making a unilateral declaration to us. In this case, the management board members are entitled to a compensation payment in the amount of the purchase price per share paid in the course of the change-of-control less the exercise price. For purpose of this provision, a "change-of-control" is defined as the acquisition of more than 50% of our shares by a new shareholder.

### Non-competition clause

The current service contracts with the members of our management board do not provide for any post-contractual non-competition clauses.

### Option Ownership of Management Board Members

The following table sets forth the option ownership of our current and former management board members as of May 14, 2024:

Name	Number of Options	Title	Exercise Price (in €)	Grant Date	Expiration Date
Mustafa Veziroglu	*(1)	Ordinary shares	32.90	September 30, 2022	September 30, 2031
	*(1)	Ordinary shares	20.25	June 30, 2023	June 30, 2032
	*(2)	Ordinary shares	19.54	December 13, 2023	December 13, 2032
	*(2)	Ordinary shares	20.97	February 2, 2024	February 2, 2033
Stefan Berndt-von Bülow	*(3)	Ordinary shares	41.03	December 30, 2019	December 30, 2026
	*(3)	Ordinary shares	47.25	June 30, 2020	June 30, 2027
	*(4)	Ordinary shares	61.27	September 30, 2020	September 30, 2027
	*(5)	Ordinary shares	71.15	June 30, 2021	June 30, 2028
	*(1)	Ordinary shares	32.90	September 30, 2022	September 30, 2031
Joachim Horwath	*(5)	Ordinary shares	71.15	June 30, 2021	June 30, 2028
	*(1)	Ordinary shares	32.90	September 30, 2022	September 30, 2031
	*(5)	Ordinary shares	20.25	June 30, 2023	June 30, 2030
	*(2)	Ordinary shares	19.54	December 13, 2023	December 13, 2032
Emin Bulent Altan <sup>(6)</sup>	*(2)	Ordinary shares	20.97	February 2, 2024	February 2, 2033
	*(3)	Ordinary shares	61.27	September 30, 2020	September 30, 2027
	*(4)	Ordinary shares	61.27	September 30, 2020	September 30, 2027
	*(1)	Ordinary shares	32.90	September 30, 2022	September 30, 2031
Wolfram Peschko <sup>(7)</sup>	*(3)	Ordinary shares	42.46	September 27, 2019	September 27, 2026
	*(3)	Ordinary shares	47.25	June 30, 2020	June 30, 2027
Hubertus Edler von Janecek <sup>(7)</sup>	*(3)	Ordinary shares	42.46	September 27, 2019	September 27, 2026
	*(3)	Ordinary shares	47.25	June 30, 2020	June 30, 2027

\* Indicates beneficial ownership of less than 1% of our outstanding ordinary shares.

(1) Granted under the 2022 Plan.

(2) Granted under the 2023 Plan.

(3) Granted under the 2019 Plan.

(4) Granted under the 2020 Plan.

(5) Granted under the 2021 Plan.

(6) Mr. Altan resigned from the management board in August 2023.

(7) Mr. Peschko and Mr. Edler von Janecek both resigned from the management board in June and July 2020, respectively.

### Compensation of Supervisory Board Members

Each member of the supervisory board is entitled to a fixed annual compensation of €60,000 (€120,000 and €90,000 in the case of the chairperson and the deputy chairperson, respectively). Supervisory board members who at the same time are members of the audit committee will receive an additional fixed annual compensation of €20,000 (€30,000 for the chairperson of the audit committee). In addition, each member of the supervisory board receives an attendance fee of €500 per meeting for participating in a meeting or a resolution passed by telephone.

The compensation is payable after the end of the financial year. A member of the supervisory board who serves for only a portion of a given financial year or who holds the position of chairman or vice chairman of the supervisory board for only a portion of a given financial year will only be remunerated pro rata. In addition, the members of the supervisory board will be reimbursed for their reasonable out-of-pocket expenses incurred in the performance of their duties as supervisory board members as well as the value-added tax on their compensation and out-of-pocket expenses. In addition, the members of the supervisory board are covered by a D&O insurance policy in line with market practice.

The following table shows the fixed remuneration awarded to our current supervisory board members.

	For the year ended December 31, 2023		
	Fixed remuneration	Attendance fees (in € thousand)	Total
Members of our supervisory board			
Emin Bulent Altan <sup>(1)</sup>	48	3	51
Peter Müller-Brühl <sup>(2)</sup>	110	7	117
Dr. Manfred Krischke <sup>(3)</sup>	120	7	127
Dr. Hans Königsmann <sup>(4)</sup>	60	4	64
Margaret Abernathy <sup>(5)</sup>	32	3	35
Steve Geskos <sup>(6)</sup>	54	5	59
Vincent Wobbe <sup>(7)</sup>	36	4	40
<b>Total</b>	<b>460</b>	<b>33</b>	<b>493</b>

- (1) Chairperson and member of the supervisory board since August 2023.
- (2) Deputy chairperson of the supervisory board and member of the Company's audit committee.
- (3) Chairperson of the supervisory board until August 2023 and chairperson of the Company's audit committee since August 2023.
- (4) Member of the supervisory board until December 2023.
- (5) Member of the supervisory board since August 2023.
- (6) Member of the supervisory board and chairman of the audit committee until August 2023.
- (7) Member of the supervisory board until August 2023.

In addition, and irrespective of his function as chairperson of the supervisory board, Mr. Altan received a one-time severance compensation in an amount of €750,000 as compensation for the termination of his service agreement as a member of the Company's management board. The severance payment was paid in the form of ordinary shares on March 6, 2024. Mr. Altan received 37,128 ordinary shares at a per share price of €20.20.

No member of our supervisory board, aside from Mr. Altan, currently owns any options or other equity awards for ordinary shares in the Company.

## Share-Based Incentive Plans

### *Stock Option Program 2019*

In 2019, we established a stock option program (the "2019 Plan"). The 2019 Plan has an initial term until and including December 31, 2022. Under the 2019 Plan, our management board is authorized to grant (i) up to 135,000 stock options to members of our management board or to managing directors of our affiliates and (ii) up to 135,000 stock options to our employees or to employees of our affiliates. If stock options under the 2019 Plan are to be granted to members of our management board, only our supervisory board is entitled to decide on such grants.

The stock options under the 2019 Plan are subject to a vesting period of four years. Once they have vested, they may be exercised within three years following the expiry of the vesting period (but only during the period that is four weeks following the announcement of our annual financial results or half-year financial results in each of such three years). The stock options can only be exercised if the XETRA Share Price is at least 20% above the exercise price at the end of the vesting period. The exercise price is set as the XETRA Share Price on the day preceding the issuance period (as defined). On May 14, 2021, our shareholders' meeting resolved on an amendment to the 2019 Plan addressing the proposed listing of ADSs on a foreign stock exchange. This amendment allows us, depending on the trading system with the highest total trading volume of our ordinary shares or ADSs over a specific period, to use either the price of the ADSs (converted into an amount per share) or the XETRA Share Price as the reference price under the 2019 Plan.

Stock options under the 2019 Plan may only be exercised by an optionholder (i) during the time of such optionholder's employment with us or one of our affiliates, or (ii) if such optionholder's employment contract is terminated due to time limitation or upon retirement or mutual agreement. If the employment is terminated for other reasons and before the end of the vesting period, the stock options forfeit immediately. If the employment contract is terminated for other reasons and after the stock options have vested but before they are exercised, such stock options forfeit following expiry of the next exercise period without replacement or compensation.

Under the 2019 Plan, we may issue shares by utilizing the Conditional Capital 2019 (as described in more detail in Exhibit 2.3) or treasury shares. At our discretion, we may also settle the stock options in cash. In addition, the 2019 Plan contains a change-of-control provision

applicable to (i) unvested stock options, providing the optionholder with the right to rescind the stock option in exchange for the payment of compensation from the Company to the optionholder, and (ii) vested stock options that are not exercisable, providing us and the beneficiary with the right to rescind the stock option in exchange for the payment of compensation from the Company to the optionholder.

### ***Stock Option Program 2020***

In 2020, we implemented an additional stock option program (the “2020 Plan”). Under the 2020 Plan, our management board is authorized to grant stock options (i) in the amount of up to 14,473 shares to members of our management board or to managing directors of our affiliates and (ii) in the amount of up to 20,000 shares to our employees or to employees of our affiliates. If stock options under the 2020 Plan are to be granted to members of our management board, only our supervisory board is entitled to decide on such grants.

The stock options under the 2020 Plan are subject to a vesting period of four years. Once they have vested, they may be exercised within three years following the expiry of the vesting period (but only during the period that is four weeks following the announcement of our annual financial results or half year financial results in each of such three years). The stock options can only be exercised if the XETRA Share Price is at least 20% above the exercise price at the end of the vesting period. The exercise price is set as the XETRA Share Price on the day preceding the issuance period (as defined). On May 14, 2021, our shareholders’ meeting resolved on an amendment to the 2020 Plan addressing the proposed listing of ADSs on a foreign stock exchange. This amendment allows us, depending on the trading system with the highest total trading volume of our ordinary shares or ADSs over a specific period, to use either the price of the ADSs (converted into an amount per share) or the XETRA Share Price as the reference price under the 2020 Plan.

Stock options under the 2020 Plan may only be exercised by an optionholder (i) during the time of such optionholder’s employment with us or one of our affiliates, or (ii) if such optionholder’s employment is terminated due to time limitation or upon retirement or mutual agreement. Hence, if the employment is terminated for other reasons and before the end of the vesting period, the stock options forfeit immediately without replacement or compensation. If the employment is terminated for other reasons and after the stock options have vested but before they are exercised, such stock options forfeit following expiry of the next exercise period without replacement or compensation.

Under the 2020 Plan, we may issue shares by utilizing the Conditional Capital 2020/I (as described in more detail in Exhibit 2.3) or treasury shares. At our discretion, we may also settle the stock options in cash. In addition, the 2020 Plan contains a change-of-control provision applicable to (i) unvested stock options, providing the optionholder with the right to rescind the stock option in exchange for the payment of compensation from the Company to the optionholder, and (ii) vested stock options that are not exercisable, providing us and the beneficiary with the right to rescind the stock option in exchange for the payment of compensation from the Company to the optionholder.

### ***Stock Option Program 2021***

In 2021, we established an additional stock option program (the “2021 Plan”) pursuant to which our supervisory board had been authorized to grant up to 103,321 stock options to the members of our management board. To date, all 103,321 stock options have been granted to the members of our management board.

The stock options under our 2021 Plan are subject to a vesting period of three years. During this period, the stock options vest at the rate of one-twelfth for each full quarter of a year following the initial grant date, provided that a “cliff” period of one year from the grant date has expired. If a beneficiary leaves us before the expiry of the cliff period, all stock options granted to such beneficiary expire without compensation. If a beneficiary leaves us after the expiry of this cliff period, only those stock options that have not already vested expire without compensation. Stock options may be exercised within three years following the expiry of a waiting period which begins on the respective issue date and ends at the earliest at the end of the fourth anniversary of the issue date (the “SOP 2021 Waiting Period”). During the SOP 2021 Waiting Period, subscription rights may be exercised within four weeks following the announcement of our annual or half-year financial results.

Stock options under the 2021 Plan may only be exercised by an optionholder if the volume-weighted six-month average stock price of our shares or share certificates (converted into an amount per share) on the trading system with the highest total trading volume in our shares or share certificates within the last ten trading days prior to the expiry date of the SOP 2021 Waiting Period is at least 20% above the exercise price at the end of the SOP 2021 Waiting Period. If the Frankfurt Stock Exchange is such trading system, the XETRA Share Price is the relevant performance standard.

Under the 2021 Plan, we may issue shares by utilizing the Conditional Capital 2021/II (as described in more detail in Exhibit 2.3) or treasury shares. At our discretion, we may also settle the stock options in cash.

### ***Restricted Stock Units Program 2021***

In 2021, we further implemented a restricted stock units program (the “RSU Program 2021”). Under the RSU Program 2021, our management board is authorized to grant up to 204,647 RSUs to (i) selected employees, (ii) selected employees of our affiliates, and (iii) managing directors of our affiliates. Forfeited RSUs under the RSU Program will be available for future grants.

Under the RSU Program 2021, each beneficiary will be granted a specific Euro amount, which will be converted into a certain number of RSUs. The exact number of RSUs to be allocated to a beneficiary will be determined by dividing the Euro amount granted to such beneficiary by the six-month average closing price of the shares or share certificates on the trading system with the highest total trading volume of shares or share certificates within ten trading days, in each case prior to the grant date, rounded down to the nearest whole number. RSUs vest in instalments over a four-year vesting period as follows: If a beneficiary’s employment with us or one of our affiliates has continued and remains unterminated following the expiry of a twelve-month period following the grant date (the “Cliff Period”) one-fourth of the RSUs initially allocated to such beneficiary vest. Following the expiry of the Cliff Period, the remaining RSUs vest in instalments of one-twelfth for each fully completed quarter during which the beneficiary’s employment continues without termination, subject to certain exceptions. In a good leaver event (as defined), all vested RSUs are retained and all unvested RSUs forfeit without entitlement to compensation. In a bad leaver event (as defined), all vested and unvested RSUs forfeit without entitlement to compensation. RSUs may also forfeit in the event of a temporary exemption from work. Following a grace period (which in the events of illness or pregnancy is calculated pursuant to the respective statutory rules of wage continuation and which, in other cases, amounts to six weeks), 1/48 of number of RSUs initially granted forfeit without entitlement to compensation.

At our discretion, we may settle vested RSUs under the RSU Program 2021 either (i) by way of new shares utilizing the Authorized Capital 2021/II (as described in more detail in Exhibit 2.3), (ii) by way of a cash settlement, or (iii) a combination of both.

Each vested RSU entitles a beneficiary to a cash payment claim against us. Such payment claim corresponds to

- (i) in case of a share settlement, the closing price of our shares or share certificates on the last trading day before the day on which our management board (together with the supervisory board) resolves on the utilization of the Authorized Capital 2021/II, while such closing price is determined by the trading system with the highest total trading volume in our shares or share certificate within the ten days prior to the day of such resolution by the management board (the actual date on which the new shares which were created from the capital increase against contribution in kind are transferred to the securities account of the respective beneficiary, i.e., the “share settlement date”), or
- (ii) in case of a cash settlement, the average closing price of our shares or share certificates during the 30 trading days following the publication of our annual results (i.e., the “cash settlement date”), while such closing price is determined by the trading system with the highest total trading volume in shares or share certificates representing our shares within the ten last trading days prior to the publication of our annual financial report.

In August 2022, we settled a first tranche under the RSU Program 2021 and issued 16,149 new ordinary shares to our beneficiaries. In April 2024, we settled a second tranche under the RSU Program 2021 and issued 47,579 new ordinary shares to our beneficiaries.

### ***Stock Option Program 2022***

In 2022, we established an additional stock option program (the “2022 Plan”) pursuant to which our supervisory board is authorized to grant stock options to the members of our management board for a total of up to 115,000 shares in the Company. The number of stock options to be granted to each beneficiary under the 2022 Plan may vary over the term of the 2022 Plan and is determined by the Company’s supervisory board. Subject to the terms and conditions set forth in the 2022 Plan, each stock option entitles the beneficiary to acquire one share in the Company against payment of the exercise price. The exercise price is defined as the volume-weighted six-month average share price or share certificates price (converted into an price per share) on the day prior to the grant date on the trading system with the highest total trading volume in our shares or share certificates within the last ten trading days prior to such date.

The exercise of the stock options is subject to a waiting period. The waiting period, i.e., the period up until the date on which the stock options may be exercised, begins on the grant date and ends at the end of the fourth anniversary after the grant date. Stock options may be exercised only within a time period of five years following the date on which the waiting period has expired (the “Exercise Period”). The Exercise Period may be extended appropriately if, due to statutory or internal company regulations, an exercise is not possible at the end of the original Exercise Period. Stock options that have not been exercised by the end of the respective Exercise Period will forfeit without entitlement to compensation.

Stock options may only be exercised if and to the extent that the performance targets as described below have been achieved: The performance targets are linked to (i) the absolute share price performance of the Company’s shares (i.e., a three-month volume-weighted average

price of the shares or share certificates (converted into a price per share) of at least 50% above the exercise price at the end of one of four equal quarters of the year preceding the last day of the expiry of the waiting period) and (ii) the achievement of an Environment Social Governance target (the “ESG Target”) during the waiting period, whereby within the overall target achievement, the absolute share price performance is weighted with 80% and the ESG Target with 20%. The ESG Target is composed of a diversity target (i.e., a 5% increase of women within the Company compared to the start of the respective waiting period or a share of women of at least 30% within the Company and continuing during the waiting period) and an employee engagement target (i.e., a 5% increase of the employee engagement within the Company compared to the start of the waiting period or an employee engagement of at least 80% within the Company and continuing during the waiting period) on an equal basis. In no event will the exercise of stock options under the 2022 Plan exceed the maximum remuneration thresholds as set by the Company’s supervisory board pursuant to section 87a of the German Stock Corporation Act.

If the term of office of a member of the management board ends before the expiry of the applicable waiting period due to a revocation from office (Widerruf der Bestellung) for cause (such member a “Bad Leaver”), all stock options granted to such Bad Leaver (whether held by the individual or any third party) will be forfeited without entitlement to compensation. If the term of office of a member of the management board ends before the expiry of the applicable waiting period due to any reason other than for cause (such member a “Good Leaver”), such Good Leaver will retain all stock options that the individual has been granted under the 2022 Plan. In addition, in the event that a beneficiary willfully or grossly negligent breaches statutory duties or the code of conduct of the Company (each a “Breach of Duty”), the supervisory board is entitled to retain or reclaim in its discretion the payout in the form of a cash settlement or share settlement in whole or in part in accordance subject to certain conditions set forth in the 2022 Plan.

Under the 2022 Plan, we may issue shares by utilizing the Conditional Capital 2022/II (as described in more detail in Exhibit 2.3) or treasury shares. At our discretion, we may also settle the stock options in cash.

### ***Restricted Stock Units Program 2022***

In 2022, we implemented an additional restricted stock units program (“RSU Program 2022”). Under the RSU Program 2022, the management board is authorized to grant RSUs to (i) selected employees, (ii) selected employees of its affiliates, and (iii) managing directors of its affiliates.

Under the RSU Program 2022, each beneficiary will be granted a specific Euro amount, which will be converted into a certain number of RSUs. The exact number of RSUs to be allocated to a beneficiary will be determined by dividing the Euro amount granted to such beneficiary by the six-month average closing price of the shares or ADSs on the trading system with the highest total trading volume of shares or ADSs on the basis of ten trading days, in each case prior to the grant date, rounded down to the nearest whole number. RSUs vest in instalments over a four-year vesting period as follows: If a beneficiary’s employment with our Company or one of its affiliates has continued and remains unterminated following the expiry of the Cliff Period, one-fourth of the RSUs initially allocated to such beneficiary vest. Following the expiry of the Cliff Period, the remaining RSUs vest in instalments of one-twelfth for each fully completed quarter during which the beneficiary’s employment continues without termination, subject to certain exceptions. In a good leaver event, all vested RSUs are retained and all unvested RSUs forfeit without entitlement to compensation. In a bad leaver event, all vested and unvested RSUs forfeit without entitlement to compensation. RSUs may also forfeit in the event of a temporary exemption from work. For each 30 working days (in a single piece or summed up) for which the temporary exemption from work lasts, 1/48 of the number of RSUs initially granted forfeit without entitlement to compensation. In case a beneficiary, before the vesting period has ended, decreases their working time from full-time to part-time, the number of RSUs not yet vested shall be decreased pro-rata temporis for the time of the beneficiary’s decreased working time. Any RSUs which have not vested following the four-year vesting period shall forfeit without entitlement to compensation.

At its discretion, we may settle vested RSUs under the RSU Program 2022 either (i) by way of new shares utilizing the Authorized Capital 2022/II (as described above under Exhibit 2.3), (ii) by way of a cash settlement, or (iii) a combination of both.

Each vested RSU entitles a beneficiary to a cash payment claim against our Company. Such payment claim corresponds to

- (i) in case of a share settlement, the closing price of our Company’s shares or ADSs on the last trading day before the day on which the management board (together with the supervisory board) resolves on the utilization of the Authorized Capital 2022/II, while such closing price is determined by the trading system with the highest total trading volume in our Company’s shares or ADSs within the ten days prior to the day of such resolution by the management board (the actual date on which the new shares which were created from the capital increase against contribution in kind are transferred to the securities account of the respective beneficiary, i.e., the “share settlement date”), or
- (ii) in case of a cash settlement, the closing price of the shares or ADSs on the last trading day prior to the fulfilment of the cash payment claim (i.e., the “cash settlement date”), while such closing price is determined by the trading system with the highest total trading volume in shares or ADSs representing our Company’s shares within the ten last trading days prior to the day of the fulfilment of the cash payment claim.

## ***Stock Option Program 2023***

In 2023, we established an additional stock option program (the “2023 Plan”) pursuant to which our supervisory board is authorized to grant stock options to the members of our management board for a total of up to 197,317 shares in our Company. The number of stock options to be granted to each beneficiary under the 2023 Plan may vary over the term of the 2023 Plan and is determined by our Company’s supervisory board. Subject to the terms and conditions set forth in the 2023 Plan, each stock option entitles the beneficiary to acquire one share in our Company against payment of the exercise price. The exercise price is defined as the volume-weighted six-month average share price or share certificates price (converted into a price per share) on the day prior to the grant date on the trading system with the highest total trading volume in our Company’s shares or share certificates within the last ten trading days prior to such date.

The exercise of the stock options is subject to a waiting period. The waiting period, *i.e.*, the period up until the date on which the stock options may be exercised, begins on the grant date and ends at the end of the fourth anniversary after the grant date. Stock options may be exercised only within a time period of five years following the date on which the waiting period has expired (the “Exercise Period 2023”). The Exercise Period 2023 may be extended appropriately if, due to statutory or internal company regulations, an exercise is not possible at the end of the original Exercise Period 2023. Stock options that have not been exercised by the end of the respective Exercise Period 2023 will forfeit without entitlement to compensation.

Stock options may only be exercised if and to the extent that the performance targets as described below have been achieved: The performance targets are linked to (i) the absolute share price performance of our Company’s shares (*i.e.*, a three-month volume-weighted average price of the shares or share certificates (converted into a price per share) of at least 50% above the exercise price at the end of one of four equal quarters of the year preceding the last day of the expiry of the waiting period) and (ii) the achievement of an ESG Target during the waiting period, whereby within the overall target achievement, the absolute share price performance is weighted with 80% and the ESG Target with 20%. The ESG Target is composed of a diversity target (*i.e.*, a 5% increase of women within our Company compared to the start of the respective waiting period or a share of women of at least 30% within our Company and continuing during the waiting period) and an employee engagement target (*i.e.*, a 5% increase of the employee engagement within our Company compared to the start of the waiting period or an employee engagement of at least 80% within our Company and continuing during the waiting period) on an equal basis. In no event will the exercise of stock options under the 2023 Plan exceed the maximum remuneration thresholds as set by our Company’s supervisory board pursuant to section 87a of the German Stock Corporation Act.

If the term of office of a member of the management board ends before the expiry of the applicable waiting period due to a revocation from office (*Widerruf der Bestellung*) for cause, all stock options granted to such Bad Leaver (whether held by the individual or any third party) will be forfeited without entitlement to compensation. If the term of office of a member of our management board ends before the expiry of the applicable waiting period due to any reason other than for cause, such Good Leaver will retain all stock options that the individual has been granted under the 2023 Plan. In addition, in the event that a beneficiary willfully or grossly negligent breaches statutory duties or the code of conduct of our Company (each a breach of duty), our supervisory board is entitled to retain or reclaim in its discretion the payout in the form of a cash settlement or share settlement in whole or in part in accordance subject to certain conditions set forth in the 2023 Plan.

Under the 2023 Plan, our Company may issue shares by utilizing the Conditional Capital 2023 (as described under Exhibit 2.3) or treasury shares. At its discretion, we may also settle the stock options in cash.

## **C. Board Practices**

### ***Supervisory Board Practices***

Decisions are generally made by our supervisory board as a whole; however, decisions on certain matters may be delegated to committees of our supervisory board to the extent permitted by law. The chairperson or, if he or she is unable to do so, the deputy chairperson, chairs the meetings of the supervisory board and determines the order in which the agenda items are discussed, the method and order of voting, as well as any adjournment of the discussion and passing of resolutions on individual agenda items after a due assessment of the circumstances.

In addition, under German law, each member of the supervisory board is obliged to carry out his or her duties and responsibilities in person, and such duties and responsibilities cannot be generally and permanently delegated to third parties. However, the supervisory board and its committees have the right to retain third-party experts for the review and analysis of specific matters within the scope of the supervisory board’s control and supervisory function under German law. We would bear the cost of any such experts that are retained by the supervisory board or any of its committees within the scope of their responsibilities.



Pursuant to Section 107 para. 3 of the German Stock Corporation Act, the supervisory board may form committees from among its members and charge them with the performance of specific tasks. The committees' tasks, responsibilities and processes are determined by the supervisory board. The supervisory board may delegate to one or more committees all tasks and responsibilities not reserved for the supervisory board as a whole as a matter of mandatory law.

Pursuant to its internal rules of procedure, the supervisory board has established an audit committee, a compensation committee and a nomination committee:

Name of committee	Current Members
Audit committee	Manfred Krischke (chairperson), Peter-Müller Brühl and Margaret Abernathy
Compensation committee	Emin Bulent Altan (chairperson), Margaret Abernathy and Peter-Müller Brühl
Corporate governance and nominations committee	Emin Bulent Altan (chairperson), Margaret Abernathy and Peter-Müller Brühl

### *Audit Committee*

Our audit committee assists the supervisory board in overseeing the accuracy and integrity of our accounting and financial reporting processes, along with the audits of our financial statements. The audit committee also oversees the effectiveness of our internal control system and our compliance with legal and regulatory requirements, evaluates the independence and qualifications of the independent auditors, and oversees the performance of such auditors and the effectiveness of our internal audit functions.

The audit committee's duties and responsibilities to carry out its purposes include, among others:

- the review of our accounting processes;
- the review of the effectiveness of our internal control systems, risk management and compliance;
- the review and the handling of matters and processes related to auditor independence;
- the preparation of the supervisory board recommendation to the shareholders' meeting on the appointment of the independent auditors to audit our financial statements and the related proposal to the supervisory board;
- direct responsibility for the appointment, compensation, retention and oversight of the work of the independent auditors, who shall report directly to the audit committee, provided that the auditor appointment and termination shall be subject to approval by the shareholders' meeting;
- the pre-approval, or the adoption of appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors;
- the establishment of procedures for (i) the receipt, retention and treatment of complaints we receive regarding accounting, internal accounting controls or auditing matters and (ii) the submission by our employees of concerns regarding questionable accounting or auditing matters; and
- the review and approval of all our related party transactions in accordance with our policies in effect from time to time.

The audit committee has the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other engagement terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the management board or supervisory board. We shall provide for appropriate funding, as determined by the audit committee, in its capacity as a committee of the supervisory board, for payment of compensation to the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us, compensation of any advisers employed by the audit committee, and ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

Subject to certain limited exceptions, each member of the audit committee must be independent according to the following criteria:

- no member of the audit committee may, directly or indirectly, accept any consulting, advisory or other compensatory fees from our company or its subsidiaries other than in such member's capacity as a member of our supervisory board or any of its committees; and
- no member of the audit committee may be an "affiliated person" of our company or any of its subsidiaries except for such member's capacity as a member of our supervisory board or any of its committees; for this purpose, the term "affiliated person" means a person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control of our company or any of its subsidiaries.

At least one member of the audit committee shall qualify as an “audit committee financial expert” as defined under the Exchange Act.

### **Compensation Committee**

Our compensation committee consists of three members, one of whom is the chairperson of the supervisory board. Our compensation committee is responsible for:

- considering all aspects of compensation and employment terms for the management board, and in this regard (i) making recommendations to and preparing decisions for the supervisory board and (ii) preparing presentations to the shareholders’ meeting, to discuss amendments to existing, or the establishment of new, employment agreements for the members of the management board, including issues of compensation guidelines, incentive programs, strategy and framework;
- considering the compensation and general employment terms for second level management, and in this regard it is authorized to make recommendations to the management board;
- commissioning, when appropriate, its own independent review of the compensation guidelines and the compensation packages paid to the members of the management board, to ensure that the guidelines reflect the best practices and that the packages remain competitive and in line with market practice;
- presenting an evaluation of the management board’s performance and making a recommendation to the supervisory board regarding the employment terms and compensation of the management board;
- assisting the supervisory board in the oversight of regulatory compliance with respect to compensation matters, including monitoring our system for compliance with the relevant provisions of the German Corporate Governance Code concerning the disclosure of information about compensation for the management board and other senior executives; and
- examining compensation guidelines that serve as a framework for all compensation matters to be submitted to and determined by the supervisory board.

### **Corporate Governance and Nominations Committee**

Our corporate governance and nominations committee consists of at least three members. The committee is responsible for, among other things, preparing all recommendations to the supervisory board with regard to the following items:

- the appointment and dismissal of management board members, as well as the nomination of the management board chairperson;
- completion of, amendments to and termination of employment contracts with management board members; and
- election proposals for suitable supervisory board candidates to be presented to the shareholders’ meeting.

Additionally, subject to mandatory responsibilities of the entire supervisory board, the corporate governance and nominations committee, rather than the entire supervisory board, will consider and, where it so determines, approve most of the transactions requiring the approval of the supervisory board, and it has the capacity to provide consent for transactions between us and members of our management board.

### **D. Employees**

As of December 31, 2023, we employed 314.2 FTEs, of which 291.2 FTEs were based in Germany and 23.0 FTEs were based in the United States.

The following table shows the figures of our FTEs broken down by region as of the relevant date indicated:

	As of December 31,		
	2023	2022	2021
Germany	291.2	291.8	227.9
United States	23.0	37.0	21.0
<b>Total</b>	<b>314.2</b>	<b>328.8</b>	<b>248.9</b>

We do not employ a significant number of temporary employees.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations. Our employees are not represented by any collective bargaining agreement or labor union,

other than standard and non-binding personnel representations. Furthermore, we are committed to establishing and developing our workforce through succession planning, internal development and targeted external recruiting.

## E. Share Ownership

For information regarding the share ownership of directors and officers, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders” and “—B. Compensation—Compensation of Management Board Members” in this Item 6. For information as to our equity incentive plans, see “—B. Compensation—Share-Based Incentive Plans” in this Item 6.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth information as of May 14, 2024 regarding the beneficial ownership of our ordinary shares for:

- members of our supervisory board;
- members of our management board;
- members of our supervisory board and our management board as a group; and
- each person who, to the best of our knowledge, beneficially owns 5% or more of our outstanding ordinary shares.

Beneficial ownership is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of May 14, 2024, through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares held by that person.

Unless otherwise indicated below, the address for each beneficial owner listed is c/o Mynaric AG, Bertha-Kipfmüller-Str. 2-8, 81249 Munich, Germany.

Shareholder	Shares beneficially owned as of May 14, 2024	
	Number	Percent
<b>5% shareholders</b>		
Pacific Investment Management Company LLC <sup>(1)</sup>	565,224	8.5
Harris Communications GmbH <sup>(2)</sup>	409,294	6.5
<b>Members of our supervisory board</b>		
Emin Bulent Altan <sup>(3)</sup>	38,264	0.6
Peter Müller-Brühl <sup>(4)</sup>	4,445	0.1
Dr. Manfred Krischke	—	—
Margaret Abernathy	—	—
Arndt Rautenberg	1,000	0.0
<b>Members of our management board</b>		
Mustafa Veziroglu	—	—
Stefan Berndt-von Bülow <sup>(5)</sup>	174	0.0
Joachim Horwath	220,527	3.5
<b>All members of our supervisory board and management board, as a group</b>	<b>264,410</b>	<b>4.2</b>
<b>Total</b>	<b>1,238,928</b>	<b>19.6</b>

(1) Consists of 401,309 ordinary shares held by COF IV Obsidian S.à r.l. and 163,915 ordinary shares held by OC III LVS LIII LP. Information herein is based upon a Schedule 13G filed with the SEC on February 13, 2024 by Pacific Investment Management Company LLC, a Delaware limited liability company. COF IV Obsidian S.à r.l. and OC III LVS LIII LP are investment advisory clients of Pacific Investment Management Company LLC, which may be deemed to have beneficial ownership of all of these ordinary shares.

(2) Consists of 409,294 ordinary shares held by Harris Communications GmbH. Information herein is based upon a Schedule 13D jointly filed with the SEC on July 6, 2022 by (i) Harris Communications GmbH, a stock corporation incorporated under the laws of the Germany, with its principal office and principal business at Nymphenburger Str. 1, 80335 Munich, Germany and with company number HRB 83314; and (ii) L3Harris Technologies, Inc., a Delaware corporation. Harris Communications GmbH is an indirectly wholly owned subsidiary of L3Harris Technologies, Inc., which may be deemed to have beneficial ownership of all of these ordinary shares.

(3) Emin Bulent Altan directly holds 37,128 ordinary shares and 4,545 ADSs representing 1,136 ordinary shares in our Company.

- (4) Peter Müller-Brühl beneficially owns 4,445 ordinary shares in our Company, which he holds indirectly through EOverсал UG (haftungsbeschränkt), a German limited liability entrepreneurial company (Unternehmergeellschaft), wholly-owned by him.
- (5) Stefan Berndt-von Bülow directly holds 696 ADSs representing 174 ordinary shares in our Company.

To our knowledge, no other shareholder beneficially owns more than 5% of our shares.

Immediately following the completion of our initial public offering in the U.S. in November 2021, 1,150,000 of our ordinary shares are traded in the United States by means of ADSs. Four ADSs currently represent one ordinary share of the Company. On May 10, 2024, based on information provided by The Bank of New York Mellon, as depositary, there were 2,946,480 ADSs (representing 736,620 ordinary shares) outstanding. The ordinary shares underlying such ADSs represent 11.7% of our current share capital. We are not aware of any arrangement that may at a subsequent date, result in a change of control of Mynaric.

Subject to the provisions of the deposit agreement, none of our shareholders has different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## **B. Related Party Transactions**

Between January 1, 2023 and the date of this Annual Report, we did not enter into transactions, with any members of our management or supervisory board, executive officers or holders of more than 10% of any class of our voting securities.

## **C. Interests of Experts and Counsel**

Not Applicable.

# **ITEM 8. FINANCIAL INFORMATION**

## **A. Consolidated Statements and Other Financial Information.**

See “Item 18. Financial Statements” and our audited consolidated financial statements beginning on page F-1.

## **Legal Proceedings**

See “Item 4. Information on the Company—B. Business Overview—Legal Proceedings”.

## **Dividends**

We have never paid or declared any dividends in the past, and we do not anticipate paying any dividends in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development of our technology and products and the start of serial production as well as the further development and expansion of our business. Except as required by law, any future determination to pay dividends will be dependent upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

All of the shares represented by our ADSs will generally have the same dividend rights as all of our other outstanding shares. However, the depositary may limit distributions based on practical considerations and legal limitations. Any distribution of dividends proposed by our management and supervisory boards requires the approval of our shareholders in a shareholders’ meeting.

We have not paid dividends in the years ended December 31, 2023, December 31, 2022 and December 31, 2021.

## **B. Significant Changes**

Except as otherwise disclosed in this Annual Report, there has been no undisclosed significant change since the date of the annual financial statements.

# **ITEM 9. THE OFFER AND LISTING**

## **A. Offer and Listing Details**

Our ordinary shares have been trading on the Frankfurt Stock Exchange under the symbol “MOY” since October 2017. Prior to that date, there was no public trading market for the ADSs or our ordinary shares.

The ADSs, every four ADSs representing one ordinary share, have been listed on the Nasdaq Global Select Market since November 12, 2021. The ADSs trade under the symbol “MYNA.” Prior to that date, there was no public trading market for the ADSs.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

See “—A. Offer and Listing Details.”

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

A copy of our memorandum and articles of association is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item is set forth in Exhibit 2.3 to this Annual Report and is incorporated by reference into this Annual Report.

**C. Material Contracts**

Except as otherwise disclosed in this Annual Report (including the Exhibits), we are not currently, nor have we been for the past two years, party to any material contract, other than contracts entered into in the ordinary course of business.

**D. Exchange Controls**

There are currently no legal restrictions in Germany on international capital movements and foreign exchange transactions, except in limited embargo circumstances (*Teilembargo*) relating to certain areas, entities or persons as a result of applicable resolutions adopted by the United Nations and the EU. Restrictions currently exist with respect to, among others, Belarus, Congo, Egypt, Eritrea, Guinea, Guinea-Bissau, Iran, Iraq, Lebanon, Liberia, Libya, North Korea, Somalia, South Sudan, Sudan, Syria, Tunisia and Zimbabwe. In response to Russia’s large-scale military action against Ukraine, a number of states and other organizations, including the EU, have imposed broad-based measures against Russian persons and transactions.

For statistical purposes, there are, however, limited notification requirements regarding transactions involving cross-border monetary transfers. With some exceptions, every corporation or individual residing in

Germany must report to the German Central Bank (Deutsche Bundesbank) (i) any payment received from, or made to, a non-resident corporation or individual that exceeds €12,500 (or the equivalent in a foreign currency) and (ii) in case the sum of claims against, or liabilities payable to, non-residents or corporations exceeds €5,000,000 (or the equivalent in a foreign currency) at the end of any calendar month.

Payments include cash payments made by means of direct debit, checks and bills, remittances denominated in euros and other currencies made through financial institutions, as well as netting and clearing arrangements.

## **E. Taxation**

*The following discussion describes the material U.S. and German tax consequences of acquiring, owning and disposing of the ADSs. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase ADSs by any particular investor; including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers that are generally assumed to be known by investors.*

### **German Taxation**

The following discussion addresses certain German tax consequences of acquiring, owning or disposing of the ADSs. With the exception of the subsection “Taxation of Holders Tax Resident in Germany” below, which provides an overview of dividend taxation and of capital gains taxation with respect to holders that are residents of Germany, this discussion applies only to U.S. treaty beneficiaries (as defined below) that acquire the ADSs representing our ordinary shares.

This discussion is based on domestic German tax laws, including, but not limited to, circulars issued by German tax authorities, which, e.g., are not binding on the German courts, and the Treaty (as defined below). It is based upon tax laws in effect at the time of filing of this Annual Report. These laws are subject to change, possibly with retroactive effect. For example, there are currently ongoing discussions on an increase of the top tax rate in Germany, which may also have an effect on the German tax consequences of acquiring, owning and disposing of the ADSs. There is no assurance that German tax authorities will not challenge one or more of the tax consequences described in this section.

The tax information presented in this section is not a substitute for tax advice. Prospective holders of ADSs should consult their own tax advisors regarding the German tax consequences of the purchase, ownership, disposition, donation or inheritance of ADSs in light of their particular circumstances, including the effect of any state, local, or other foreign or domestic laws or changes in tax law or interpretation. The same applies with respect to the rules governing the refund of any German dividend withholding tax (Kapitalertragsteuer) withheld. Only an individual tax consultation can appropriately account for the particular tax situation of each investor.

The Company does not assume any responsibility for withholding tax at source.

### **General German Tax Treatment of ADSs**

As of the date hereof, no published German tax court decisions exist as to all aspects of the German tax treatment of ADRs or ADSs. However, based on the circular issued by the German Federal Ministry of Finance (BMF-Schreiben) dated May 24, 2013, reference number IV C 1-S2204/12/10003, as amended by the circular dated December 18, 2018, reference number IV C 1-S2204/12/10003, jointly the “ADR Tax Circular,” for German tax purposes, the ADSs should, in light of the ADR Tax Circular, represent a beneficial ownership interest in the underlying shares of the company and qualify as ADRs for the purpose of the ADR Tax Circular, even though it has to be noted that the ADR Tax Circular does not explicitly address ADSs. If the ADSs qualify as ADRs under the ADR Tax Circular, dividends will accordingly be attributable to holders of ADSs for German tax purposes, and not to the legal owner of the ordinary shares (i.e., the financial institution on behalf of which the ordinary shares are stored at a domestic depository for the ADS holders). Furthermore, holders of ADSs will be treated as beneficial owners of the capital of the company with respect to capital gains (see below in section “—General Rules for the Taxation of Non-German Tax Resident Holders of ADSs—German Taxation of Capital Gains of U.S. Treaty Beneficiaries of the ADSs”). However, investors should note that circulars published by the German tax authorities (including the ADR Tax Circular) are not, e.g., binding on German courts, including German tax courts, and it is uncertain whether a German court would follow the ADR Tax Circular in determining the German tax treatment of the ADSs. Nevertheless, for the purpose of this German tax section, it is assumed that the ADSs qualify as ADRs within the meaning of the ADR Tax Circular.

### **Taxation of Non-German Tax Resident U.S. Holders**

The following discussion describes material German tax consequences for a holder that is a U.S. treaty beneficiary of acquiring, owning and disposing of ADSs. For purposes of this discussion, a “U.S. treaty beneficiary” is a resident of the United States for purposes of the Convention between the Federal Republic of Germany and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and Certain Other Taxes of 1989, as amended by the Protocol as of June 4, 2008 (*Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung und zur Verhinderung der Steuerverkürzung auf dem Gebiet der Steuern vom Einkommen und vom Vermögen und einiger*

anderer Steuern in der Fassung vom 4. Juni 2008) (hereinafter referred to as the “Treaty”) who is eligible for relevant benefits under the Treaty.

A holder will be a U.S. treaty beneficiary entitled to full Treaty benefits in respect of the ADSs if it is, inter alia:

- the beneficial owner of the ADSs (and the dividends paid with respect thereto);
- a U.S. holder (as defined below);
- not also a resident of Germany for German tax purposes; and
- not subject to the limitation on benefits restrictions (i.e., anti-avoidance treaty shopping article of the Treaty or German domestic rules) that applies in limited circumstances.

Special rules apply to pension funds and certain other tax-exempt investors.

This discussion does not address the treatment of ADSs that are (i) held in connection with a permanent establishment or fixed base through which a U.S. treaty beneficiary carries on business or performs personal services in Germany or (ii) part of business assets for which a permanent representative in Germany has been appointed.

#### *General Rules for the Taxation of Non-German Tax Resident Holders of ADSs*

Non-German resident holders of ADSs are subject to German taxation with respect to certain German source income (*beschränkte Steuerpflicht*). According to the ADR Tax Circular, income from the shares should be attributed to the holders of ADSs for German tax purposes. As a consequence, income from the ADSs should be treated as German source income (dividend distributions of a corporate entity with a statutory seat and/or its place of central management in Germany). However, the repayment of capital contributions (*Einlagenrückgewähr*) for tax purposes is considered as reduction of the acquisition costs of the respective shares rather than as dividend payment (subject to proper tax declaration by the company in accordance with German tax law).

The full amount of a dividend distributed by the company to a non-German resident holder which does not maintain a permanent establishment or other taxable presence in Germany is subject to (final) German withholding tax at an aggregate rate of 26.375% (25% income tax plus 5.5% solidarity surcharge thereon). In addition to that, dividends may be subject to church tax (*Kirchensteuer*) if applicable. The relevant dividend is deemed to be received for German tax purposes at the payout date as determined by the company’s general shareholders’ meeting, or if such date is not specified, the day after such general shareholders’ meeting. The amount of the relevant taxable income is based on the gross amount in Euro; any expenses and costs related to such taxable income in principle should not reduce the taxable income.

The solidarity surcharge (*Solidaritätszuschlag*) has been abolished or reduced for certain German taxpayers, depending on their amount of payable income tax. The new rules apply from the beginning of the assessment period for the fiscal year ending December 31, 2021. Pursuant to the new law, the solidarity surcharge remains in place for purposes of withholding tax, the flat rate income tax on capital income regime and corporate income tax. Shareholders are advised to monitor additional future developments. Despite ongoing discussions about the complete abolition of the solidarity surcharge (*Solidaritätszuschlag*), the coalition agreement between the German Social Democratic Party, the German Green Party and the German Liberal Party does not contain any provisions on this subject. Shareholders are nevertheless advised to monitor additional future developments.

German withholding tax on capital income (*Kapitalertragsteuer*) is withheld and remitted to the competent German tax authorities by (i) the German dividend disbursing agent (i.e., a German credit institution, financial services institution, securities trading enterprise or securities trading bank (each as defined in the German Banking Act (*Kreditwesengesetz*) and, in each case, including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise)) that holds or administers the underlying shares in custody and (a) disburses or credits the dividend income from the underlying shares, (b) disburses or credits the dividend income from the underlying shares on delivery of the dividend coupons or (c) disburses such dividend income to a foreign agent, or (ii) the central securities depository (*Wertpapiersammelbank*) in terms of the German Depository Act (*Depotgesetz*) holding the underlying shares in a collective deposit, if such central securities depository disburses the dividend income from the underlying shares to a foreign agent, regardless of whether a holder must report the dividend for tax purposes and regardless of whether or not a holder is a resident of Germany.

Pursuant to the provisions of the Treaty, the German withholding tax may generally not exceed 15% of the gross dividends collected by U.S. treaty beneficiaries. The excess of the total withholding tax, including the solidarity surcharge, over the maximum rate of withholding tax permitted by the Treaty is refunded to U.S. treaty beneficiaries upon application (subject to presenting a German withholding tax certificate which can only be issued if the company has confirmed in writing to the German depository, among other things, the number of ADSs issued and that all of the ADSs issued at the issuance date were covered by an equivalent number of German shares deposited with the German

depository (circular by the German Federal Ministry of Finance (*BMF-Schreiben*), dated December 18, 2018, reference number IV C 1-S 2204/12/10003)). For example, for a declared dividend in the amount of €100, a U.S. treaty beneficiary initially receives €73.625 (€100 minus the 26.375% withholding tax including solidarity surcharge). The U.S. treaty beneficiary is entitled to a partial withholding tax refund from the German tax authorities in the amount of €11.375 of the gross dividend (€100). As a result, the U.S. treaty beneficiary ultimately receives a total amount of €85 (85% of the declared dividend) following the refund of the excess withholding. However, investors should note that it is unclear how the German tax authorities will apply the refund process to dividends on the ADSs with respect to non-German resident holders of the ADSs. Further, such refund is subject to the German anti-avoidance treaty shopping rule (as described below in section “—Withholding Tax Refund for U.S. Treaty Beneficiaries”).

A reduced permitted German withholding tax rate of 5% would apply according to the Treaty provisions, if the U.S. treaty beneficiary is a corporation and holds directly at least 10% of the voting shares of the dividend paying company.

**German Taxation of Capital Gains of U.S. Treaty Beneficiaries of the ADSs.** Capital gains from the disposition of ADSs realized by a non-German tax resident holder who does not maintain a permanent establishment or other taxable presence in Germany will be treated as German source income and be subject to German (corporate) income tax if such holder at any time during the five years preceding the disposition, directly or indirectly, owned 1% or more of the company’s share capital (or other equity related instruments, as specified by law), irrespective of whether through the ADSs or shares of the company. If such holder had acquired the ADSs without consideration, the previous owner’s holding period and quota would be taken into account when calculating the above holding period and the participation threshold.

However, U.S. treaty beneficiaries are eligible for treaty benefits under the Treaty (as described above in the section “—Taxation of Non-German Tax Resident U.S. Holders”). Pursuant to the Treaty, U.S. treaty beneficiaries are not subject to German tax with any capital gain derived from the disposal of the ADSs, even under the circumstances described in the preceding paragraph and therefore will not be subject to German taxation on capital gains from the disposition of the ADSs.

German statutory law obliges a German disbursing agent to levy withholding tax on capital gains from the sale of ADSs or other securities held in a custodial account in Germany. With regard to the German taxation of capital gains, German disbursing agent means a German credit institution or the financial services institution, securities trading enterprise or securities trading bank (each as defined in the German Banking Act (*Kreditwesengesetz*) and, in each case, including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise) that holds the ADSs in custody or administers the ADSs for the investor or conducts sales or other dispositions and disburses or credits the income from the ADSs to the holder of the ADSs. It should be noted that the German statutory law does not explicitly condition the obligation to withhold taxes on capital gains being subject to taxation in Germany under German statutory law or on an applicable income tax treaty permitting Germany to tax such capital gains. However, a circular issued by the German Federal Ministry of Finance (*BMF-Schreiben*) dated January 18, 2016, reference number IV C 1-S2252/08/10004:017 (published in the German Federal Tax Gazette 2016 vol. I pp. 85), as last amended by a circular dated December 20, 2022, reference number IV C 1-S 2252/19/10003:011 (published in the German, provides that German taxes on capital gains need not be withheld when the holder of the custody account is not a resident of Germany for tax purposes and the income is not subject to German taxation. The circular further states that there is no obligation to withhold such tax even if the non-German resident holder owns 1% or more of the share capital of a German corporation. Although circulars issued by the German Federal Ministry of Finance are in principle only binding on the German tax authorities, a German disbursing agent is expected not to withhold tax on capital gains derived by a U.S. treaty beneficiary from the disposition of ADSs held in a custodial account in Germany, unless the holder of the ADSs does not provide evidence on its tax status as non-German tax resident. In any other case, the U.S. treaty beneficiary may be entitled to claim a refund of the withholding tax from the German tax authorities under the Treaty, as described below in the section “—Withholding Tax Refund for U.S. Treaty Beneficiaries.”

Under the Withholding Tax Relief Modernization Act (*Abzugsteuerentlastungsmodernisierungsgesetz*) which was passed into law on June 2, 2021, the withholding tax certificate will be replaced for dividend income (including under ADRs) accruing after December 31, 2024 by a notification to be submitted by the disbursing agent directly to the Federal Central Tax Office (*Bundeszentrale für Steuern*) upon request of the holder. In particular with regard to ADRs, the disbursing agent will be required to include substantial additional information in the notification and will have to obtain certain confirmations from the issuer of the ADRs and will only be allowed to submit the notification (which will be a pre-requisite for any refund) to the Federal Central Tax Office (*Bundeszentrale für Steuern*) once it has collected all information and confirmations.

**Withholding Tax Refund for U.S. Treaty Beneficiaries.** U.S. treaty beneficiaries are generally eligible for treaty benefits under the Treaty (as described above in Section “—Taxation of Non-German Tax Resident U.S. Holders”). Accordingly, U.S. treaty beneficiaries are in general entitled to claim a refund of (i) the portion of the otherwise applicable 26.375% German withholding tax (corporate income tax including solidarity surcharge) (*Kapitalertragsteuer*) on dividends that exceeds the applicable Treaty rate and (ii) the full amount of German withholding tax (*Kapitalertragsteuer*) on capital gains from the disposition of ADSs (both subject to presenting a German withholding tax certificate). The application for such claim is generally to be filed with the Federal Central Tax Office (*Bundezentralamt für Steuern*) within four years after the end of the calendar year in which the dividends or capital gains have been received (*bezogen*).



However, in respect of dividends, the refund described in the preceding paragraph is only possible if, due to special rules on the restriction of withholding tax credit, the following three cumulative requirements are met: (i) the holder must qualify as beneficial owner of the ADSs for an uninterrupted minimum holding period of 45 days within a period starting 45 days prior to and ending 45 days after the due date of the dividends, (ii) the holder has to bear at least 70% of the change in value risk related to the ADSs during the minimum holding period as described under (i) of this paragraph and has not entered into (acting by itself or through a related party) hedging transactions which lower the change in value risk by more than 30%, and (iii) the holder must not be obliged to fully or largely compensate directly or indirectly the dividends to third parties. If these requirements are not met, then for a holder not being tax-resident in Germany who applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction generally does only apply if (a) the German tax on the dividends underlying the refund application is below a tax rate of 15% based on the gross amount of the dividends pursuant to a double taxation treaty and (b) the holder does not directly own 10% or more of the shares in the company and is subject to income taxes in its state of residence, without being tax-exempt. The restriction of the withholding tax credit does not apply if the holder has beneficially owned the ADSs for at least one uninterrupted year until receipt (*Zufluss*) of the dividends. In addition to the aforementioned restrictions, in particular, pursuant to a circular issued by the German Federal Ministry of Finance (*BMF-Schreiben*) dated July 9, 2021, reference number IV C 1-S 2252/19/10035 :014, as amended from time to time, the withholding tax credit may also be denied as an anti-abuse measure.

However, as previously discussed, investors should note that it is unclear how the German tax administration will apply the refund process to dividends on the ADSs. Further, such refund is subject to the German anti-avoidance treaty shopping rule according to section 50d para. 3 of the German Income Tax Act (*Einkommensteuergesetz*), as amended in June 2021. Pursuant to the recent amendment, a foreign company shall - irrespective of any double taxation treaties - not be entitled to relief from capital gains tax and from tax deduction pursuant to section 50a of the German Income Tax Act (a) to the extent that persons have an interest in it or are beneficiaries under its articles of association who would not be entitled to such relief if they personally had generated such income and (b) to the extent that the source of the income has no substantial connection with the economic activity of such foreign company. The generation of income, its transfer to persons having an interest in or being beneficiaries as well as any activity carried out with resources that are not appropriate to the foreign company's business purpose, shall not be deemed to be an economic activity. This, however, does not apply in cases in which the foreign company proves that none of the main purposes of its involvement was to obtain a tax advantage or if the foreign company's principal class of stock is regularly traded in substantial volume on a recognized stock exchange. Therefore, whether or not and to which extent the anti-avoidance treaty shopping rule applies to ADSs, has to be analyzed on a case by case basis taking into account all relevant tests. In addition, the interpretation of these tests is disputed and to date no published decisions of the German Federal Fiscal Court (*Bundesfinanzhof*) exist in this regard.

Due to the legal structure of the ADSs, only limited guidance from the German tax authorities exists on the practical application of the refund process with respect to the ADSs and the respective limitations. Recently, the German tax authorities have indicated that for ADR programs (which are considered comparable to ADS programs) a collective tax certificate in connection with a withholding of tax amounts may no longer be issued by the domestic depository of the shares upon request of the foreign depository agents. Rather, individual tax certificates need to be issued which might delay a potential refund procedure. Moreover, the simplified refund procedure based on electronic data exchange (*Datenträgerverfahren*) for claims for reimbursement based on ADRs has been suspended temporarily by the tax authorities.

### ***Taxation of Holders Tax Resident in Germany***

This subsection provides an overview of dividend taxation and of capital gains taxation with regard to the general principles applicable to holders of ADSs who are tax resident in Germany. A holder is a German tax resident if, in case of an individual, he or she maintains a domicile (*Wohnsitz*) or his or her usual residence (*gewöhnlicher Aufenthalt*) in Germany or if, in case of a corporation, it has its place of central management (*Geschäftsleitung*) or a registered seat (*Sitz*) in Germany.

The German dividend and capital gains taxation rules applicable to German tax residents require a distinction between ADSs held as private assets (*Privatvermögen*) and ADSs held as business assets (*Betriebsvermögen*).

***ADSs held as Private Assets (Privatvermögen).*** If ADSs are held as private assets by a German tax resident individual, dividends and capital gains are taxed as capital income (*Einkünfte aus Kapitalvermögen*) and are principally subject to 25% German flat rate income tax on capital income (*Abgeltungsteuer*) (plus a 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon, resulting in an aggregate rate of 26.375% and plus church tax (*Kirchensteuer*), if applicable), which is generally levied in the form of withholding tax on capital income (*Kapitalertragsteuer*). In other words, once deducted, the holder's income tax liability on the dividends will be settled. Dividend payments to the extent funded from a tax-recognized contribution account (*steuerliches Einlagekonto*), subject to certain prerequisites, do not form part of the taxable dividend income but should lower the holder's acquisition costs for the ADSs.

The holder is taxed on gross capital income (including dividends or gains with respect to ADSs), less the annual saver's tax-free allowance (*Sparer-Pauschbetrag*) of currently €1,000 for an individual or €2,000 for married couples and registered civil unions (*eingetragene Lebenspartnerschaften*) filing jointly. The deduction of actual expenses relating to the capital income (including dividends or gains with respect to ADSs) is generally not permitted. The withholding tax on capital income generally settles the income tax liability of the holder with respect

to the capital income. However, private investors may request the application of their personal progressive income tax rate on the whole income from capital investments in a given year if this results in a lower tax liability. If this is the case, any tax withheld in excess will be refunded during the personal income tax assessment procedure.

Losses resulting from the disposal of ADSs can only be offset with capital gains from the disposition of shares of corporations (*Aktien*) and other ADSs treated similar to shares. However, the German Federal Fiscal Court (*Bundesfinanzhof*) recently decided that the limitation on the offset possibilities constitutes a violation of the equal protection clause under the German constitution and submitted the legal question to the German Federal Constitutional Court (*Bundesverfassungsgericht*) for decision on its constitutionality; the German Federal Constitutional Court has not yet decided on this question. If, however, a holder directly or indirectly held at least 1% of the share capital of the company at any time during the five years preceding the disposition, the German flat rate income tax on capital income does not apply with regard to such capital gain, but 60% of the capital gain resulting from the disposition are taxable at the holder's personal progressive income tax rate (plus 5.5% solidarity surcharge and church tax, if applicable, thereon). Correspondingly, only 60% of any capital losses and disposal costs are tax deductible.

Since 2021, the basis for the calculation of the solidarity surcharge (*Solidaritätszuschlag*) has been reduced for certain individual persons being subject to tax assessments (other than withholding taxes), and in certain cases, the solidarity surcharge has been abolished. However, the abolition or reduction of the solidarity surcharge is not applicable to corporations. In addition, the abolition or reduction of the solidarity surcharge will not affect withholding taxes. Solidarity surcharge will still be levied at 5.5% on the full withholding tax amount and withheld accordingly. There will not be any separate refund of such withheld solidarity surcharge (regardless of the aforementioned exemption limits) in case the withholding tax cannot be refunded either.

Church tax generally has to be withheld, if applicable, based on an automatic data access procedure, unless the holder of ADSs has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office (*Bundeszentralamt für Steuern*). Where church tax is not levied by way of withholding, it is determined by means of income tax assessment.

**ADSs held as Business Assets (*Betriebsvermögen*).** In case the ADSs are held as business assets, the taxation depends on the legal form of the holder (i.e., whether the holder is a corporation or an individual).

Irrespective of the legal form of the holder, dividends are generally subject to the aggregate withholding tax rate of 26.375%, unless the holder of the ADSs is an investment fund (*Investmentfonds*) subject to German investment taxation. The tax actually withheld is generally creditable against the respective holder's corporate income tax or income tax liability. Due to special rules on the restriction of withholding tax credits in respect of dividends, a full withholding tax credit requires that the following three cumulative requirements are met: (i) the holder must qualify as beneficial owner of the ADSs for an uninterrupted minimum holding period of 45 days within a period starting 45 days prior to and ending 45 days after the due date of the dividends, (ii) the holder has to bear at least 70% of the change in value risk related to the ADSs during the minimum holding period as described under (i) of this paragraph and has not entered into (acting by itself or through a related party) hedging transactions which lower the change in value risk by more than 30%, and (iii) the holder must not be obliged to fully or largely compensate directly or indirectly the dividends to third parties. If these requirements are not met, three-fifths of the withholding tax imposed on the dividends must not be credited against the holder's corporate income tax or income tax liability, but may, upon application, be deducted from the holder's tax base for the relevant tax assessment period. A holder that is generally subject to German income tax or corporate income tax and that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit under the aforementioned requirements has to notify the competent local tax office accordingly, has to file withholding tax returns for a withholding tax of 15% in accordance with statutory formal requirements and has to make a payment in the amount of the omitted withholding tax deduction. The special rules on the restriction of withholding tax credit do not apply to a holder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the ADSs for at least one uninterrupted year until receipt (*Zufluss*) of the dividends. In addition to the aforementioned restrictions, in particular, pursuant to a circular issued by the German Federal Ministry of Finance (*BMF-Schreiben*) dated July 9, 2021, reference number IV C 1-S 2252/19/10035 :014, as amended, the withholding tax credit may also be denied as an anti-abuse measure.

To the extent the amount withheld exceeds the corporate income tax or income tax liability, the withholding tax will be refunded, provided that certain requirements are met (including the aforementioned requirements).

With regard to holders in the legal form of a corporation, capital gains from ADSs are in general effectively 95% tax exempt from corporate income tax (including solidarity surcharge) and trade tax. In contrast, dividends from ADSs are only 95% exempt from corporate income tax, if the corporation holds at least 10% of the share capital in the company at the beginning of the respective calendar year. To the extent ADSs and/or shares of 10% or more of the company have been acquired during a calendar year, the acquisition will be deemed to be made at the beginning of the calendar year. Furthermore, dividends are subject to trade tax (*Gewerbesteuer*), unless the holder holds at least 15% of the share capital in the company at the beginning of the tax assessment period. In the latter case, effectively 95% of the dividends are exempt from trade tax. Business expenses and capital losses actually incurred in connection with ADSs might not be tax deductible for corporate

income and trade tax purposes except if certain requirements are met. This concerns in particular expenses which are related to the disposition of ADSs.

Participations in the company held through a partnership, including co-entrepreneurships (*Mitunternehmensschaften*), are attributable to the respective partner only on a *pro rata* basis at the ratio of its entitlement to the profits of the partnership.

With regard to individuals holding ADSs as business assets, 60% of dividends and capital gains are taxed at the personal income tax rate of the holder of ADSs (plus 5.5% solidarity surcharge and church tax, if applicable, thereon). Correspondingly, only 60% of business expenses related to the respective dividends and capital gains as well as losses from the disposal of ADSs are principally deductible for income tax purposes. Furthermore, trade tax may apply, provided the ADSs are held as assets of a German trade or business (*Gewerbebetrieb*) of the holder, but the resulting trade tax might be credited against the income tax liability of the holder pursuant to a lump sum procedure.

Since 2021, the basis for the calculation of the solidarity surcharge (*Solidaritätszuschlag*) has been reduced for certain individual persons being subject to tax assessments (other than withholding taxes), and in certain cases, the solidarity surcharge has been abolished, subject to the limitations described above; see “—ADS held as Private Assets (*Privatvermögen*)”.

Special taxation rules apply to German tax resident credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies (*Lebens- und Krankenversicherungsunternehmen*), pension funds (*Pensionsfonds*) and investment funds (*Investmentfonds*).

#### *German Inheritance and Gift Tax (Erbschaft- und Schenkungsteuer)*

Generally, a transfer of ADSs by inheritance or by way of gift will be subject to German inheritance and gift tax, *inter alia*, if (i) the decedent or donor, or the heir, donee or other transferee is resident in Germany at the time of the transfer, or with respect to German citizens who are not resident in Germany, if the decedent or donor, or the heir, donee or other transferee has not been continuously outside of Germany for a period of more than five years; (ii) at the time of the transfer, the ADSs are part of the business property of a permanent establishment or a fixed base in Germany; or (iii) the ADSs subject to such transfer form part of a portfolio that represents at the time of the transfer 10% or more of the registered share capital of the company and that has been held, directly or indirectly, by the decedent or donor, either alone or together with related persons.

However, the right of Germany to impose inheritance and gift tax on a non-resident shareholder may be limited by an applicable estate tax treaty. In the case of a U.S. resident holder, a transfer of ADSs by a U.S. resident holder at death or by way of gift generally will not be subject to German inheritance and gift tax pursuant to the Convention between the Federal Republic of Germany and the United States of America for the Avoidance of Double Taxation with respect to Taxes on Estates, Inheritances, and Gifts as of December 21, 2000 (*Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung auf dem Gebiet der Nachlass-, Erbschaft- und Schenkungssteuern in der Fassung vom 21. Dezember 2000*) (the “**Estate Tax Treaty**”) provided the decedent or donor, or the heir, donee or other transferee was not domiciled in Germany for purposes of the Estate Tax Treaty at the time the gift was made, or at the time of the decedent’s death, and the ADSs were not held in connection with a permanent establishment or a fixed base in Germany. In general, the Estate Tax Treaty provides a credit against the U.S. federal gift or estate tax liability for the amount of gift or inheritance tax.

#### **Other Taxes**

There are currently no German net worth, transfer, stamp or other similar taxes that would apply to a U.S. holder on the acquisition, ownership, sale or other disposition of the ADSs. Certain member states of the European Union are considering introducing a financial transaction tax (*Finanztransaktionssteuer*) which, if and when introduced, may also be applicable on sales and/or transfer of ADSs.

#### **Information and Reporting Requirements**

The Organization for Economic Co-Operation and Development released the Common Reporting Standard (“CRS”) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA.

Under the CRS and legislation enacted in Germany to implement the CRS, generally certain information needs to be disclosed about investors in the shares, the ultimate beneficial owners and/or controllers, and their investment in and returns from the shares.

All prospective investors should consult with their own tax advisors regarding the tax consequences of their investment in the ADSs.

## U.S. Taxation

This section describes United States federal income tax considerations generally applicable to a U.S. holder (as defined below) of ADSs. It applies to you only if you hold your ADSs as capital assets for tax purposes. This discussion addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not discuss all of the tax consequences applicable to you if you are a member of a special class of holders subject to special rules, including:

- a broker or dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization or governmental organization,
- a tax-qualified retirement plan,
- a bank, insurance company or other financial institution,
- a real estate investment trust or regulated investment company,
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock,
- a person that holds ADSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells ADSs as part of a wash sale for tax purposes,
- a person whose functional currency is not the U.S. dollar,
- a corporation that accumulates earnings to avoid U.S. federal income tax,
- an S corporation, partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes (and investors therein), or
- a person deemed to sell ADSs under the constructive sale provisions of the Code (as defined below).

This section is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention Between the Federal Republic of Germany and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and to certain other Taxes in the version published as of June 4, 2008 (*Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung und zur Verhinderung der Steuerverkürzung auf dem Gebiet der Steuern vom Einkommen und vom Vermögen und einiger anderer Steuern in der Fassung der Bekanntmachung vom 4. Juni 2008*) as published in the German Federal Law Gazette 2008 vol. II pp. 611/851 (the “Treaty”). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds the ADSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in an entity or arrangement that is treated as a partnership and that holds the ADSs should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the ADSs.

You are a “U.S. holder” if you are a beneficial owner of ADSs and you are, for United States federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust’s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

In general, and taking into account the foregoing assumptions, if you are the beneficial owner of ADSs, you will be treated as the beneficial owner of the ordinary shares represented by those ADSs for United States federal income tax purposes. Accordingly, exchanges of ordinary shares for ADSs, and of ADSs for ordinary shares, generally will not be subject to United States federal income tax.

*You should consult your own tax advisor regarding the United States federal, state and local tax consequences of owning and disposing of shares and ADSs in your particular circumstances.*

Except as described below under “—PFIC Rules,” this discussion assumes that we are not, and will not become, a PFIC for United States federal income tax purposes.

### **Dividends**

The gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes), other than certain pro-rata distributions of our ordinary shares, will be treated as a dividend that is subject to United States federal income taxation. If you are a noncorporate U.S. holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and other requirements are met. Dividends we pay with respect to the ADSs generally will be qualified dividend income provided that, in the year that you receive the dividend, the ADSs are readily tradable on an established securities market in the United States. The ADSs are listed on Nasdaq and we therefore expect that dividends we pay with respect to the ADSs will be qualified dividend income.

You must include any German tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when the depository receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income will be the U.S. dollar value of the Euro payments made, determined at the spot Euro/U.S. dollar rate on the date the dividend is distributed, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is distributed to the date you or the depository on your behalf converts the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends.

As discussed below under “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares,” the amount of any dividend that is paid to you will be reduced by certain fees that you are required to pay to the depository. The amount of the dividend you are deemed to receive and include in income for U.S. federal income tax purposes will equal the gross amount of the dividend and will not be reduced by the amount of the fees that are withheld in respect of the dividend payment. You would then be deemed to pay the amount of such fees to the depository. Such fees will generally be treated as items of investment expense which may not be deductible in the case of certain investors due to general limitations on the deduction of investment expenses. U.S. holders are urged to consult their tax advisors with respect to the tax treatment of the payment of such fees to the depository.

Subject to certain limitations, the German tax withheld and paid over to Germany will generally be creditable or deductible against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to you under German law or under the Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against your United States federal income tax liability. See “—German Taxation—German Taxation of ADSs—General Rules for the Taxation of Non-German Tax Resident Holders of ADSs” and “—German Taxation—German Taxation of ADSs—General Rules for the Taxation of Non-German Tax Resident Holders of ADSs—Withholding Tax Refund for U.S. Treaty Beneficiaries” for the procedures for obtaining a tax refund.

Dividends will generally be income from sources outside the United States and will generally be “passive” income for purposes of computing the foreign tax credit allowable to you. However, if (a) we are 50% or more owned, by vote or value, by United States persons and (b) at least 10% of our earnings and profits are attributable to sources within the United States, then for foreign tax credit purposes, a portion of our dividends would be treated as derived from sources within the United States. With respect to any dividend paid for any taxable year, the United States source ratio of our dividends for foreign tax credit purposes would be equal to the portion of our earnings and profits from sources within the United States for such taxable year, divided by the total amount of our earnings and profits for such taxable year.

### ***Sale or Disposition of ADSs***

If you sell or otherwise dispose of your ADSs, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the amount that you realize and your tax basis in your ADSs. Capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

### ***Depository Fees***

As discussed below under “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares,” you will be required to pay certain fees to the depository. Such fees will generally be treated as items of investment expense which may not be deductible in the case of certain investors due to general limitations on the deduction of investment expenses. U.S. holders are urged to consult their tax advisors regarding the tax treatment of such expenses.

### ***PFIC Rules***

We believe that the ADSs should not currently be treated as stock of a PFIC for United States federal income tax purposes and we do not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year.

In general, we will be a PFIC with respect to you if for any taxable year in which you held the ADSs:

- at least 75% of our gross income for the taxable year is passive income, or
- at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

“Passive income” generally includes dividends, interest, gains from the sale or exchange of investment property, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business) and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation’s income.

If we are treated as a PFIC, and you did not make a mark-to-market election, as described below, you will generally be subject to special rules with respect to:

- any gain you realize on the sale or other disposition of your ADSs and
- any excess distribution that we make to you (generally, any distributions to you during a single taxable year, other than the taxable year in which your holding period in the ADSs begins, that are greater than 125% of the average annual distributions received by you in respect of the ADSs during the three preceding taxable years or, if shorter, your holding period for the ADSs that preceded the taxable year in which you receive the distribution).

Under these rules:

- the gain or excess distribution will be allocated ratably over your holding period for the ADSs,
- the amount allocated to the taxable year in which you realized the gain or excess distribution or to prior years before the first year in which we were a PFIC with respect to you will be taxed as ordinary income,
- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year, and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If we are a PFIC in a taxable year and the ADSs are treated as “marketable stock” in such year, you may make a mark-to-market election with respect to your ADSs. If you make this election, for the first tax year in which you hold (or are deemed to hold) ADSs and for which we are a PFIC, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your ADSs at the end of the taxable year over your adjusted basis in your ADSs. You will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of your ADSs over their fair market value at the end of

the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the ADSs will be adjusted to reflect any such income or loss amounts. Any gain that you recognize on the sale or other disposition of your ADSs would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. Special tax rules may apply if we were a PFIC for any year in which you own the ADSs but before a mark-to-market election is made.

Unless you are eligible to make and make a mark-to-market election or “purging election” with respect to your ADSs, such ADSs will generally be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your ADSs, even if we are not currently a PFIC.

In addition, notwithstanding any election you make with regard to the ADSs, dividends that you receive from us will not constitute qualified dividend income to you if we are a PFIC (or are treated as a PFIC with respect to you) either in the taxable year of the distribution or the preceding taxable year. Dividends that you receive that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, you must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (as determined for United States federal income tax purposes) in your gross income, and it will be subject to tax at rates applicable to ordinary income.

If we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, you generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or you otherwise were deemed to have disposed of an interest in the lower-tier PFIC. A mark-to-market election generally would not be available with respect to such lower-tier PFIC.

If you own ADSs during any year that we are a PFIC with respect to you, you may be required to file Internal Revenue Service Form 8621.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH U.S. HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF HOLDING SHARES UNDER THE INVESTOR’S OWN CIRCUMSTANCES.**

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

You may inspect and copy reports and other information filed with the SEC at the Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

We also make available on our website, free of charge, our Annual Report and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is [www.mynaric.com](http://www.mynaric.com). The information contained on our website is not incorporated by reference in this Annual Report and our website address is included in this Annual Report as an inactive textual reference only.

Statements contained in this Annual Report regarding the contents of any contract or other document are not necessarily complete, and, where the contract or other document is an exhibit to the Annual Report, each of these statements is qualified in all respects by the provisions of the actual contract or other documents.

**I. Subsidiary Information.**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, credit risk, liquidity risk and interest rate risk. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. For discussion and sensitivity analyses of our exposure to these risks, see note 35.2 to the consolidated financial statements included in this Annual Report.

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**A. Debt Securities.**

Not applicable.

**B. Warrants and rights.**

Not applicable.

**C. Other Securities.**

Not applicable.



## D. American Depositary Shares

### Fees and Expenses Our ADS Holders May Have to Pay

The Bank of New York Mellon, as depositary, will register and deliver the ADSs. Every four ADSs will represent one ordinary share (or a right to receive one ordinary share) deposited with The Bank of New York Mellon SA/NV as custodian for the depositary in Germany. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, NY 10286.

<u>Persons Depositing or Withdrawing Shares or ADS Holders Must Pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
\$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian must pay in respect of any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates (which may include the custodian) and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement and will not be liable for any direct or indirect losses associated with the rate. The methodology used to determine exchange rates used in currency conversions is available upon request. In certain instances, the depositary may receive dividends or other distributions from us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

## PART II.

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

### ITEM 15. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, management, including our chief executive officer and our chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitations, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosures.

Based on the foregoing, our chief executive officer and our chief financial officer have concluded that, as a result of the material weaknesses in our internal control over financial reporting described below, the design and operation of our disclosure controls and procedures were not effective as of December 31, 2023. Until remediated, there is a reasonable possibility that these material weaknesses could result in a material misstatement of our consolidated financial statements or disclosures that would not be prevented or detected.

#### Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS as issued by the IASB. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections or any evaluation or effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting based on the criteria established in the SEC guidance on conducting such assessments as of December 31, 2023. Our management conducted the assessment based on certain criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in 2013. Based on such evaluation, our chief executive officer and chief financial officer have concluded that as of December 31, 2023, our internal controls over financial reporting were not effective.

The following previously disclosed material weakness in internal control over financial reporting has been partially remediated: a lack of design of controls in accounting process which can prevent material misstatements in a timely manner. The remediation was achieved by completing the implementation of the internal control system and establishing flow charts and risk control matrices for all business processes relevant to financial reporting, as well as establishing flow charts and risk control matrices for all IT systems relevant to financial reporting. However, the following material weaknesses in our internal controls existed as of December 31, 2023: (i) a lack of sufficient resources with an appropriate level of technical accounting and SEC reporting experience and clearly defined roles within the finance and accounting functions, (ii) insufficient risk assessment procedures necessary to ensure the completeness of processes and identification of required internal controls over financial reporting, (iii) a lack of design and operating effectiveness of controls in accounting process which can prevent material misstatements in a timely manner, (iv) a lack of design and operating effectiveness of general information technology controls (GITC) for information systems that are relevant to the preparation of the consolidated financial statements and (v) a failure to implement sufficient monitoring controls ensuring that corrective action is taken when implemented controls do not operate as designed.

## ***Remediation Plans***

In 2022, we began taking actions to remediate the deficiencies in our internal controls over financial reporting by starting to implement additional processes and controls designed to address the underlying causes associated with the above-mentioned material weaknesses. Furthermore, the following previously disclosed material weakness in our internal controls over financial reporting was fully remediated:

- A lack of effective communication and information flows which allows the accounting department to be aware of details of relevant material transactions/ agreements.

We achieved remediation by establishing regularly meetings with the accounting department and the sales team to ensure effective communication and information flows regarding all commercial aspects of key customer contracts. Future planned refinements include the implementation of a contract management tool which allows for a more structured contract management. In addition, we are in the process of updating our sales process to promote a closer collaboration of all relevant departments at an early stage of negotiations with a potential customer.

Our management is committed to finalizing the remediation of the material weaknesses during 2023. Our internal control remediation efforts include the following:

- We hired additional resources to support our accounting and financial reporting functions in Germany and the United States (US), including a Head of Accounting Principles, a SOX Manager and a Head of Accounting in the US, who each have the requisite background and knowledge in the application of IFRS. We will continue to hire additional personnel with IFRS knowledge and additional resources with an appropriate level of SEC reporting experience in fiscal 2023. During fiscal year 2022, we hired external consultants dedicated to managing complex accounting topics with experience in IFRS who will continue to support our accounting and financial reporting functions in fiscal year 2023.

The key components of our remediation plans in fiscal 2023 are as follows:

- Enhance the execution of our risk assessment activities by evaluating whether the design of our internal controls appropriately addresses the risks in our business processes and changes in the business (including changes to people, processes and systems) that could impact our system of internal controls
- Review our current processes, procedures and systems to identify opportunities to enhance the design of each process and to design and implement additional control activities that can prevent material misstatements
- Develop and roll-out a process to manage the valuation of inventory in combination with quarterly meetings with all stakeholders to agree on production and forecasts. Design and implement controls that address the valuation of inventory, including control activities associated with the completeness and accuracy of data used and the appropriateness of the assumptions and methodology used to determine the net realizable value
- Create greater awareness and continuously improve the system of internal control over financial reporting by:
- Investment in a state-of-the-art governance, risk, and compliance tool (SAP GRC Process Control) to support internal controls over financial reporting on the software / IT side.
- Implementing LucaNet, a consolidation and planning platform, to support financial statement closing and reporting.
- Establishing an internal controls manual (including communication and training) and continuous monitoring of implemented controls.
- Establishment of a global ethics hotline.
- We finalized the implementation of SAP ERP S4/HANA for the German and U.S. group companies in April 2022 and initiated a project to formalize policies and procedures and finalize the design and implementation of internal controls relating to GITCs for our IT systems.

While we are working to remediate the weaknesses as quickly and efficiently as possible, we cannot at this time provide an estimate of the timeframe for implementing our plan to remediate these material weaknesses. These remediation measures may be time consuming and costly, and might place significant demands on our financial and operational resources. As we continue with the remediation of our material weaknesses, we may determine that additional or other measures may be necessary to address and remediate the material weaknesses, depending on the circumstances and our needs.

Although we have made enhancements to our control procedures in these areas, the material weaknesses will not be remediated until the necessary controls have been fully implemented and operating effectively. See Item 3. “Key Information—D. Risk Factors—Risks Related to

the ADSs—We have identified material weaknesses in our internal control over financial reporting. If we are unable to successfully remediate these material weaknesses and to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. If we are unable to successfully remediate these material weaknesses and to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.”

#### **Attestation Report of the Registered Public Accounting Firm**

Not applicable.

#### **Changes in Internal Control over Financial Reporting**

As described above, we implemented and initiated a number of changes to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that materially affected, or are reasonably likely to materially affect, internal control over financial reporting as part of the remediation measures.

Although we are actively working towards the remediation of the remaining material weaknesses in our internal controls over financial reporting, we will not be in a position to remediate all material weaknesses until the necessary controls have been fully implemented and are operating effectively. Our management is committed to executing the remediation plans described above.

#### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Audit Committee.”

#### **ITEM 16B. CODE OF ETHICS**

We have adopted a Code of Business Conduct & Ethics, or Code of Conduct, which outlines the principles of legal and ethical business conduct under which we do business. The Code of Conduct applies to all of our supervisory board members, management board members, directors of our subsidiaries and employees. The full text of the Code of Conduct is available on our website at <https://www.mynaric.com>. The information and other content appearing on our website are not part of this Annual Report and our website address is included in this Annual Report as an inactive textual reference only.

#### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, Germany (PCAOB ID: 1021) (“KPMG”) has served as our principal accountant for the years ended December 31, 2023 and 2022 for which audited consolidated financial statements appear in this Annual Report.

Set forth below are the total fees incurred on a consolidated basis, by KPMG, and affiliates for providing audit and other professional services in each of the last two years:

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(in € million)</b>	
Audit Fees	1.6	1.1
Total	1.6	1.1

“Audit Fees” are the aggregate fees earned by KPMG for the audit of our annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements and comfort letters.

The Company’s audit committee approves all auditing services and permitted non-audit services performed for the Company by its independent auditor in advance of an engagement. All auditing services and permitted non-audit services to be performed for the Company by its independent auditor must be approved by the Chair of the audit committee in advance to ensure that such engagements do not impair the independence of our independent registered public accounting firm. All audit services were approved by the Audit Committee.

#### **ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

## ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

## ITEM 16G. CORPORATE GOVERNANCE

As a "foreign private issuer," as defined by SEC rules, we are permitted to follow certain German corporate governance practices instead of those otherwise required under Nasdaq rules for domestic U.S. issuers. Specifically, a foreign private issuer may follow its home country practice in lieu of the requirements of the Rule 5600 Series, the requirement to disclose third party director and nominee compensation set forth in Rule 5250(b)(3), and the requirement to distribute annual and interim reports set forth in Rule 5250(d), provided, however, that such a company shall comply with the Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640), the Diverse Board Representation Rule (Rule 5605(f)), the Board Diversity Disclosure Rule (Rule 5606), have an audit committee that satisfies Rule 5605(c)(3), and ensure that such audit committee's members meet the independence requirement in Rule 5605(c)(2)(A)(ii).

The significant differences between the corporate governance practices that we follow and those set forth in the Nasdaq stock market rules are described below:

- **Distribution of Annual and Interim Reports.** Nasdaq Listing Rule 5250(d) requires that annual and interim reports be distributed or made available to shareholders within a reasonable period of time following filing with the SEC. Consistent with applicable rules and regulations in Germany, we do not distribute annual and interim reports automatically to shareholders. Instead, our annual and interim reports are available to shareholders on our website and delivery of printed versions thereof can be requested online. Furthermore, our annual and interim reports are also filed with the German Company Register (*Unternehmensregister*).
- **Independent Directors.** Nasdaq Listing Rule 5605(b)(1) requires listed companies to have a majority of independent directors. There is no requirement under German law that the majority of members of a supervisory board be independent. The rules of procedure of our supervisory board provide that the supervisory board shall have a sufficient number of independent members within the meaning of the German Corporate Governance Code. The supervisory board has determined that a majority of the current members of our supervisory board are independent.
- **Executive Sessions.** Nasdaq Listing Rule 5605(b)(2) requires that independent directors have regularly scheduled meetings during which only independent directors are present. German law does not require executive sessions of independent directors. However, German law provides that the supervisory board shall hold at least two meetings per calendar half-year. Additionally, where supervisory board members are subject to conflicts of interest, they generally must refrain from taking part in deliberations and voting.
- **Audit Committee Responsibilities and Authority.** Nasdaq Listing Rule 5605(c)(1) requires companies to adopt a formal written audit committee charter specifying certain audit committee responsibilities. Pursuant to the German Stock Corporation Act, independent auditors are elected at the shareholders' meeting, instead of being appointed by the audit committee. Also pursuant to the German Stock Corporation Act and applicable German law, our entire supervisory board, together with our management board, and in some cases, our shareholders, are responsible for the final approval of the audited financial statements and our supervisory board as a whole is responsible for many of the same functions that Nasdaq requires of an audit committee under its rules.
- **Proxy Solicitation.** Nasdaq Listing Rule 5620(b) requires companies that are not a limited partnership to solicit proxies and provide proxy statements for all meetings of shareholders and to provide copies of such proxy solicitation material to Nasdaq. Under German law, there is no requirement for companies to solicit proxies in connection with a meeting of shareholders. Shareholders have the right to exercise their voting rights in the shareholders' meeting through proxies appointed by them in writing. The proxies appointed by us are obligated to vote only in accordance with the instructions of the represented shareholder.
- **Quorum.** Nasdaq Listing Rule 5605(c) provides that the minimum quorum requirement for a meeting of shareholders is 33 1/3% of the outstanding ordinary shares. Neither German law nor our articles of association provide for a minimum participation for a quorum for our shareholders' meetings.

- **Shareholder Approval.** Nasdaq Listing Rule 5635 requires companies to obtain shareholder approval before undertaking any of the following transactions:
  - acquiring the stock or assets of another company, where such acquisition results in the issuance of 20% or more of our outstanding share capital or voting power;
  - entering into any change of control transaction;
  - establishing or materially amending any equity compensation arrangement; and
  - entering into any transaction other than a public offering involving the sale, issuance or potential issuance by us of shares (or securities convertible into or exercisable for shares) equal to 20% or more of our outstanding share capital or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock.

Consistent with applicable German law, approval by the shareholders' meeting is generally required for the issuance of any shares as well as any securities granting the respective holder the right to acquire shares (including options and convertibles).

We may utilize these and other exemptions for as long as we continue to qualify as a foreign private issuer.

#### **ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

#### **ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

#### **ITEM 16J. INSIDER TRADING POLICIES**

Not applicable.

#### **ITEM 16K. CYBERSECURITY**

##### **Cybersecurity Risk Management and Strategy**

Mynaric recognizes the importance of cybersecurity and is committed to maintaining robust cybersecurity measures to protect our systems and safeguard information.

Our processes for identifying, assessing, and managing material risks from cybersecurity threats are integrated into our overall enterprise risk management system, which was developed with input from internal and external experts.

Our cybersecurity program is designed to detect and respond to cybersecurity risks that could impact our operations, customers, and stakeholders. We monitor our systems and use a variety of external sources and third-party services that are in compliance with established industry standards to identify vulnerabilities and detect cybersecurity threats. We implement appropriate safeguards and technology that are designed to provide early detection of any suspicious activities or potential breaches and mitigate risks. We have procedures established for containment, eradication, recovery, and required reporting of any cybersecurity incident.

We follow a documented incident response procedure to allow for systematic and sufficient reporting and handling of incidents. The procedure is regularly reviewed and updated.

All employees are regularly provided with cyber security and awareness training.

We engage auditors and other consultants for ongoing identification of cybersecurity risks and improvement of our cybersecurity program and policies. Mynaric's cybersecurity program is based on the structure and application of the National Institute of Standards and Technology (NIST) Special Publication 800-53 and other applicable data protection and cybersecurity requirements.

We have not had any cybersecurity risks or threats that have materially impacted our business strategy, operations, or financial results.

##### **Cybersecurity Governance**

We are committed to transparency and timely reporting regarding cybersecurity matters to the SEC and other relevant stakeholders.

Our CIO leads the IT Infrastructure and Security team and oversees our cybersecurity program. Our cybersecurity policies are reviewed and approved by our CEO.

The management board receives updates on cybersecurity on a weekly basis as part of the company's overall risk management process, as well as on a case-by-case basis if necessary. We are constantly reviewing and optimizing our procedures and organizational frameworks to facilitate continuous monitoring and management of activities related to the prevention, detection, mitigation, and remediation of cybersecurity incidents by the management board.

The supervisory board oversees the company's procedures and organizational frameworks regarding cybersecurity and receives updates by the CIO on a quarterly basis as well as on a case-by-case basis if necessary.

Mynaric aims to maintain trust and confidence among our investors, customers, and the public through ongoing cybersecurity risk management efforts. We are committed to continuous improvement and adaptation to evolving cybersecurity challenges and regulatory requirements.



### PART III.

#### ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to “Item 18 Financial Statements.”

#### ITEM 18. FINANCIAL STATEMENTS

The audited consolidated financial statements as required under this Item 18 are attached hereto starting on page F-1 of this Form 20-F.

#### ITEM 19. EXHIBITS.

<u>Exhibits</u>	<u>Description</u>
1.1*	<a href="#">Articles of Association of Mynaric AG (translated into English)</a>
1.2	<a href="#">Rules of Procedure of the Management Board of Mynaric AG (incorporated by reference to Exhibit 3.2 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on October 29, 2022)</a>
1.3	<a href="#">Rules of Procedure of the Supervisory Board of Mynaric AG (incorporated by reference to Exhibit 3.3 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on October 29, 2021)</a>
2.1	<a href="#">Form of Deposit Agreement between the registrant, the depository and holders and beneficial owners of American Depositary Shares issued thereunder (incorporated by reference to Exhibit 4.1 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on November 3, 2021)</a>
2.2	<a href="#">Form of American Depositary Receipt evidencing American Depositary Shares (incorporated by reference to Exhibit 4.1 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on November 3, 2021)</a>
2.3*	<a href="#">Description of Securities</a>
4.1	<a href="#">Mynaric AG, Stock Option Program 2019 (incorporated by reference to Exhibit 10.1 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on October 19, 2021)</a>
4.2	<a href="#">Mynaric AG, Stock Option Program 2020 (incorporated by reference to Exhibit 10.2 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on October 19, 2021)</a>
4.3	<a href="#">Mynaric AG, Stock Option Program 2021 (incorporated by reference to Exhibit 10.3 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on October 19, 2021)</a>
4.4	<a href="#">Mynaric AG, Restricted Stock Units Program 2021 (incorporated by reference to Exhibit 10.4 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on October 19, 2021)</a>
4.5	<a href="#">Mynaric AG, Stock Option Program 2022 (incorporated by reference to Exhibit 4.5 to the Company’s Annual Report on Form 20-F (File No. 001-41045) filed with the SEC on May 1, 2023)</a>
4.6	<a href="#">Mynaric AG, Restricted Stock Unit Program 2022 (incorporated by reference to Exhibit 10.6 to the Company’s Registration Statement on Form F-3 (File No. 333-274793) filed with the SEC on September 29, 2023)</a>
4.7*	<a href="#">Mynaric AG, Stock Option Program 2023</a>
4.8	<a href="#">Business Opportunity Agreement, dated October 21, 2021 (incorporated by reference to Exhibit 10.5 to the Company’s Registration Statement on Form F-1 (File No. 333-260357) filed with the SEC on November 3, 2021)</a>
4.9†	<a href="#">Credit Agreement entered into by and between Mynaric USA Inc., Mynaric AG, CO FINANCE II LVS I LLC, CO FINANCE LVS XL LLC and Alter Domus (US) LLC, dated as of April 25, 2023 (incorporated by reference to Exhibit 4.7 to the Company’s Annual Report on Form 20-F (File No. 001-41045) filed with the SEC on May 1, 2023)</a>
4.10*†	<a href="#">Amendment No. 1 to Credit Agreement entered into by and between Mynaric USA Inc., Mynaric AG, CO FINANCE II LVS I LLC, CO FINANCE LVS XL LLC and Alter Domus (US) LLC, and solely for purposes of Section 5.4 thereof, Mynaric Government Solutions, Inc., Mynaric Systems GmbH and Mynaric Lasercom GmbH, dated as of March 14, 2024</a>
8.1	<a href="#">List of Subsidiaries (incorporated by reference to Exhibit 8.1 to the Company’s Annual Report on Form 20-F (File No. 001-41045) filed with the SEC on May 6, 2022)</a>

<b>Exhibits</b>	<b>Description</b>
12.1*	<a href="#">CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of KPMG AG Wirtschaftsprüfungsgesellschaft</a>
97.1*	<a href="#">Mynaric AG Clawback Policy</a>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

\* Filed herewith.

\*\* Furnished herewith.

## SIGNATURES

The registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

### MYNARIC AG

By: /s/ Mustafa Veziroglu

Name: Mustafa Veziroglu

Title: Chief Executive Officer

By: /s/ Stefan Berndt-von Bülow

Name: Stefan Berndt-von Bülow

Title: Chief Financial Officer

Date: May 17, 2024

**MYNARIC AG**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the supervisory board  
Mynaric AG:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated statement of financial position of Mynaric AG and subsidiaries (the Company) as of December 31, 2023 and 2022, and the related consolidated statements of profit/loss and other comprehensive income/loss, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2023, 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 has suffered recurring losses from operations and has a net capital deficiency 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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.

/s/ KPMG AG Wirtschaftsprüfungsgesellschaft

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

Munich, Germany

May 17, 2024

**Consolidated statements of profit/loss and other comprehensive income/loss for the years ended December 31, 2023, 2022 and 2021**

€ thousand	Note	2023	2022	2021
Revenue	6	5,390	4,422	2,355
Other operating income	7	3,624	2,376	435
Cost of materials	8	(16,771)	(15,434)	(10,624)
<i>of which capitalized costs 2023: (256); 2022: (689); 2021: (1,995)</i>				
Personnel costs	9	(36,604)	(37,410)	(23,365)
<i>of which capitalized costs 2023: (385); 2022: (665); 2021: (1,906)</i>				
Depreciation, amortization and impairment	10	(11,622)	(7,989)	(4,518)
<i>of which capitalized costs 2023: (89); 2022: (112); 2021: (287)</i>				
Other operating costs	11	(23,222)	(22,082)	(11,830)
<i>of which capitalized costs 2023: (88); 2022: (101); 2021: (427)</i>				
Change in inventories of finished goods and work in progress	12	(776)	760	568
Own work capitalized	13	818	1,567	4,615
<b>Operating profit/(loss)</b>		<b>(79,163)</b>	<b>(73,790)</b>	<b>(42,364)</b>
Financial income <sup>(1)</sup>	14	911	0	0
Financial costs <sup>(2)</sup>	14	(16,035)	(2,545)	(2,148)
Net foreign exchange gain/(loss)	14	562	2,574	826
<b>Financial result <sup>(3)</sup></b>		<b>(14,562)</b>	<b>29</b>	<b>(1,322)</b>
Share of profit of equity-accounted investees, net of tax	20	(355)	(45)	0
<b>Profit/(loss) before tax</b>		<b>(94,080)</b>	<b>(73,806)</b>	<b>(43,686)</b>
Income tax expense	15	552	24	(1,791)
<b>Consolidated net profit/(loss)</b>		<b>(93,528)</b>	<b>(73,782)</b>	<b>(45,477)</b>
<b>Other comprehensive income/(loss)</b>				
<b>Items which may be subsequently reclassified to profit and loss</b>				
Foreign operations – foreign currency translation differences		1,126	(411)	(498)
<b>Other comprehensive income/(loss) for the period after tax</b>		<b>1,126</b>	<b>(411)</b>	<b>(498)</b>
<b>Total comprehensive (loss) for the period</b>		<b>(92,402)</b>	<b>(74,193)</b>	<b>(45,975)</b>
Weighted average ordinary shares outstanding (basic and diluted)		6,043,142	5,435,839	4,250,134
Basic and diluted loss per share in EUR		(15.48)	(13.57)	(10.70)

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

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(1) Referred to as "Interest and similar income" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

(2) Referred to as "Interest and similar expenses" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

(3) Referred to as "Net finance income/(costs)" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

## Consolidated statements of financial position as of December 31, 2023 and 2022

€ thousand	Note	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	17	13,336	18,058
Property, plant and equipment	18	22,936	22,309
Right-of-use assets	19	26,168	8,782
Equity-accounted investees	20	0	355
Other financial assets <sup>(1)</sup>	23	1,200	449
<b>Total non-current assets</b>		<b>63,640</b>	<b>49,953</b>
<b>Current assets</b>			
Inventories	21	22,695	13,348
Trade receivables	22	300	1,101
Other financial and non-financial assets	23	8,493	5,681
Cash and cash equivalents	24	23,958	10,238
<b>Total current assets</b>		<b>55,446</b>	<b>30,368</b>
<b>TOTAL ASSETS</b>		<b>119,086</b>	<b>80,321</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	26	6,234	5,668
Capital reserve		204,025	189,269
Accumulated deficit		(260,077)	(166,549)
Accumulated other comprehensive income/(loss)		531	(595)
<b>TOTAL EQUITY</b>		<b>(49,287)</b>	<b>27,793</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	27	1,114	217
Lease liabilities <sup>(2)</sup>	33	19,833	7,087
Contract liabilities	29	11,663	0
Loans and borrowings	30	59,496	0
Other financial liabilities	31	167	249
Deferred tax liabilities	15	1,215	1,766
<b>Total non-current liabilities</b>		<b>93,488</b>	<b>9,319</b>
<b>Current liabilities</b>			
Provisions	27	686	723
Lease liabilities <sup>(3)</sup>	33	5,440	1,855
Trade and other payables	28	16,555	9,238
Contract liabilities	29	47,256	15,297 <sup>(5)</sup>
Loans and borrowings <sup>(4)</sup>	30	3,286	14,440
Other financial liabilities	31	1,041	90
Other non-financial liabilities	32	621	1,566 <sup>(5)</sup>
<b>Total current liabilities</b>		<b>74,885</b>	<b>43,209</b>
<b>TOTAL LIABILITIES</b>		<b>168,373</b>	<b>52,528</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>119,086</b>	<b>80,321</b>

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

(1) Referred to as "Other non-current financial assets" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

(2) Referred to as "Non-current lease liabilities" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

(3) Referred to as "Current lease liabilities" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

(4) Included in "Other financial liabilities" in the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2022.

(5) Adjusted as per Note 29.

**Consolidated statements of changes in equity  
for the years ended December 31, 2023, 2022 and 2021**

€ thousand

	Share capital	Capital reserve	Prepaid share reserve	Accumulated deficit	Foreign currency translation differences	Total
<b>Balance at January 1, 2021</b>	<b>3,995</b>	<b>108,189</b>	<b>5,500</b>	<b>(47,290)</b>	<b>314</b>	<b>70,708</b>
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)
Total comprehensive income/(loss) for the period				(45,477)	(498)	(45,975)
<b>Balance at December 31, 2021</b>	<b>5,243</b>	<b>172,622</b>	<b>—</b>	<b>(92,767)</b>	<b>(184)</b>	<b>84,914</b>
<b>Balance at January 1, 2022</b>	<b>5,243</b>	<b>172,622</b>	<b>—</b>	<b>(92,767)</b>	<b>(184)</b>	<b>84,914</b>
Issue of ordinary shares	425	10,776				11,201
Share issue costs		(262)				(262)
Equity-settled share-based payments		6,133				6,133
Consolidated net profit/(loss)				(73,782)		(73,782)
Other comprehensive income/(loss)					(411)	(411)
Total comprehensive income/(loss) for the period				(73,782)	(411)	(74,193)
<b>Balance at December 31, 2022</b>	<b>5,668</b>	<b>189,269</b>	<b>—</b>	<b>(166,549)</b>	<b>(595)</b>	<b>27,793</b>
<b>Balance at January 1, 2023</b>	<b>5,668</b>	<b>189,269</b>	<b>—</b>	<b>(166,549)</b>	<b>(595)</b>	<b>27,793</b>
Issue of ordinary shares	566	12,204				12,770
Share issue costs		(1,420)				(1,420)
Equity-settled share-based payments		3,972				3,972
Consolidated net profit/(loss)				(93,528)		(93,528)
Other comprehensive income/(loss)					1,126	1,126
Total comprehensive income/(loss) for the period				(93,528)	1,126	(92,402)
<b>Balance at December 31, 2023</b>	<b>6,234</b>	<b>204,025</b>	<b>—</b>	<b>(260,077)</b>	<b>531</b>	<b>(49,287)</b>

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



**Consolidated statements of cash flows  
for the years ended December 31, 2023, 2022 and 2021**

€ thousand	Note	2023	2022	2021
<b>Cash flows from operating activities</b>				
Consolidated net income/(loss) for the period		<b>(93,528)</b>	<b>(73,782)</b>	<b>(45,477)</b>
Adjustments for:				
Income tax expense	15	(552)	(24)	1,791
Depreciation, amortization and impairment	10	11,622	7,989	4,518
Loss from disposals of non-current assets		630	109	20
Net finance (income) and costs	14	15,124	2,545	2,148
Equity-settled share-based payments	9	3,972	6,133	1,942
Share of profit of equity-accounted investees, net of tax	20	355	45	0
Net foreign exchange (gain)/loss	14	(562)	(2,574)	(826)
Changes in:				
Inventories		(9,379)	(4,958)	(3,167)
Trade receivables		732	(1,120)	572
Other financial and non-financial assets		(3,744)	(87)	(4,209)
Provisions		296	(296)	14
Trade and other payables		5,908	2,235	2,320
Contract liabilities	29	39,760	15,144 <sup>(1)</sup>	(1,013)
Other financial liabilities		336	(22)	0
Other non-financial liabilities	29	46	(1,552) <sup>(1)</sup>	1,941
<b>Net cash used in operating activities</b>		<b>(28,984)</b>	<b>(50,215)</b>	<b>(39,426)</b>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets		(70)	(1,120)	(3,346)
Acquisition of property, plant and equipment		(4,851)	(10,179)	(7,612)
Acquisition of equity-accounted investees	20	0	(400)	0
Interest received	14	333	0	0
<b>Net cash used in investing activities</b>		<b>(4,588)</b>	<b>(11,699)</b>	<b>(10,958)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital	26	12,769	11,201	66,542
Share issue costs	26	(1,420)	(262)	(8,303)
Proceeds from loans and borrowings	30	67,723	13,529	7,500
Transaction costs related to loans and borrowings	30	(5,796)	(450)	(450)
Repayments of loans and borrowings		(13,185)	(96)	(7,500)
Payments of lease liabilities		(2,264)	(1,713)	(1,056)
Interest expenses paid		(10,740)	(241)	(1,931)
<b>Net cash from financing activities</b>		<b>47,087</b>	<b>21,968</b>	<b>54,802</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,515</b>	<b>(39,946)</b>	<b>4,418</b>
Cash and cash equivalents at January 1		10,238	48,143	43,198
Effects of movements in exchange rates on cash and cash equivalents		205	2,041	527
<b>Cash and cash equivalents at December 31</b>	<b>24</b>	<b>23,958</b>	<b>10,238</b>	<b>48,143</b>

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

(1) Adjusted as per Note 29.

## Mynaric AG, Gilching

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. General information

Mynaric AG ('Company') registered in Commercial Register at Munich Local Court (Reg. No. HRB 232763), has its registered office at Dornierstraße 19 in 82205 Gilching, Germany, and its administrative office at Bertha-Kipfmüller-Straße 2-8 in 81249 Munich, Germany. These consolidated financial statements as at and for the financial year ended December 31, 2023, comprise the Company and its controlled subsidiaries (together referred to as 'Group'). The objective of the Group is the development, manufacture and sale of laser communication network equipment, software, systems, and solutions, particularly for aerospace applications and related products. The Group 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 Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) considering the interpretations issued by 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 17, 2024.

The consolidated financial statements are presented in Euro (€). Rounding differences may result in differences in amounts and percentages.

The consolidated statements of profit and loss were 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, 2023, the Group recognized a net loss of €93.5 million while the Group's net current assets as of December 31, 2023, amount to negative €19.4 million and the equity amounts to negative €49.3 million. As of the date of the authorization of these consolidated financial statements the Group has €2.5 million in cash and cash equivalents as well as an undrawn amount of \$10.000 thousand of the term loan facility.

While the vast majority of revenue for 2024 and a significant amount of revenue for 2025 is contractually committed and prepayments for those contracts have already been received, the Group is dependent on winning further major public project tenders and realizing corresponding advance payments from the tenders won. Management is actively pursuing multiple opportunities in the commercial and government sectors to sell its CONDOR terminals to an expanding customer base. To realize these planned revenue increases, commercial production will need to ramp up. For this, the Group has made the majority of necessary investments in property, plant and equipment. The majority of product development and enhancement costs have also been incurred. Liquidity is mainly required for operating costs until the ramp-up of commercial production.

Based on the Group's liquidity position on May 17, 2024, and management's forecast of sources and uses of cash and cash equivalents, management believes that it has sufficient liquidity to finance its operations over at least the next twelve months from the date of authorization of these consolidated financial statements. However, there can be no assurance that the revenues and the corresponding customer payments will be generated in the amount as expected or at the time needed. A shortfall in revenues or the corresponding customer payments compared to the budget could require additional external financing to meet the Group's current operational planning. In such a situation, if the Group should be unable to obtain such additional financing or take other timely actions in response to such circumstances, for example significantly curtailing its current operational budget in 2024, it may be unable to continue as a going concern.

As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharges 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. Basis of consolidation and accounting policies

#### 3.1. Basis of consolidation

The consolidated financial statements include the financial statements of Mynaric AG and its subsidiaries as of December 31, 2023, and 2022 and for years ended December 31, 2023, 2022 and 2021, and were prepared using accounting policies applied consistently.

Subsidiaries are the entities directly or indirectly controlled by Mynaric AG. An entity is controlled when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Set out below is the list of consolidated subsidiaries:

Company name	Shareholding in %	Consolidation
Mynaric Lasercom GmbH, Munich	100.0	fully consolidated
Mynaric Systems GmbH, Munich	100.0	fully consolidated
Mynaric USA, Inc., Los Angeles, USA	100.0	fully consolidated
Mynaric Government Solutions, Inc., Arlington, USA	100.0	fully consolidated

#### 3.2. 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 an arrangement exists with enforceable rights and obligations and that, among other things, it is probable that the entity will collect the consideration, considering 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 from the sale of goods and provision of services. In addition, revenue is recognized when the underlying contract is terminated due to customer default in accordance with IFRS 15.15 b), or in accordance with IFRS 15.15 a) when the Group has performed all services and received all payments for a contract that was not initially accounted for as a contract with a customer in accordance with IFRS 15.

The Group considers whether there are multiple promises in the contract that represent separate performance obligations to which a portion of the transaction price should be allocated. In determining the transaction price for such contracts, the Group considers the effect of variable consideration, the existence of a significant financing component, non-cash consideration and consideration payable to the customer (if any).

Most of the contracts with customers include multiple payment milestones that differ from the fulfillment of performance obligations. The Group typically receives a significant portion of the payments in advance. Therefore, the Group assesses each contract for a significant financing component, taking into account the period between the customer's payment and the fulfillment of the performance obligation, as well as the prevailing market interest rate. In such cases, the transaction price represents the consideration promised plus the interest element. A financing component is considered significant if the interest element exceeds 5% of the total amount of all payments under a contract. The implicit interest rate that determines the interest element is derived from existing financing arrangements, taking into account the risk-free interest rate for the expected term of the contract at point in time of contract inception.

Where a contract with a customer includes a significant financing component, the Group recognizes the interest element implicit in the contract as interest expense. The recognition of interest expense is based on contract milestones. Past milestones reflect the dates of actual payment and actual fulfillment of performance obligations. Milestones after December 31, 2023 ("Future Milestones") are based on the Group's long-term financial planning. If Future Milestones differ from the expected dates, the Group must adjust the recognition of interest expense accordingly.

The Group applies the practical expedient for short-term customer advances at contract level. This means that the amount of consideration promised is not adjusted for the effects of a significant financing component if the period between the transfer of the last promised good or service and the first payment is one year or less.

If a contract involves multiple distinct goods or services, the transaction price is allocated across the performance obligations based on 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 Group 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 Group's performance, the Group creates or enhances an asset that is controlled by the customer, or the Group creates an asset without an alternative use to the Group and simultaneously has an enforceable right to payment for performance completed.

The Group generates revenue from:

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

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

Type of product/service	Nature and timing of satisfaction of performance obligation including significant payment terms	Revenue recognition policies
Sale of products	Customers obtain control of the laser terminals when the goods are delivered and accepted by the customer. Invoices are either issued based on the agreed payment plan of the respective contract or at that point in time of the delivery. Invoices are usually payable within 10 to 60 days.	Revenue is recognized at point in time when the customer obtains control over the product. Generally, this happens, when the product is delivered at the place agreed in the customer agreement. Advances received are presented as contract liabilities.
Training, support and other services	The Group provides 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 payment plan of the respective contract or after the completion of the services. Invoices are usually payable within 10 to 60 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) Government grants**

The Group 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. These grants are received or receivable in exchange for past and / or future compliance with conditions specified plan or program under which they were given the respective governmental authority, and, accordingly, they are accounted for as government grants under IAS 20. Government grants related to capitalized 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 respective assets.

Government grants related to expenses 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.

**d) Financial result**

The financial result includes

- interest income
- interest expense
- the net gain or loss on financial assets/liabilities at fair value through profit and loss ("FVTPL")
- the foreign currency gain or loss on financial assets and financial liabilities

Interest income or expense is recognised under the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

**e) 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, adjustments due to changes of the expected useful life or of the amortization method are accounted for prospectively 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 based on 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 five 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. Such costs are expensed in the period incurred. 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.

The Group 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 economic useful life of 15 years based on the expected useful life of such technology. Amortization of capitalized development costs commences upon completion of the development project (technology). Amortization expense resulting from capitalized development costs is reported in the statement of profit or loss under depreciation and amortization.

**f) Property, plant and equipment**

Property, plant, and equipment are recognized at cost, and also 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 ranges between two and 20 years for computer hardware, between three and 20 years for machinery, furniture, fixtures, and office equipment and for leasehold improvements between two and 10 years.

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

**g) Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

**h) Impairment of non-financial assets**

At each balance sheet date, the Group assesses whether there is any indication that a non-financial (other than inventories) asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the non-financial asset. For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. 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 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 exceeding amount in profit or loss. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell (FVLCO) and its value in use.

The FVLCO and the value in use are generally based on the estimated future cash flows of the cash-generating unit, discounted to their present value using a risk-adjusted post-tax discount rate. The future cash flows are determined on the basis of long-term corporate planning approved by management and in effect at the time the impairment test is performed.

With respect to the capitalized development costs for AIR technology and SPACE technology, the Group determines the recoverable amount using an income approach based on the Relief-from-Royalty-method. Under the Relief-from-Royalty-method, the royalty savings (cash flows) from owning an intangible asset are approximated by the royalty payments that the owner of that asset saves compared to the alternative of licensing a comparable asset. The calculation is based on the actual royalty payments that would be required if the intangible asset were not owned. The recoverable amount of the intangible asset is the present value of the hypothetical royalty payments.

At each reporting date, the Group assesses whether an impairment loss recognized in prior periods no longer exists or may have decreased. In such cases, the Group recognizes a partial or full reversal of the impairment loss by increasing the carrying amount to the recoverable amount. However, the increased carrying amount 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 consider inventory risks resulting from turnover period and reduced recoverability. In addition, inventory related to product versions is written off when the intent to sell is discontinued. Write-downs are reversed when the reasons for impairment 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 or embedded derivatives.

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 Fair value through profit or loss ("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.

#### **j) i) Financial assets**

On initial recognition, a financial asset is classified as subsequently measured at:

- AC – amortised cost
- FVTPL – Fair value through profit or loss

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.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group 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.

#### ***Derivative financial instruments ("FVTPL")***

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

#### ***Impairment of financial assets***

The Group 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 Group 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 for financial assets 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 Group also accounts for lifetime ECL and recognizes an impairment. The Group 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 Group applies this general approach for cash and cash equivalents as well as other financial 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 in particular, which are not individually impaired, the Group applies the simplified approach under which lifetime ECL is recognized without monitoring the change in customers' credit risk. To measure expected credit losses, trade receivables are aggregated based on common credit risk characteristics (risk classes) and days past due. The expected loss rates are derived from the historical payment profile of milestone invoices to customers over the two financial years preceding the balance sheet date. Adjusted for forward-looking macroeconomic factors, this historical and forward-looking information forms the basis for the expected probability of default.

Impairment losses and reversals of previous impairment losses are presented as Other operating costs in the consolidated statement of profit/loss and comprehensive income/loss.

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 borrowings. The Group'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 amortized cost ("FLAC")***

This category comprises Trade and other payables, Other financial liabilities as well as Loans and borrowings. 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.

##### ***Derivative financial instruments ("FVTPL")***

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial liability and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

#### **k) Income 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 relate to items recorded in equity or other comprehensive income.



### ***Current income taxes***

The expected income tax liabilities or receivables arising as a result of the taxable profit in each applicable tax jurisdiction, taking into account applicable tax rules and regulations, 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 income 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.

Current and deferred income taxes for 2023 were determined using the applicable tax rates. The Group applies a tax rate of 28.648% (2022: 27.725%, 2021: 27.725%) to calculate deferred taxes for Mynaric AG. This combined income tax rate comprises 15% corporation tax plus 5.5% solidarity surcharge thereon as well as 12.82% (2022: 11.90%, 2021: 11.90%) trade tax. The tax rate for the trade tax increased due to the move of the Group's headquarter from Gilching to Munich.

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.

### ***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 Group'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.

#### **l) Share issue costs**

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

#### **m) Equity-settled share-based payment**

The grant-date fair value of equity-settled share-based payment 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 equity-settled share-based payments awards with non-vesting conditions, the grant-date fair value of the equity-settled 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 Group 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.

### ***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.

### ***Dismantling and restoration provisions***

The Group is required to restore some of the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and restore the premise. Costs, which are directly attributable to specific leasehold improvement, have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets. Remaining costs have been capitalised as part of the right-of-use-asset and are amortised over the useful life of the right-of-use-asset.

#### **p) Leases**

At contract inception, the Group 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 Group as lessee**

The Group presents all leases on the face of the statement of financial position 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 Group 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 accumulated depreciation and accumulated impairment losses, if any, 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 expected useful life of the leased asset, as follows:

- Real estate – 3 to 15 years
- Other leases – 4 to 6 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the exercise of a purchase option is considered 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 subject to impairment testing in the same manner as property, plant and equipment described in Note 3.2 h).

### ***Lease liabilities***

On the commencement date, the Group 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, initially measured using the index or rate as at the commencement date 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 Group 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 lease liability is measured at amortised cost under the effective interest method. The Group uses the interest rate implicit in the lease, if known to the Group, for the calculation of the present value of the lease payments. In the case of leases for which this interest rate is unknown, the Group applies its incremental borrowing rate as of the commencement date. The incremental borrowing rate is the rate of interest that the

Group 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 Group 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 Group 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 Group as a lessor**

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

The Group 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.

### **3.3. 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 2023:

	Date of application
IFRS 17 Insurance Contracts	Jan. 1, 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	Jan. 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	Jan. 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	Jan. 1, 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	May 23, 2023

The Group has adopted all the foregoing amendments in 2023, 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 Group.

	Date of application
Non-current Liabilities with Covenants - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments to IAS 1	Jan. 1, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	Jan. 1, 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	Jan. 1, 2024
Lack of Exchangeability - Amendments to IAS 21	Jan. 1, 2025
Presentation and Disclosures in Financial Statements - IFRS 18	Jan. 1, 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Available for optional adoption / effective date deferred indefinitely

The Group is currently analyzing the effects of the new or revised financial reporting standards listed above but does not expect any material effects apart from IFRS 18 resulting from application of the revised standards to the Group.

#### **4. Material judgments, estimates and assumptions**

The preparation of the consolidated financial statements requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, income, and expenses. The most significant of these are described below.

Actual results may differ from these estimates.

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

##### **4.1. 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:

###### **a) Leases**

The Group 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. The Group has entered into several leases that include extension options 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 option are taken into consideration. No extension options have been included in the lease term of significant facilities being leased given the current management's expectation of the Group's future use of the building, except for the extension option for the new leased headquarter in Munich (Germany). Had lease extension options been included also in other leases, the amount of right of use assets and lease liabilities recorded on the statement of financial position would have been significantly higher.

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 options that are not taken into consideration in the lease term.

To measure the right-of-use asset and the corresponding lease liability at commencement date of a lease or upon modification of a lease, the Group uses the incremental borrowing rate to discount the lease payments. Judgment is required in determining the method to determine the relevant discount rate at which the Group would borrow in a similar economic environment. The Group determines its incremental borrowing rate by obtaining interest rates from external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased (refer to Note 30). Using a different method might lead to a different discount rate, which might have a significant impact on the right-of-use asset and lease liability.

##### **4.2. Estimates and assumptions**

Information about assumptions and estimation uncertainty as of December 31, 2023, that have a significant risk of resulting in a material adjustment to the carrying amounts of the reported assets and liabilities during the next fiscal year are discussed below:

###### **a) 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 Group companies.

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. As there is no specific standard or interpretation to evaluate the probability of projected future taxable income of the Group entities, the Group uses its internal financial long-term planning. Deviations from the future from long-term planning may have a significant impact on the deferred tax assets.

###### **b) Impairment test for non-financial assets**

At each balance sheet date, the Group assesses whether there is any indication that a non-financial asset including capitalized development costs may be impaired. The impairment tests require estimates to be made in order to determine the recoverable amount of the cash-generating unit. Assumptions must be made regarding future cash inflows and outflows both in the planning period as well as for the periods thereafter. In particular, the future revenues, costs and expenditures are based on the long-term corporate planning. Also, market- and company-specific

discount rates, expected growth rates and exchange rates are estimated. If the actual amounts deviate from the estimated amount an impairment might be needed in future periods. Based on the impairment tests performed in 2023, the recoverable amounts significantly exceed the net assets of the tested cash-generating units. Refer to Note 17 for further information on the assumptions used.

### c) Inventories

Write-downs of inventories are measured based on the inventory days on hand and on the estimated net realizable value (expected proceeds less estimated costs incurred until completion and the estimated selling expenses necessary to make the sale). The net realizable value is estimated based on the management's decision and expectation regarding the pricing and the future marketability of the different CONDOR and HAWK product variants. Future utilizations, actual proceeds, and costs still to be incurred may deviate from anticipated amounts, which might lead to additional write-downs in future periods. Also, if the Group does not intend to sell product product version anymore, all related inventories are written down. This primarily relates to CONDOR Mk1, Mk2 and CONDOR MEO as well as HAWK (refer to Note 21).

## 5. Segment reporting and information on geographical areas

In accordance with IFRS 8 (Operating Segments), the Group's operating segments are 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. The CODM is the Management Board (refer to Note 37) 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 Group's operating segments.

Segment results are as follows for the year ended December 31, 2023:

€ thousand	For the year ended December 31, 2023			Group
	AIR	SPACE	Not allocated	
Revenue	0	5,390	0	5,390
<b>Operating income/(loss)</b>	<b>(16,672)</b>	<b>(53,984)</b>	<b>(8,507)</b>	<b>(79,163)</b>
Financial income				911
Financial costs				(16,035)
Net foreign exchange gain/(loss)				562
<b>Financial result</b>				<b>(14,562)</b>
Share of profit of equity-accounted investees, net of tax				(355)
<b>Profit/(loss) before tax</b>				<b>(94,080)</b>
Income tax expense				552
<b>Consolidated net profit/(loss)</b>				<b>(93,528)</b>

Segment results are as follows for the year ended December 31, 2022:

€ thousand	For the year ended December 31, 2022			Group
	AIR	SPACE	Not allocated	
Revenue	1,384	3,038	0	4,422
<b>Operating profit/loss</b>	<b>(20,929)</b>	<b>(46,773)</b>	<b>(6,088)</b>	<b>(73,790)</b>
Interest and similar expenses				(2,545)
Net foreign currency gain/(loss)				2,574
<b>Net finance income/(costs)</b>				<b>29</b>
<b>Share of profit of equity-accounted investees, net of tax</b>				<b>(45)</b>
<b>Profit/(loss) before tax</b>				<b>(73,806)</b>
Income tax expense				24
<b>Consolidated net profit/(loss)</b>				<b>(73,782)</b>

Segment results are as follows for the year ended December 31, 2021:

€ thousand	For the year ended December 31, 2021			Group
	AIR	SPACE	Not allocated	
Revenue	0	2,355	0	2,355
<b>Operating profit/loss</b>	<b>(10,793)</b>	<b>(30,082)</b>	<b>(1,489)</b>	<b>(42,364)</b>
Interest and similar income				(2,148)
Net foreign currency gain/(loss)				826
<b>Net finance income/(costs)</b>				<b>(1,322)</b>
<b>Profit/(loss) before tax</b>				<b>(43,686)</b>
Income tax expense				(1,791)
<b>Consolidated net profit/(loss)</b>				<b>(45,477)</b>

"Not allocated" costs include the following:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
D&O insurance and other costs related the stock listing	3,796	4,715	682
Costs related to financing activities	2,649	0	0
Cost for the audit of the financial statements	1,568	951	538
Supervisory Board remuneration	494	422	269
<b>Total not allocated costs</b>	<b>8,507</b>	<b>6,088</b>	<b>1,489</b>

### **Segment AIR**

The segment AIR includes the Group's HAWK terminals and related services.

The segment AIR result includes:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
Impairment of intangible assets	3,308	0	0
Impairment of property, plant and equipment	1,172	0	0
Write-downs of inventories	9,592	1,500	0
<b>Segment AIR - Total impairment and write-downs</b>	<b>14,072</b>	<b>1,500</b>	<b>0</b>

The impairment losses of intangible assets as well as property, plant and equipments are described in more detail in the Note 17 and Note 18. The write-downs of inventories are described in more detail in Note 8 and Note 21.

During the year ended December 31, 2023, depreciation and amortization included in the segment AIR amounts to €352 thousand (2022: €1,948 thousand; 2021: €1,221 thousand).

### **Segment SPACE**

The segment SPACE includes the Group's CONDOR terminals and related services.

The segment SPACE result includes:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
Impairment of intangible assets	0	1,531	0
Write-downs of inventories	783	5,983	2,501
Impairment loss on trade receivables	337	0	0
<b>Segment SPACE - Total impairment and write-downs</b>	<b>1,120</b>	<b>7,514</b>	<b>2,501</b>

The impairment losses of intangible assets is described in more detail in the Note 17. The write-downs of inventories are described in more detail in Note 8 and Note 21. The impairment loss on trade receivables is described in Note 22.

During the year ended December 31, 2023, depreciation and amortization included in the segment SPACE amounts to €6,790 thousand (2022: €4,510 thousand; 2021: €3,297 thousand).

## Geographical regions of non-current assets

Non-current assets are allocated to the location of the respective asset:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
<b>Germany</b>			
Intangible assets	13,336	18,058	19,969
Property, plant, and equipment	20,007	18,589	14,490
Right-of-use assets	24,497	6,447	6,053
<b>Total - Germany</b>	<b>57,840</b>	<b>43,094</b>	<b>40,512</b>
<b>USA</b>			
Property, plant, and equipment	2,929	3,720	2,278
Right-of-use assets	1,671	2,335	2,774
<b>Total - USA</b>	<b>4,600</b>	<b>6,055</b>	<b>5,052</b>
<b>Total</b>	<b>62,440</b>	<b>49,149</b>	<b>45,564</b>

## 6. Revenue

Revenue consist of the following:

€ thousand	December 31, 2023		For the year ended			December 31, 2021	
	SPACE	Total <sup>(1)</sup>	AIR	SPACE	Total	SPACE	Total <sup>(1)</sup>
<b>REVENUE SOURCE</b>							
Products	1,420	1,420	1,384	399	1,783	554	554
Services	3,962	3,962	0	2,589	2,589	1,801	1,801
Operating lease income	8	8	0	50	50	0	0
<b>Total</b>	<b>5,390</b>	<b>5,390</b>	<b>1,384</b>	<b>3,038</b>	<b>4,422</b>	<b>2,355</b>	<b>2,355</b>
<b>GEOGRAPHIC REGION</b>							
USA	5,390	5,390	1,384	3,038	4,422	2,355	2,355
<b>Total</b>	<b>5,390</b>	<b>5,390</b>	<b>1,384</b>	<b>3,038</b>	<b>4,422</b>	<b>2,355</b>	<b>2,355</b>
<b>TIMING OF REVENUE RECOGNITION</b>							
Products transferred at point in time	1,420	1,420	1,384	399	1,783	554	554
Service transferred over time	462	462	0	0	0	1,801	1,801
Services recognized at point in time	3,500	3,500	0	2,589	2,589	0	0
Operating lease income recognized over time	8	8	0	50	50	0	0
<b>Total</b>	<b>5,390</b>	<b>5,390</b>	<b>1,384</b>	<b>3,038</b>	<b>4,422</b>	<b>2,355</b>	<b>2,355</b>
<b>Total revenues from contracts with customers</b>	<b>5,390</b>	<b>5,390</b>	<b>1,384</b>	<b>3,038</b>	<b>4,422</b>	<b>2,355</b>	<b>2,355</b>
<b>Revenue reported in consolidated statements of profit/(loss)</b>	<b>5,390</b>	<b>5,390</b>	<b>1,384</b>	<b>3,038</b>	<b>4,422</b>	<b>2,355</b>	<b>2,355</b>

(1) No revenue in the AIR segment was recognized during the year ended December 31, 2023, and 2021.

With respect to the information on geographical regions, revenue is allocated to the countries based on the country of origin of the respective customer.

During the year ended December 31, 2022, services recognized at point in time are recognized due to IFRS 15.15 b). In such case a customer breached two contracts and therefore, the Group terminated these contracts. The Group has received non-refundable prepayments on these contracts during the years ended December 31, 2021, and 2022, in the amount of €2,589 thousand.

Revenue recognized from contract liabilities during the year ended December 31, 2023 which existed as of December 31, 2022, amounts to €3,517 thousand (2022: €211 thousand, 2021: €933).

The share of total revenue per customer is as follows:

in % of total revenue	December 31, 2023		For the year ended December 31, 2022		December 31, 2021	
	SPACE	AIR	SPACE	AIR	SPACE	AIR
Customer A*	65%	0%	0%	0%	0%	0%
Customer B*	12%	0%	1%	15%	5%	0%
Customer C*	0%	0%	58%	0%	0%	0%
Customer D*	0%	0%	0%	16%	0%	0%
Customer E*	0%	0%	0%	0%	90%	0%
Other	23%	0%	10%	0%	5%	0%

\* The customers are disclosed anonymized

The Group's order backlog, in terms of the total transaction price of unfulfilled or partially unfulfilled performance obligations as at the December 31, 2023, is as follows:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
<b>Total transaction price of unfulfilled or partially unfulfilled performance obligations</b>	204,997	72,455	16,703
Thereof expected to be recognized as revenue within 12 month	101,499	32,790	16,703
Thereof expected to be recognized as revenue within 13 to 24 month	93,363	39,141	0
Thereof expected to be recognized as revenue over 24 month	10,135	524	0

## 7. Other operating income

Other operating income consist of the following:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Income from grants	3,299	2,091	279
Miscellaneous operating income	325	285	156
<b>Total</b>	<b>3,624</b>	<b>2,376</b>	<b>435</b>

## 8. Cost of materials

Cost of materials consist of the following:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Raw materials and consumables used	14,492	13,007	7,736
Costs for services purchased	2,279	2,427	2,888
<b>Total</b>	<b>16,771</b>	<b>15,434</b>	<b>10,624</b>

Included in the cost of materials are write-downs for the year ended December 31, 2023, in the amount of €9,569 thousand (2022: €5,601 thousand, 2021: €2,039). The write-downs for the year ended December 31, 2023, refer mainly to materials relevant for production of HAWK. The write-downs on HAWK materials result from general decision on the HAWK solution and the underlying AIR Technology (refer to Note 17). The write-downs for the year ended December 31, 2022, refer to materials relevant for production of CONDOR Mk1, CONDOR Mk2 and CONDOR MEO. The write-downs for the year ended December 31, 2021, refer to materials relevant for production of CONDOR Mk1 and CONDOR Mk2. The corresponding raw materials were written down to their recoverable amount.



## 9. Personnel costs

Personnel costs consist of the following:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Wages and salaries	27,602	26,318	18,185
Social security contributions, pensions and other employee benefits	5,031	4,959	3,238
Share-based payments	3,972	6,133	1,942
<b>Total</b>	<b>36,604</b>	<b>37,410</b>	<b>23,365</b>

Under defined contribution pension plans, the Group paid contributions to governmental pension schemes for the year ended December 31, 2023, in the amount of €1,914 thousand (2022: €1,799 thousand, 2021: €1,301).

### 9.1. Equity-settled share-based payment under Stock Option Plans

The Group granted stock options to selected employees under the following stock option plans ("SOP"):

#### *2019 Stock Option Plan ("SOP 2019")*

A stock option entitles the holder to the right to purchase Group 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 Group 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. In 2019 under the SOP 2019, 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 waive and grant of new stock options was treated as replacement according to IFRS 2 and therefore as a modification within the meaning of IFRS 2. The fair value of the original grant and the new grant were both measured at the modification date and the incremental fair value (EUR 5.93 per option) of the new grant is recorded in P&L.

#### *2020 Stock Option Plan ("SOP 2020")*

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.

#### *2021 Stock Option Plan ("SOP 2021")*

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.

#### *2022 Stock Option Plan ("SOP 2022")*

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 five years after the expiration of the vesting period provided that the performance target has been achieved. The first performance target is linked to the absolute price performance of the Company shares during the vesting period. The second performance target relates to the achievement of ESG (Environment, Social, Governance) targets (Diversity target and employee engagement target, both measured on a company level). The share price performance target is weighted at 80% and the ESG performance target is weighted at 20%. The target achievement of both performance targets is between 0% and 100% which means that the number of exercisable options is adjusted based on the corresponding target achievement. Furthermore, the stock options can only be exercised to the extent that the maximum compensation of the respective beneficiary for the corresponding period is not exceeded which means that in case the maximum compensation would be exceeded, the number of exercisable options is reduced. A total of 40,000 options from the 2021 I tranche were waived by the beneficiary, which was compensated by granting of 33,000 new stock options from the 2022 I tranche. The waive and grant of new stock options was treated as replacement according to IFRS 2

and therefore as a modification within the meaning of IFRS 2. The fair value of the original grant and the new grant were both measured at the modification date and the total related expense equal to € 58.378 of the new grant is recorded in P&L.

### **2023 Stock Option Plan ("SOP 2023")**

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 five years after the expiration of the vesting period provided that the performance target has been achieved. The first performance target is linked to the absolute price performance of the Company shares during the vesting period. The second performance target relates to the achievement of ESG (Environment, Social, Governance) targets (Diversity target and employee engagement target, both measured on a company level). The share price performance target is weighted at 80% and the ESG performance target is weighted at 20%. The target achievement of both performance targets is between 0% and 100% which means that the number of exercisable options is adjusted based on the corresponding target achievement. Furthermore, the stock options can only be exercised to the extent that the maximum compensation of the respective beneficiary for the corresponding period is not exceeded which means that in case the maximum compensation would be exceeded, the number of exercisable options is reduced.

### **Granting of stock options to Mr. Altan ("Tranche Altan")**

During the year ended December 31, 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. While the Initial Exercise Period would have expired, Apeiron and Mr. Altan agreed to extend the exercise period under the Altan Option Agreement to December 31, 2022. The option was not exercised.

All of the aforementioned SOP's 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 following table provides the development of the stock options during the year ended December 31, 2023:

	SOP 2019	SOP 2020	SOP 2021	SOP 2022	SOP 2023
Options outstanding as of Jan. 1, 2023	222,250	14,000	60,000	108,000	0
Options granted	0	0	20,000	7,000	48,000
Options forfeited	64,400	0	0	0	0
Options exercised	0	0	0	0	0
Options expired	0	0	0	0	0
Options outstanding as of Dec. 31, 2023	157,850	14,000	80,000	115,000	48,000
Options exercisable as of Dec. 31, 2023	0	0	0	0	0

The following table provides the development of the stock options during the year ended December 31, 2022:

	SOP 2019	SOP 2020	SOP 2021	SOP 2022	Tranche Altan
Options outstanding as of Jan. 1, 2022	236,250	14,000	100,000	0	56,700
Options granted	2,500	0	0	108,000	0
Options forfeited	16,500	0	0	0	0
Options exercised	0	0	0	0	0
Options expired	0	0	40,000	0	56,700
Options outstanding as of Dec. 31, 2022	222,250	14,000	60,000	108,000	0
Options exercisable as of Dec. 31, 2022	0	0	0	0	0

A total of 40,000 options from the SOP 2021 were waived, which was compensated for by the granting of 33,000 new stock options under the SOP 2022. The waived stock options are presented as expired.

The following table provides the development of the stock options during the year ended December 31, 2021:

	SOP 2019	SOP 2020	SOP 2021	Tranche Altan
Options outstanding as of Jan. 1, 2021	234,750	14,000	0	56,700
Options granted	25,350	0	100,000	0
Options forfeited	23,850	0	0	0
Options exercised	0	0	0	0
Options expired	0	0	0	0
Options outstanding as of Dec. 31, 2021	236,250	14,000	100,000	56,700
Options exercisable as of Dec. 31, 2021	0	0	0	56,700

#### Measurement model and inputs

The measurement of the existing SOP's was based on the Monte Carlo Simulation model or the Binomial model, considering the terms and conditions for the stock options.

The table below provides the inputs used for the model during the year ended December 31, 2023:

	SOP 2019	SOP 2020	SOP 2021	SOP 2022	SOP 2023
Exercise price (in €)	37.31 - 71.15	61.27	20.25 - 71.15	20.25 - 32.90	21.20
Term in years	7	7	7	9	9
Remaining term in years	2.8 - 5.5	3.8	4.5 - 6.5	7.8 - 8.5	9.0
Share price as of the valuation date (in €)	27.55 - 80.20	75.46	23.50 - 80.20	19.76 - 23.50	21.20
Expected dividend yield (in %)	0.00	0.00	0.00	0.00	0.00
Expected volatility (in %)	36.39 - 48.45	36.39	36.90 - 39.81	35.31 - 37.68	53.80
Risk-free interest rate (in %)	(0.74) - 1.12	(0.65)	(0.40) - 2.47	2.02	1.97
Option value (in €)	5.72 - 26.14	26.14	9.25 - 25.17	1.97 - 7.51	8.76

The table below provides the inputs used for the model during the year ended December 31, 2022:

	SOP 2019	SOP 2020	SOP 2021	SOP 2022	Tranche Altan
Exercise price (in €)	37.31 - 71.15	61.27	71.15	32.90	25.00
Term in years	7	7	7	9	1.7
Remaining term in years	3.8 - 6.5	4.8	5.5	8.8	0.0
Share price as of the valuation date (in €)	27.55 - 80.20	75.46	80.20	19.76	43.39
Expected dividend yield (in %)	0.00	0.00	0.00	0.00	0.00
Expected volatility (in %)	36.39 - 48.45	36.39	36.90	35.31	51.31
Risk-free interest rate (in %)	(0.74) - 1.12	(0.65)	(0.40)	2.02	(0.82)
Option value (in €)	5.72 - 26.14	26.14	25.17	1.97 - 2.01	20.40

The table below provides the inputs used for the model during the year ended December 31, 2021:

	SOP 2019	SOP 2020	SOP 2021	Tranche Altan
Exercise price (in €)	41.03 - 71.15	61.27	71.15	25.00
Term in years	7	7	7	1.7
Remaining term in years	4.8 - 6.8	5.8	6.5	0.4
Share price as of the valuation date (in €)	35.20 - 80.20	75.46	80.20	43.39
Expected dividend yield (in %)	0.00	0.00	0.00	0.00
Expected volatility (in %)	36.39 - 48.45	36.39	36.90	51.31
Risk-free interest rate (in %)	(0.74) - (0.39)	(0.65)	(0.40)	(0.82)
Option value (in €)	9.43 - 26.14	26.14	25.17	20.40

The term of the options as well as the possibility of early exercise were considered 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. The expected volatility is based on an evaluation of the historical volatility for matching maturities of the Group's peer group. Since December 2023, the Group determines the expected volatility based on an evaluation of the historical volatility for matching maturities of the Company's share price. The expected volatility considered assumes 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 equity-settled share-based payments recognized in the year ended December 31, 2023, under the Stock Option Plans is €1,942 thousand (2022: €2,300 thousand, 2021: €513 thousand). The equity-settled share-based payment recognized cumulatively in the capital reserve amount to €7,058 thousand as of December 31, 2023 (2022: €5,116 thousand, 2021: €2,815 thousand).

## 9.2. Equity-settled share-based payment under Restricted Stock Unit Plans (RSUP)

Subscription rights in the form of restricted stock units (RSUs) were granted to selected employees under the following programs:

### RSUP 2021

A 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. RSUs will vest in installments over a four-year vesting period as follows:

- 25% of the RSUs vest 12 months after the grant date;
- The remaining unvested RSUs will vest in equal amounts each quarter thereafter.

At the discretion of the Company, vested RSUs are settled either (i) by way of new shares utilizing the Authorized Capital 2021/II (refer to Note 26) or (ii) by way of a cash settlement. The vested entitlement is expected to be settled once a year within 40 trading days after publication of the annual financial statements of Mynaric AG by issuing new shares.

### RSUP 2022

A 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. RSUs will vest in installments over a four-year vesting period as follows:

- 25% of the RSUs vest 12 months after the grant date;
- The remaining unvested RSUs will vest in equal amounts each quarter thereafter.

At the discretion of the Company, vested RSUs are settled either (i) by way of new shares utilizing the Authorized Capital 2022/II (refer to Note 26) or (ii) by way of a cash settlement. The vested entitlement is expected to be settled once a year within 40 trading days after publication of the annual financial statements of Mynaric AG by issuing new shares.

Grants under both aforementioned RSUPs have been classified and measured as equity-settled share-based payment in accordance with IFRS 2.

The following table provides the development of the RSUs during the year ended December 31, 2023:

	RSUP 2021	RSUP 2022
RSUs outstanding as of Jan. 1, 2023	181,434	0
RSUs granted	0	27,596
RSUs forfeited	50,906	2,933
RSUs exercised	0	0
RSUs expired	0	0
RSUs outstanding as of Dec. 31, 2023	130,528	24,663
RSUs exercisable as of Dec. 31, 2023	0	0

The following table provides the development of the RSUs during the year ended December 31, 2022:

	RSUP 2021
RSUs outstanding as of Jan. 1, 2022	100,196
RSUs granted	118,551
RSUs forfeited	20,963
RSUs exercised	16,149
RSUs expired	0
RSUs outstanding as of Dec. 31, 2022	181,434
RSUs exercisable as of Dec. 31, 2022	0

The following table provides the development of the RSUs during the year ended December 31, 2021:

## RSUP 2021

RSUs outstanding as of Jan. 1, 2021	0
RSUs granted	101,107
RSUs forfeited	911
RSUs exercised	0
RSUs expired	0
RSUs outstanding as of Dec. 31, 2021	100,196
RSUs exercisable as of Dec. 31, 2021	0

**Measurement model and inputs**

The valuation of the present RSU programs was performed using a binomial model considering the option terms.

The table below provides the inputs used for the model during the year ended December 31, 2023:

	RSUP 2021	RSUP 2022
Exercise price (in €)	0.00	0.00
Term in years	4.5 - 5.3	4.5 - 5.3
Remaining term in years	2.3 - 3.3	4.3
Share price as of the valuation date (in €)	19.76 - 80.60	16.20 - 23.50
Expected dividend yield (in %)	0.00	0.00
Expected volatility (in %)	38.89 - 45.59	39.88 - 45.72
Risk-free interest rate (in %)	(0.62) - 1.92	2.30 - 2.77
RSU-value (in €)	19.76 - 80.60	16.20 - 23.47

The table below provides the inputs used for the model during the year ended December 31, 2022:

	RSUP 2021
Exercise price (in €)	0.00
Term in years	4.5 - 5.3
Remaining term in years	3.3 - 4.3
Share price as of the valuation date (in €)	19.76 - 80.60
Expected dividend yield (in %)	0.00
Expected volatility (in %)	38.89 - 45.59
Risk-free interest rate (in %)	(0.62) - 1.92
RSU-value (in €)	19.76 - 80.60

The table below provides the inputs used for the model during the year ended December 31, 2021:

	RSUP 2021
Exercise price (in €)	0.00
Term in years	4.5 - 4.8
Remaining term in years	4.3
Share price as of the valuation date (in €)	62.90 - 80.60
Expected dividend yield (in %)	0.00
Expected volatility (in %)	39.75 - 39.83
Risk-free interest rate (in %)	(0.62) - (0.60)
RSU-value (in €)	62.90 - 80.60

The implied rate of return of German government bonds with matching maturities was used for determining the risk-free interest rate. The expected volatility is based on an evaluation of the historical volatility for matching maturities of the Group's peer group. Since December 2023, the Group determines the expected volatility based on an evaluation of the historical volatility for matching maturities of the Company's share price. The expected volatility considered assumes 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 equity-settled share-based payments recognized in the year ended December 31, 2023, under the RSUPs is €1,280 thousand (2022: €3,832 thousand, 2021: €1,429 thousand). The equity-settled share-based payments recognized cumulatively in the capital reserve amount to €6,541 thousand as of December 31, 2023 (2022: €5,261 thousand, 2021: €1,429 thousand).

### 9.3. Equity-settled share-based payment (severance compensation)

The former CEO Bulent Altan left the Board of Management as of August 7, 2023. The Group agreed on a severance compensation in the amount of €750 thousand. This compensation can be settled either by issuing shares or by a cash payment. This transaction is accounted as equity-settled share-based payment since the Group has the choice of settlement. The Company expects to settle the compensation by issuing new shares under the Authorized Capital 2023/I.

### 10. Depreciation, amortization and impairment

Depreciation, amortization and impairment consist of the following:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
Amortization of intangible assets	1,482	1,545	1,267
Depreciation of property, plant and equipment	3,824	3,254	1,994
Depreciation of right-of-use assets	1,836	1,659	1,257
<b>Total</b>	<b>7,142</b>	<b>6,458</b>	<b>4,518</b>
Impairment of intangible assets	3,308	1,531	0
Impairment of property, plant and equipment	1,172	0	0
<b>Total</b>	<b>4,480</b>	<b>1,531</b>	<b>0</b>
<b>Total depreciation, amortization and impairment</b>	<b>11,622</b>	<b>7,989</b>	<b>4,518</b>

The recognized impairment during the year ended December 31, 2023, relates to the capitalized AIR Technology and related property, plant and equipment (refer to Note 17 and Note 18). The recognized impairment during the year ended December 31, 2022, relates to the capitalized CONDOR MEO Technology (refer to Note 17).

### 11. Other operating costs

Other operating costs consist of the following:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
Legal and consulting fees	8,129	6,955	2,477
Office and IT costs	4,680	4,236	3,282
Insurance	3,106	4,855	803
Other business supplies, equipment and services	2,529	1,835	1,396
Incidental rental costs and maintenance	1,860	814	696
Selling and travel costs	1,115	2,279	1,638
Disposals of property, plant and equipment	630	0	0
Loss allowance on trade receivables (ECL)	337	0	0
Onerous contracts	0	0	240
Other costs	836	1,108	1,298
<b>Total</b>	<b>23,222</b>	<b>22,082</b>	<b>11,830</b>

Further information on the loss allowance on trade receivables in Note 22.

### 12. 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 CONDOR terminals, and HAWK terminals currently in the production phase. Changes in inventories are as follows:

€ thousand	December 31, 2023	For the year ended	
		December 31, 2022	December 31, 2021
Increase/(decrease) in inventories of work in progress	(755)	2,100	414
Increase/(decrease) in inventories of finished goods	786	542	616
Write-downs	(806)	(1,882)	(462)
<b>Total</b>	<b>(776)</b>	<b>760</b>	<b>568</b>

The write-downs during the year ended December 31, 2023, refer mainly to the HAWK terminal production, which result from general decision on the HAWK solution and the underlying AIR Technology (refer to Note 17). The write-downs during the year ended December 31, 2022, and 2021, refer mainly to CONDOR Mk2 and Mk1 terminals that were written down to their net realizable value.

### 13. Own work capitalized

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

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Cost of materials	256	689	1,995
Personnel costs	385	665	1,906
Depreciation, amortization and impairment	89	112	287
Other operating costs	88	101	427
<b>Total</b>	<b>818</b>	<b>1,567</b>	<b>4,615</b>

The following table shows the breakdown of own work capitalized:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Development costs	0	968	2,845
Property, plant and equipment	818	599	1,770
<b>Total</b>	<b>818</b>	<b>1,567</b>	<b>4,615</b>

### 14. Financial result

Financial result consists of the following:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
<b>FINANCIAL INCOME</b>			
Embedded derivative	578	0	0
Interest income from fixed deposit	333	0	0
<b>Total</b>	<b>911</b>	<b>0</b>	<b>0</b>
<b>FINANCIAL COSTS</b>			
Interest and similar costs on loans	(10,209)	(2,403)	(2,196)
Interest on contract liabilities due to significant financing component	(5,078)	0	0
Interest on lease obligations	(652)	(229)	(185)
Embedded derivative	(172)	0	0
Borrowing costs capitalized in accordance with IAS 23	77	87	233
<b>Total</b>	<b>(16,035)</b>	<b>(2,545)</b>	<b>(2,148)</b>
<b>NET FOREIGN EXCHANGE GAIN/(LOSS)</b>			
Net foreign exchange gain/(loss)	562	2,574	826
<b>Financial result</b>	<b>(14,562)</b>	<b>29</b>	<b>(1,322)</b>



## 15. Income taxes

€ thousand	For the year ended	
	December 31, 2023	December 31, 2022
Loss before taxes	(94,080)	(73,806)
Expected taxes applying the domestic tax rate of 28.648% (previous year: 27.725%)	(26,952)	(20,463)
Effect of income tax rate change	52	0
Foreign tax rate differential	97	(19)
Tax effect of expenses that are not deductible for tax purposes / tax adjustments	445	267
Tax effect from losses incurred in the current year and deductible temporary differences for which no deferred taxes were recognized	25,670	18,160
Recognition of previously unrecognized deferred tax assets from deductible temporary differences and on loss carryforwards and reversal of deductible temporary differences / utilization of loss carryforwards for which no deferred taxes were previously recognized	(189)	(448)
Write-up/-down of deferred tax assets	1,164	451
Effect of equity-settled share-based payments	66	1,630
Permanent effects from equity transactions and investments	(292)	0
Other	(613)	399
<b>Tax expense for the fiscal year</b>	<b>(552)</b>	<b>(24)</b>

Due to the 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 €249,550 thousand (2022: €157,043 thousand) and for trade tax loss carryforwards in Germany in the amount of €245,154 thousand (2022: €154,986 thousand). The same applies to foreign tax loss carryforwards in the amount of €16,652 thousand (2022: €17,552 thousand). Deductible temporary differences were not recognized in the amount of €4,283 thousand (2022: €1,699 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, 2023, domestic loss carryforwards totaled €256,941 thousand for corporation tax and €252,481 thousand for trade tax (2022: €168,538 thousand and €166,481 thousand, respectively). These loss carryforwards do not expire. Foreign tax loss carryforwards in the amount of €0 thousand will expire in 2037 if not used (2022: €648 thousand). Foreign tax loss carryforwards in the amount of €16,652 thousand (2022: €16,904 thousand) do not expire.

During the year ended December 31, 2023, the Group used previously unrecognized tax losses to reduce current tax expense in the amount of €189 thousand (2022: €0 thousand).

Balance of deferred tax assets and liabilities:

€ thousand	December 31, 2023		December 31, 2022		2023 Changes recognized in profit or loss	2022
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities		
Intangible assets	0	3,731	12	4,901	1,158	529
Right-of-use-assets	0	7,004	0	2,236	(4,768)	(2,238)
Property, plant, and equipment	808	0	333	0	475	232
Other non-financial assets	0	0	0	48	48	(48)
Inventories	0	381	2	121	(261)	(198)
Other financial and non-financial assets	85	0	0	0	85	0
Provisions	435	1	56	1	379	(32)
Lease liabilities	6,607	0	2,221	0	4,385	2,221
Contract Liabilities	1,287	0	0	0	1,287	0
Other financial and non-financial liabilities	20	1,451	0	273	(1,158)	(251)
Tax loss carryforwards and tax credits	2,109	0	3,187	0	(1,078)	(193)
Offsetting	(11,351)	(11,351)	(5,812)	(5,812)	0	0
<b>Total</b>	<b>0</b>	<b>1,215</b>	<b>0</b>	<b>1,767</b>	<b>552</b>	<b>24</b>



## 16. 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 considering 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:

	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Consolidated net profit/loss in € thousand	(93,528)	(73,782)	(45,477)
Weighted-average number of ordinary shares, basic and diluted	6,043,142	5,435,839	4,250,134
Basic and diluted earnings per share in €	(15.48)	(13.57)	(10.70)

## 17. Intangible assets

### Cost

€ thousand	Development costs	Software and licenses	Total
Balance as of Jan. 1, 2021	17,953	347	18,300
Additions	2,924	436	3,360
Disposals	0	(9)	(9)
<b>Balance as of Dec. 31, 2021</b>	<b>20,877</b>	<b>774</b>	<b>21,651</b>
Additions	1,023	142	1,165
<b>Balance as of Dec. 31, 2022</b>	<b>21,900</b>	<b>916</b>	<b>22,816</b>
Additions	0	67	67
<b>Balance as of Dec. 31, 2023</b>	<b>21,900</b>	<b>983</b>	<b>22,883</b>

### Amortization and impairment

€ thousand	Development costs	Software and licenses	Total
Balance as of Jan. 1, 2021	158	258	416
Amortization for the year	1,174	93	1,267
Disposals	0	(1)	(1)
<b>Balance as of Dec. 31, 2021</b>	<b>1,332</b>	<b>350</b>	<b>1,682</b>
Amortization for the year	1,359	186	1,545
Impairment for the year	1,531	0	1,531
<b>Balance as of Dec. 31, 2022</b>	<b>4,222</b>	<b>536</b>	<b>4,758</b>
Amortization for the year	1,297	184	1,481
Impairment for the year	3,308	0	3,308
<b>Balance as of Dec. 31, 2023</b>	<b>8,827</b>	<b>720</b>	<b>9,547</b>

### Carrying amount

€ thousand	Development costs	Software and licenses	Total
Carrying amount as of Dec. 31, 2021	19,545	424	19,969
Carrying amount as of Dec. 31, 2022	17,678	380	18,058
Carrying amount as of Dec. 31, 2023	13,074	262	13,336

During the year ended December 31, 2023, development costs in the amount of €21,572 thousand (2022: €18,019 thousand, 2021: €17,830 thousand) were recognized as an expense since the criteria set out in IAS 38.57 were not met. Of the total amount of €21,572 thousand (2022: €18,986 thousand, 2021: €20,675 thousand), development costs of €0 thousand (2022: €967 thousand, 2021: €2,845 thousand) were capitalized.

### Capitalized development costs

The Group did not capitalize any development costs during the year ended December 31, 2023. During the year ended December 31, 2022, the Group capitalized costs for the development of the CONDOR MEO. However, the CONDOR MEO Technology was subsequently impaired in the amount of €1,531 thousand. During the year ended December 31, 2021, the group capitalized costs for the development of the base SPACE Technology, which represent the technological foundation for the CONDOR products, as well as for the development of the CONDOR MEO.

The development activities for the base SPACE Technology were completed in March 2021. The amortization of the associated capitalized development costs for SPACE Technology started on March 1, 2021. The expected useful life of 15 years for the capitalized SPACE Technology based on an internal assumption of the Group. 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 is up to 12 years for existing customer contracts, and the relatively high market entry barriers for competitors. This assumption is assessed annually.

During the the year ended December 31, 2023, no finance expenses (2022: €56 thousand, 2021: €79 thousand) were capitalized as the cost of the development projects in accordance with IAS 23.

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

€ thousand	SPACE	AIR	CONDOR MEO	Total
Carrying amount as of Dec. 31, 2021	15,072	3,965	508	19,545
Carrying amount as of Dec. 31, 2022	13,998	3,680	0	17,678
Carrying amount as of Dec. 31, 2023	13,074	0	0	13,074

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

in years	SPACE	AIR
Remaining useful life as of Dec. 31, 2021	14.2	13.5
Remaining useful life as of Dec. 31, 2022	13.2	12.5
Remaining useful life as of Dec. 31, 2023	12.2	0.0

## Impairment test of capitalized development costs

### AIR Technology

During the year ended December 31, 2023, the Group identified events that might trigger an impairment for the base AIR Technology, mainly due to the facts that the existing and capitalized AIR Technology will not be the basis for the production of HAWK terminals anymore. The Group continues to consider the HAWK market as a significant market and will continue to provide a laser terminal solution. However, the future HAWK solution will be using more components and software from the existing and capitalized SPACE Technology to benefit from similar production processes and the reduction of development and maintenance efforts for the technology.

During the year ended December 31, 2023, an impairment loss of €3,308 thousand is recognized as the recoverable amount is considered to be €0 as the Technology is no longer expected to be used internally and cannot be sold on a reasonable basis. Henceforth, the carrying amount is €0 (2022: €3,680 thousand, 2021: €3,965 thousand).

### CONDOR MEO Technology

During the year ended December 31, 2022, the Group identified an event that might trigger an impairment for the CONDOR MEO Technology mainly due to the fact, that the further development of the CONDOR MEO Technology is since October 2022 under re-evaluation. The development of this adaption of the SPACE Technology was developed in connection with a customer's contract. This contract was breached by the customer and therefore terminated by the Group. In this context, the Group re-evaluated the scenarios regarding the technology's future and the completion of the development of the CONDOR MEO product variant. Result of the re-evaluation was to focus the currently available resources on the other products and to prioritize the completion of the development of these existing products and ramp up their serial production.

Subsequently, during the year ended December 31, 2022, an impairment loss of €1,531 thousand is recognized as the recoverable amount is considered to be €0 as the technology is not currently being developed. and there was no saleable product based on this technology that is part of the Group's long-term (ten year) planning. At December 31, 2023, the Group is still prioritizing the ramp up of the serial production. However, the long-term market opportunities for the CONDOR MEO Technology are further out than the Group originally planned. As the Group has not yet a fixed plan to continue the development, the Group considers no change in the recoverable amount and therefore, the carrying amount is still €0 (2022: €0, 2021: €508 thousand).

## 18. Property, plant, and equipment

### Cost

€ thousand	Land and buildings	Machinery	Other plant, furniture, fixtures, and office equipment	Construction in progress	Total
Balance as of Jan. 1, 2021	1,256	4,303	3,151	2,717	11,427
Exchange rate differences	49	0	34	24	107
Additions	1,107	2,437	2,654	2,396	8,594
Reclassifications	562	2,014	311	(2,887)	0
Disposals	(8)	0	(283)	0	(291)
<b>Balance as of Dec. 31, 2021</b>	<b>2,966</b>	<b>8,754</b>	<b>5,867</b>	<b>2,250</b>	<b>19,837</b>
Exchange rate differences	70	(9)	41	22	124
Additions	438	1,239	2,356	4,743	8,776
Reclassifications	136	4,331	105	(4,572)	0
Disposals	0	(1)	(261)	(60)	(322)
<b>Balance as of Dec. 31, 2022</b>	<b>3,610</b>	<b>14,314</b>	<b>8,108</b>	<b>2,383</b>	<b>28,415</b>
Exchange rate differences	(56)	(16)	(40)	(33)	(145)
Additions	35	1,234	2,721	2,680	6,670
Reclassifications	0	449	74	(523)	0
Disposals	(440)	(137)	(220)	(811)	(1,608)
<b>Balance as of Dec. 31, 2023</b>	<b>3,149</b>	<b>15,844</b>	<b>10,643</b>	<b>3,696</b>	<b>33,332</b>

### Depreciation

€ thousand	Land and buildings	Machinery	Other plant, furniture, fixtures, and office equipment	Construction in progress	Total
Balance as of Jan. 1, 2021	206	630	516	0	1,352
Exchange rate differences	4	0	2	0	6
Depreciation for the year	304	773	916	0	1,993
Disposals	0	0	(283)	0	(283)
<b>Balance as of Dec. 31, 2021</b>	<b>514</b>	<b>1,403</b>	<b>1,151</b>	<b>0</b>	<b>3,068</b>
Exchange rate differences	1	0	4	0	5
Depreciation for the year	526	1,419	1,309	0	3,254
Disposals	0	(2)	(219)	0	(221)
<b>Balance as of Dec. 31, 2022</b>	<b>1,041</b>	<b>2,820</b>	<b>2,245</b>	<b>0</b>	<b>6,106</b>
Exchange rate differences	(19)	(3)	(11)	0	(33)
Depreciation for the year	724	1,771	1,243	0	3,738
Impairment for the year	0	1,172	0	0	1,172
Disposals	(291)	(86)	(210)	0	(587)
<b>Balance as of Dec. 31, 2023</b>	<b>1,455</b>	<b>5,674</b>	<b>3,267</b>	<b>0</b>	<b>10,396</b>

### Carrying amount

€ thousand	Land and buildings	Machinery	Other plant, furniture, fixtures, and office equipment	Construction in progress	Total
Carrying amount as of Dec. 31, 2021	2,452	7,351	4,716	2,250	16,769
Carrying amount as of Dec. 31, 2022	2,569	11,494	5,863	2,383	22,309
Carrying amount as of Dec. 31, 2023	1,694	10,170	7,376	3,696	22,936

Investments in property, plant, and equipment made during the year ended December 31, 2023, in the amount of €6,670 thousand (2022: €8,776, 2021: €8,594) mainly for the new headquarter of the Group in Munich (Germany) and for production machinery. In prior years, the investments referred primarily to the expansion of production capacities. Other investments were made in IT infrastructure and office equipment.

During the year ended December 31, 2023, finance expenses in the amount of €77 thousand (2022: €32 thousand, 2021: €154 thousand) were recorded as the cost of property, plant, and equipment in accordance with IAS 23.

### Impairment of capitalized HAWK terminals

During the year ended December 31, 2023, the Group has recognized an impairment on the base AIR Technology (refer to Note 17) and therefore identified a triggering event for capitalized HAWK terminals based on this base technology. Since the base technology will no longer be used for future production of HAWK terminals, the Group assumes that the recoverable amounts of the capitalized HAWK terminals based on this base technology, which were used for testing purposes, are equal to €0 as the terminals are not expected to be used internally and are not reasonably saleable. Subsequently, the Group recognized an impairment loss of €1,172 thousand. Henceforth, the carrying amount is €0.

## 19. Right-of-use Assets

### Cost

€ thousand	Real estate leases	Other leases	Total
Balance as of Jan. 1, 2021	9,216	19	9,235
Exchange rate differences	168	0	168
Additions	1,995	0	1,995
Disposals	(11)	0	(11)
<b>Balance as of Dec. 31, 2021</b>	<b>11,368</b>	<b>19</b>	<b>11,387</b>
Exchange rate differences	196	0	196
Additions	688	750	1,438
Disposals	(5)	(11)	(16)
<b>Balance as of Dec. 31, 2022</b>	<b>12,247</b>	<b>758</b>	<b>13,005</b>
Exchange rate differences	(117)	0	(117)
Additions	21,472	760	22,232
Disposals	(4,928)	(8)	(4,936)
<b>Balance as of Dec. 31, 2023</b>	<b>28,675</b>	<b>1,509</b>	<b>30,184</b>

### Depreciation

€ thousand	Real estate leases	Other leases	Total
Balance as of 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)
<b>Balance as of Dec. 31, 2021</b>	<b>2,549</b>	<b>11</b>	<b>2,560</b>
Exchange rate differences	13	0	13
Depreciation for the year	1,647	14	1,661
Disposals	0	(11)	(11)
<b>Balance as of Dec. 31, 2022</b>	<b>4,209</b>	<b>14</b>	<b>4,223</b>
Exchange rate differences	(47)	(2)	(49)
Depreciation for the year	1,836	87	1,923
Disposals	(2,078)	(3)	(2,081)
<b>Balance as of Dec. 31, 2023</b>	<b>3,920</b>	<b>96</b>	<b>4,016</b>

### Carrying amount

€ thousand	Real estate leases	Other leases	Total
Carrying amount as of Dec. 31, 2021	8,819	8	8,827
Carrying amount as of Dec. 31, 2022	8,038	744	8,782
Carrying amount as of Dec. 31, 2023	24,755	1,413	26,168

The Group has entered into leases for real estate and machinery that it uses for its operations. The useful life of real estate ranges from four to 15 years. The rental contracts for machinery range from four to six years and contain purchase options which management expects to exercise. The obligations of the Group 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 Group 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 Group applies the practical expedients applicable to short-term leases and leases for low-value assets.

The additions presented during the year ended December 31, 2023, in the amount of €22,232 thousand (2022: €1,438 thousand, 2021: €1,995) primarily relating to the lease of the new headquarter in Munich in Germany.

The following amounts were recognized in profit or loss:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Interest costs for lease liabilities	652	229	185
Costs for leases of low-value assets	29	6	6
Costs for short-term leases	2	26	13

The Group's cash outflows for leases amounted to €2,916 thousand in 2023 (2022: €1,942 thousand, 2021: €1,241 thousand).

Several real estate's leases include extension options. Wherever possible, the Group 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 Group, not by the lessor. The Group 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 Group's control occurs, the Group reassesses whether the exercise of the extension option is reasonably certain. No extension option is considered in the measurement of the right-of-use asset and the lease liability except for the extension option in the new headquarter in Munich (Germany) during the year ended December 31, 2023, which has a term of 10 year and an extension option of five years. This extension option is expected to be exercised as the Group invested a significant amount in lease improvements.

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

€ thousand	Within five years	Over five years	Total
Extension options that are not expected to be exercised	2,036	4,048	6,084

The following table shows the undiscounted future payments for a not yet commenced leasing contract. The probable commencement date is January 1, 2024.

€ thousand	Within five years	Over five years	Total
Future payments for a not yet commenced leasing contract	11	0	11

### Impairment test right-of-use asset Gilching

During the year ended December 31, 2023, the Group identified events that might trigger an impairment for the right-of-use asset of the lease of the previous headquarter in Gilching (Germany), mainly due to the fact that the Group moved into a new headquarter in Munich (Germany) and since then the real estate in Gilching (Germany) is only used for minor storage purposes. The Group is actively seeking a new tenant as the lease expires in April 2028. Approximately 65% of the property has been and will be transferred to a new tenant in November 2023 and January 2024. This transfer is fully recognized during the year ended December 31, 2023, in the form of a lease modification of the respective right-of-use asset and lease liability. Therefore, the remaining part of the property was tested for an impairment due to the significant change in usage.

The value in use is considered to be €0 as the Group does not use the office. However, the fair value less costs to sell for the right-of-use asset is considered to be close to its carrying amount as the new tenant has agreed to the same terms and conditions under which the Group leased the asset previously. Furthermore, as the asset was included in the asset impairment test (see Note 25) and the asset impairment test did not reveal any indication of impairment, the Group did not recognize any impairment of the right-of-use asset. Henceforth, the carrying amount is €1,743 thousand (2022: €7,868 thousand, 2021: €7,277 thousand).

## 20. Equity-accounted investees

### Joint venture

In July 2022, Mynaric AG entered into a joint venture agreement with Isar Aerospace Technologies GmbH, REFLEX aerospace GmbH, and SES Astra Services Europe S.a.r.l. and established UNIO Enterprise GmbH ("UNIO"), Munich. The share capital amounted to €25,000 and the shareholding is 21.25% (2022: 25.0%) for each shareholder. The Group recognized UNIO as equity-accounted investee in the Group's condensed consolidated statements of financial position.

Considering the share of the profit and loss of UNIO the carrying amount of the investment amounts to €0 as at December 31, 2023 (2022: €355).

## 21. Inventories

Inventories consist of the following:

€ thousand	December 31, 2023	December 31, 2022
Raw materials and supplies	20,975	10,851
Work in progress	832	2,058
Finished goods	888	439
<b>Total</b>	<b>22,695</b>	<b>13,348</b>

During the year ended December 31, 2023, inventories of €18,043 thousand (2022: €13,378 thousand, 2021: €7,964 thousand) were recognized as a cost during the year.

The Group recognized the following write-downs of inventories during the years:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Write-downs of raw material and supplies	(9,569)	(5,601)	(2,039)
Write-downs of work in progress	(470)	(1,225)	(397)
Write-downs of finished goods	(337)	(657)	(65)
<b>Total</b>	<b>(10,375)</b>	<b>(7,483)</b>	<b>(2,501)</b>

The write-downs for the year ended December 31, 2023, refer mainly to materials relevant for production of HAWK and CONDOR MK3. The write-downs on HAWK materials result from general decision to cease production on the HAWK solution and the underlying AIR Technology (refer to Note 17). The write-downs for the year ended December 31, 2022, refer to materials relevant for production of CONDOR Mk1, CONDOR Mk2 and CONDOR MEO. The write-downs for the year ended December 31, 2021, refer to materials relevant for production of CONDOR Mk1 and CONDOR Mk2. The corresponding raw materials were written down to their recoverable amount.

## 22. Trade receivables

Trade receivables consist of the following:

€ thousand	December 31, 2023	December 31, 2022
Trade receivables	630	1,101
Loss allowance (ECL)	(330)	0
<b>Total</b>	<b>300</b>	<b>1,101</b>

On that basis, the loss allowance as at December 31, 2023, and 2022, was determined as follows for trade receivables:

€ thousand	2023	2022
Balance as of January 1,	0	0
Additions	330	0
Utilization	0	0
Reversals	0	0
Net foreign exchange effects	0	0
<b>Balance as of December 31,</b>	<b>330</b>	<b>0</b>

The loss allowances for trade receivables as at December 31, 2023, and 2022, reconcile to the opening loss allowances as follows:

€ thousand	not overdue	1 to 30 days overdue	more than 90 days overdue
Gross value of trade receivables as of December 31, 2022	656	444	0
Loss allowance (ECL)	0	0	0
<b>Expected default risk in relation to ECL</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gross value of trade receivables as of December 31, 2023	178	0	451
Loss allowance (ECL)	(3)	0	(327)
<b>Expected default risk in relation to ECL</b>	<b>1.6%</b>	<b>0.0%</b>	<b>72.4%</b>

All receivables result from contracts with customers. All trade receivables are denominated in US dollars and relate to two contracts with two costumers as of each period end date. The maximum default risk for receivables is their carrying amount. Further information on the loss allowance and the Group's exposure to credit risk is described in Note 35.2 a).

### 23. Other financial and non-financial assets

Non-current and current financial and non-financial assets consist of the following:

€ thousand	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
<b>NON-FINANCIAL ASSETS</b>				
Advance payments	5,887	0	625	0
Tax receivables	1,125	0	2,166	0
Prepaid expenses	737	0	2,238	0
Deferred capital raise preparation costs	82	0	0	0
Other	117	0	433	0
<b>Total non-financial assets</b>	<b>7,948</b>	<b>0</b>	<b>5,461</b>	<b>0</b>
<b>FINANCIAL ASSETS</b>				
Receivables from suppliers	357	0	48	0
Receivables from funded projects	188	0	0	0
Security deposits	0	1,200	0	449
Embedded derivative	0	0	172	0
<b>Total financial assets</b>	<b>545</b>	<b>1,200</b>	<b>220</b>	<b>449</b>
<b>Total</b>	<b>8,493</b>	<b>1,200</b>	<b>5,681</b>	<b>449</b>

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

### 24. Cash and cash equivalents

As of the reporting date, the balance of cash and cash equivalents amounts to €23,958 thousand (2022: €10,238 thousand, 2021: €48,143 thousand) and comprises primarily balances held with banks.

### 25. Impairment test for non-financial assets

During the year ended December 31, 2023, the Group identified events that might trigger an impairment for non-financial assets mainly due to the fact that the existing and capitalized AIR Technology will not be the basis for the production of HAWK terminals anymore (refer to Note 17). Consequently, the segment SPACE, which represent a single cash-generating unit, is allocated all assets not directly attributable to the AIR segment, which also represents a single cash-generating unit.

The recoverable amount of the intangible assets is 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 planing 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, which are identical to the reportable segments. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 10 years. The Group estimates the cash flows generated by the sale of terminal equipment based on 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 consider the number of terminals expected to be sold and the general growth of other operating expenses and estimated price increases. A growth rate of 1% was used for deriving the terminal value.

The Company uses a post-tax discount rates of 18.17% for both segment CGUs (2022: 19.07%, 2021: 17.66%) based on the historical industry weighted average cost of capital, with a possible debt leveraging of 14.46% (2022: 14.60%, 2021: 17.00%), a market premium of 7.00% (2022: 7.50%, 2021: 8.00%) and a risk premium of 10.00% (2022: 10.00%, 2021: 11.00%).

The impairment test did not uncover any indication for asset impairment as of December 31, 2023. This result would not change when considering any reasonably possible change in the key assumptions.

## 26. Equity

### 26.1. Subscribed capital

#### a) Issued share capital

As of January 1, 2023, the Company's share capital amounted to €5,668,391, divided into €5,668,391 bearer shares with a nominal value of €1.00 per share.

During the year ended December 31, 2023, share capital was increased to €6,233,615 through the issuance of a total of 565,224 bearer shares with a nominal value of €1.00 per share. This was due to the following transaction:

#### *Equity investment 2023*

In connection with the loan agreement (refer to Note 30), on April 25, 2023, the Company and two affiliates of the Lenders (the "Subscribers" / for "Lenders" refer to the loan agreement dated April 25, 2023, disclosed in Note 30) entered into a subscription agreement, pursuant to which the Subscribers subscribed for 401,309 and 163,915 new ordinary registered shares, respectively. The placement price for the new shares was €22.02 per ordinary share, resulting in aggregate proceeds raised of €12.8 million. On the same day, the management board of the Company resolved, with the approval of the supervisory board, to increase the Company's share capital from €5,668,391.00 to €6,233,615.00 by issuing 565,224 new ordinary registered shares by partially utilizing the Authorized Capital 2022/I and with the exclusion of the shareholders' subscription rights.

Due to this transaction the share capital increased by €565,224.00 and the capital reserve by €12,203,777.81. The increase of the capital reserve was offset by directly attributable transaction costs in the amount of €1,420 thousand.

For descriptions of the Authorized Capital 2022/I refer to Note 26.1 c).

#### b) Conditional capital

As of December 31, 2023, there is conditional capital in the amount of €2,720,541 (2022: €2,619,974, 2021: €2,046,474).

#### *2017/I Conditional Capital*

On June 12, 2020, the Annual General Meeting resolved to reduce 2017/I Conditional Capital to €1,500.00, which is used to grant stock option rights to employees of the Company or its affiliates.

On July 14, 2022, the Annual General Meeting resolved to rescind the 2017 Conditional Capital and the 2021/I Conditional Capital.

#### *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 was 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.

On August 7, 2023, the Annual General Meeting resolved to reduce 2019 Conditional Capital to €173,250.00 to serve the issued stock options under this conditional capital.

#### *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.

On July 14, 2022, the Annual General Meeting resolved to rescind the 2021/I Conditional Capital.

#### ***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.

#### ***2022/I Conditional Capital***

Based on an authorization of the Annual General Meeting on July 14, 2022, 2022/I Conditional Capital was created, which led to a conditional increase in the Company's share capital by up to €917,501 through the issue of up to 917,501 new shares.

The Management Board is authorized, subject to the consent of the Supervisory Board, to issue on one or more occasions until July 13, 2027 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 €917,501 pursuant to the terms and conditions of the convertible bonds and/or bonds with warrants.

#### ***2022/II Conditional Capital***

Based on an authorization of the Annual General Meeting on July 14, 2022, 2022/II Conditional Capital was created which led to a contingent increase in the Company's share capital by up to €115,000 through the issue of up to 115,000 new no-par-value bearer or registered 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 July 14, 2027.

#### ***2023/I Conditional Capital***

Based on an authorization of the Annual General Meeting on July 14, 2022, 2023/I Conditional Capital was created which led to a contingent increase in the Company's share capital by up to €197,317 through the issue of up to 197,317 new no-par-value bearer or registered 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 August 6, 2028.

### **c) Authorized capital**

As of December 31, 2023, there is authorized capital in the amount of €3,079,679 (2022: €2,605,325, 2021: €880,325).

#### ***2021/I Authorized Capital***

On May 14, 2021, the Annual General Meeting resolved to create 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.

On July 14, 2022, the Annual General Meeting resolved to rescind the Authorized Capital 2021/I.

#### ***2021/II Authorized Capital***

On May 14, 2021, the Annual General Meeting resolved to create 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.

As a result of the capital increase carried out in fiscal year 2022, Authorized Capital 2021/II amounts to €188,498.00 as of December 31, 2022.

#### ***2022/I Authorized Capital***

On July 14, 2022, the Annual General Meeting resolved to create 2022/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 July 13, 2027, by up to a total amount of €2,154,680 through the issue of up to 2,154,680 new no-par-value bearer or registered shares against cash contributions and/or contributions in kind.

As a result of the capital increase carried out in fiscal year 2023, Authorized Capital 2022/I were used. An amount of €1,589,456.00 was outstanding as of May 3, 2023.

On August 7, 2023, the Annual General Meeting resolved to rescind the Authorized Capital 2022/I.

#### ***2022/II Authorized Capital***

On July 14, 2022, the Annual General Meeting resolved to create 2022/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 July 13, 2028, by up to a total amount of €262,147 through the issue of up to 262.147 new no-par-value bearer or registered shares against cash contributions and/or contributions in kind.

Authorized Capital 2022/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. Shareholder subscription rights are excluded.

#### ***2023/I Authorized Capital***

On August 7, 2023, the Annual General Meeting resolved to create 2023/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 August 6, 2028, by up to a total amount of €2,493,446 through the issue of up to 2,493,446 new no-par-value bearer or registered shares against cash contributions and/or contributions in kind.

#### ***2023/II Authorized Capital***

On August 7, 2023, the Annual General Meeting resolved to create 2023/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 August 6, 2028, by up to a total amount of €172,716 through the issue of up to 172.716 new no-par-value bearer or registered shares against cash contributions and/or contributions in kind.

Authorized Capital 2023/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. Shareholder subscription rights are excluded.

## 26.2. Capital reserve

The capital reserve comprises the premiums received in connection with the issuance of new shares, equity-settled share-based payments, and the incremental costs directly attributable to the specific capital increases.

## 26.3. 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.

## 27. Provisions

Current and non-current provisions changed as follows:

€ thousand	Jan. 1, 2023	Utilization	Reversals	Additions	FX	Dec. 31, 2023
Asset retirement obligations	204	0	0	1,127	0	1,331
Litigation	708	179	167	89	0	451
Warranties	28	15	3	8	0	18
<b>Total</b>	<b>940</b>	<b>194</b>	<b>170</b>	<b>1,224</b>	<b>0</b>	<b>1,800</b>
Thereof non-current						
Asset retirement obligations	204	0	0	890	0	1,094
Warranties	13	0	2	9	0	20
<b>Total (non-current)</b>	<b>217</b>	<b>0</b>	<b>2</b>	<b>899</b>	<b>0</b>	<b>1,114</b>

The asset retirement obligations mainly reflect the obligations under lease agreements. The additions are based on the lease agreement of the new headquarter in Munich. The outflows are expected for the end of the lease term in 2038. The provision for litigations mainly relates to a legal dispute, which is expected to be settled within 2024.

## 28. Trade and other payables

Trade and other payables consist of the following:

€ thousand	December 31, 2023	December 31, 2022
Trade payables	7,627	4,222
Other accruals	8,928	5,016
<b>Total</b>	<b>16,555</b>	<b>9,238</b>

## 29. Contract liabilities

The contract liabilities in the amount of €47,256 thousand (December 31, 2022: €15,297 thousand) consist of payments made by customers presented in accordance with IFRS 15.

The contract liabilities developed as follows:

€ thousand	2023	2022
Current and non-current contract liabilities as of January 1,	15,297	307
Received cash-ins	44,711	16,070
Revenue recognition	(4,746)	(903)
Accumulated interest expenses due to financing component	5,078	0
Net foreign exchange effects	(1,421)	(176)
<b>Current and non-current contract liabilities as of December 31,</b>	<b>58,919</b>	<b>15,297</b>

### *Adjustment of comparative figures according to IAS 8.41/8.42 a)*

During the year ended December 31, 2023, the Group identified a classification error in the financial statements as of December 31, 2022. The error arises from the fact that some of the contracts with customers from the financial years 2021 and 2022 were not considered as contracts with customers in the meaning of IFRS 15.9 ("IFRS 15 Contract"). This was due to the termination for convenience clauses in these contracts. Upon reconsideration, these contracts should have been accounted for as IFRS 15 Contracts because although these contracts contain a termination for convenience clause, they also contain clauses that could be considered equivalent to a termination penalty for the customer, as large portions of the prepayments are non-refundable. As a result, the prepayments received on these contracts, which were previously classified

as other non-financial liabilities in the financial statements as of December 31, 2022, should have been classified as contract liabilities. This error has been corrected by adjusting comparative figures in these financial statements.

The current liabilities as of December 31, 2022, have been adjusted as follows:

	As previously reported	Classification error	As adjusted
<b>Current liabilities</b>			
Provisions	723		723
Lease liabilities	1,855		1,855
Trade and other payables	9,238		9,238
Contract liabilities	205	15,092	15,297
Loans and borrowings	14,440		14,440
Other financial liabilities	90		90
Other non-financial liabilities	16,658	(15,092)	1,566
<b>Total current liabilities</b>	<b>43,209</b>	<b>0</b>	<b>43,209</b>

The cashflow statement for the year ended December 31, 2022, has been adjusted as follows:

€ thousand	As previously reported	Classification error	As adjusted
<b>Cash flows from operating activities</b>			
Consolidated net income/(loss) for the period	(73,782)		(73,782)
Adjustments for:			
Income tax expense	(24)		(24)
Depreciation, amortization and impairment	7,989		7,989
Loss from disposals of non-current assets	109		109
Net finance (income) and costs	2,545		2,545
Equity-settled share-based payments	6,133		6,133
Share of profit of equity-accounted investees, net of tax	45		45
Net foreign exchange (gain)/loss	(2,574)		(2,574)
Changes in:			
Inventories	(4,958)		(4,958)
Trade receivables	(1,120)		(1,120)
Other financial and non-financial assets	(87)		(87)
Provisions	(296)		(296)
Trade and other payables	2,235		2,235
Contract liabilities	(144)	15,288	15,144
Other financial liabilities	(22)		(22)
Other non-financial liabilities	13,736	(15,288)	(1,552)
<b>Net cash used in operating activities</b>	<b>(50,215)</b>	<b>0</b>	<b>(50,215)</b>

### 30. Loans and borrowings

Loans and borrowings consist of the following:

€ thousand	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Loan agreement - April 25, 2023	3,286	59,496	0	0
Loan agreement - May 02, 2022	0	0	14,440	0
<b>Total</b>	<b>3,286</b>	<b>59,496</b>	<b>14,440</b>	<b>0</b>

On April 25, 2023, Mynaric USA Inc. (“Mynaric USA”), entered into a new five-year term loan agreement with two funds affiliated with a U.S.-based global investment management firm (the “Lenders”), and Alter Domus (US) LLC, as administrative agent. Pursuant to the loan agreement 2023, the lenders agreed to provide Mynaric USA with a secured term loan facility in an aggregate principal amount of \$75,000 thousand.

Mynaric USA drew the full amount of the facility (subject to a 1% original issue discount) on the day of the execution of the loan agreement 2023. The loans under the loan agreement 2023 bear interest at a rate equal to Term SOFR (secured overnight financing rate as published by the SOFR Administrator on the website of the SOFR Administrator) for a 3-month tenor (subject to a 2% floor), plus a margin of 10%, and for the first two years, interest in an amount equal to 3% can be paid in kind by increasing the principal amount of the loans. In addition, the loan

agreement 2023 requires Mynaric USA to pay an exit fee to the Lenders at the time the loans are repaid, prepaid or accelerated. The exit fee is calculated as 180% of “invested capital” less the cumulative amount of principal repayments and cash interest payments on the loans received prior to the exit date, with “invested capital” defined to mean \$74,250 thousand plus the aggregate amount by which the principal amount of the loans is increased as a result of the payment of interest in kind. The exit fee percentage will increase to 185% if the exit fee is triggered on or after the third, but prior to the fourth anniversary of the drawdown date and will increase to 200% if the exit fee is triggered on or after fourth anniversary of the drawdown date. In addition, certain partial mandatory prepayments require the payment of a portion of the exit fee prior to the full repayment of the facility.

The loans under the loan agreement 2023 are guaranteed by the Company and each of its subsidiaries and are secured by a security interest in substantially all of the assets of the Group.

A portion of the proceeds of the loans were used to repay in full the Group’s existing indebtedness under the loan agreement of May 02, 2022, and for fees and expenses associated with entering into the credit agreement 2023, the remaining amount will be used for general corporate purposes.

The loan agreement 2023 contains customary events of default, as well as customary affirmative and negative covenants, including covenants that limit the ability of the borrower and the guarantors to incur indebtedness or liens, make investments, sell assets, pay dividends or engage in mergers or other corporate transactions. Each such covenant is subject to customary exceptions and qualifications. In addition, the loan agreement 2023 contains financial maintenance covenants, including a covenant requiring the Group not to exceed a specified consolidated leverage ratio (as calculated in accordance with the credit agreement) as of the end of any quarter commencing with the quarter ending March 31, 2025 and a covenant requiring the Group to maintain minimum average weekly liquidity of \$10,000 thousand during each quarter, commencing with the quarter ending June 30, 2023.

The proceeds from the loan converted to EUR as of the agreement date on April 25, 2023, amount to €67,723 thousand. Considering the transaction costs of €5,796 thousand an amount of €61,926 thousand was recognized as a financial liability. This amount includes an embedded derivative in the amount of €1,179 thousand as of April 25, 2023 (refer to Note 31).

### 31. Other financial liabilities

Current and non-current other financial liabilities consist of the following:

€ thousand	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Embedded derivative	609	0	0	0
Other sundry financial liabilities	432	167	90	249
<b>Total</b>	<b>1,041</b>	<b>167</b>	<b>90</b>	<b>249</b>

The embedded derivative relates to the loan agreement dated April 25, 2023 (refer to Note 30 and Note 35).

### 32. Other non-financial liabilities

Current other non-financial liabilities consist of the following:

€ thousand	December 31, 2023	December 31, 2022
Liabilities for payroll, social security and payroll tax	544	482
Received prepayments from customers	74	74
Loan related fees	0	782
Other	3	228
<b>Total</b>	<b>621</b>	<b>1,566</b>

#### *Adjustment of comparative figures according to IAS 8.41/8.42 a)*

Refer to Note 29.

### 33. 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.

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, 2023	Cash Changes			Non-cash changes			FX	Balance as of Dec. 31, 2023
		Inflows	Outflows	Additions	Disposals	Financial income	Financial costs		
Loans and borrowings	14,440	67,723	(20,236)	0	(1,179)	0	2,234	(200)	62,782
Lease liabilities	8,942	0	(2,264)	21,603	(2,923)	0	0	(84)	25,273
Other financial liabilities	339	0	(98)	1,514	0	(567)	23	(4)	1,208
<b>Total</b>	<b>23,721</b>	<b>67,723</b>	<b>(22,598)</b>	<b>23,118</b>	<b>(4,102)</b>	<b>(567)</b>	<b>2,257</b>	<b>(288)</b>	<b>89,263</b>

€ thousand	Balance as of Jan. 1, 2022	Cash Changes			Non-cash changes		FX	Balance as of Dec. 31, 2022
		Inflows	Outflows	Additions	Unpaid interest			
Loans and borrowings	0	13,110	0	0	1,330	0	14,440	
Lease liabilities	9,027	0	(1,713)	1,439	6	183	8,942	
Other financial liabilities	37	420	(137)	15	4	0	339	
<b>Total</b>	<b>9,064</b>	<b>13,530</b>	<b>(1,850)</b>	<b>1,454</b>	<b>1,340</b>	<b>183</b>	<b>23,721</b>	

€ thousand	Balance as of Jan. 1, 2021	Cash Changes		Non-cash changes		Reclassifications	Balance as of Dec. 31, 2021
		Inflows	Outflows	Unpaid interest	FX		
Loans and borrowings	0	7,500	(7,500)	0	0	0	0
Lease liabilities	7,956	0	(1,056)	1,951	0	176	9,027
Other financial liabilities	0	0	0	37	0	0	37
<b>Total</b>	<b>7,956</b>	<b>7,500</b>	<b>(8,556)</b>	<b>1,988</b>	<b>0</b>	<b>176</b>	<b>9,064</b>

### 34. 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.

#### 34.1. 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 comprises approximately 40% in fixed remuneration and 60% 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 2019, 2020, 2021, 2022 and 2023, 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, 2021, 2022 and 2023, which entitle the holder to subscribe to Mynaric AG shares. Detailed information about the granted stock options are presented in Note 9.1.

#### **Remuneration granted**

The remuneration granted to the Management Board during the year ended December 31, 2023 consists of the following:

Year	Short-term employee benefits		Long-term equity-settled share-based payments		Severance compensation in € thousand	Total in € thousand
	Basic remuneration in € thousand	Short-term variable remuneration in € thousand	Number of stock options granted	Recognized as expense in € thousand		
2023	1,475	1,180	75,000	1,515	750	4,920
2022	1,380	488	108,000	1,818	0	3,686

The severance compensation is accounted as an equity-settled share-based payment (refer to Note 9.3).

The former 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.

#### **34.2. 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 July 14, 2022. Accordingly, the Supervisory Board members receive a fixed annual remuneration, payable after the end of the fiscal year. The remuneration amounts to €60,000.00 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 €500.00 are paid for Supervisory Board meetings. Supervisory Board members who are also members of the Audit Committee shall receive a remuneration in the amount of € 20,000.00 for each full financial year of membership of the Audit Committee in addition to the remuneration for their activities on the Supervisory Board as member, Chairman or Deputy Chairman. The Chairman of the Audit Committee shall receive one and a half times the remuneration. 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 is as follows:

€ thousand	December 31, 2023	For the year ended December 31, 2022	December 31, 2021
Dr. Manfred Krischke	127	151	80
Bulent Altan	51	0	0
Peter Müller-Brühl	117	121	50
Hans Koenigsmann	64	66	12
Margaret Abernathy	35	0	0
Steve Geskos	59	101	32
Wincent Wobbe	40	67	19
Dr. Gerd Gruppe	0	0	39
Thomas Hanke	0	0	16
Dr. Thomas Billeter	0	0	15
<b>Total</b>	<b>493</b>	<b>506</b>	<b>263</b>

#### Shareholdings of management and supervisory board members

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

Number of shares	December 31, 2023	December 31, 2022	Change
Joachim Horwath	220,527	220,527	0
Peter Müller-Brühl	4,445	4,445	0
Bulent Altan	1,136	1,136	0
Stefan Berndt-von Bülow	174	174	0

#### 34.3. Other related party transactions

Interests in subsidiaries are set out in Note 3.1 and interests in an associated company are set out in Note 20.

No transactions identified with the associated company nor with any other related party during the year ended December 31, 2023.

### 35. Financial instruments and financial risk management

#### 35.1. Financial instruments

The financial instruments were allocated to the following categories:

€ thousand	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
<b>Financial Assets measured at amortized costs</b>				
Other financial assets	545	1,200	48	449
Cash and cash equivalents	23,958	0	10,238	0
Trade receivables	300	0	1,101	0
<b>Total</b>	<b>24,803</b>	<b>1,200</b>	<b>11,387</b>	<b>449</b>
<b>Derivative Financial Assets measured at fair value through profit and loss</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>0</b>
<b>Total financial assets</b>	<b>24,803</b>	<b>1,200</b>	<b>11,559</b>	<b>449</b>
<b>Financial Liabilities measured at costs</b>				
Trade and other payables	16,555	0	9,238	0
Lease liabilities	5,440	19,833	1,855	7,087
Loans and borrowings	3,286	59,496	14,440	0
Other financial liabilities	432	167	90	249
<b>Total</b>	<b>25,713</b>	<b>79,496</b>	<b>25,623</b>	<b>7,336</b>
<b>Derivative Financial Liabilities measured at fair value through profit and loss</b>	<b>609</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total financial liabilities</b>	<b>26,322</b>	<b>79,496</b>	<b>25,623</b>	<b>7,336</b>



### **Financial assets**

For other financial assets of the category financial assets measured at cost, 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 category financial assets measured at cost approximates the fair value. These include non-interest-bearing security deposits. The carrying amount approximates the fair value.

The derivative financial assets consist of a prepayment option. As of December 31, 2023, the loan agreement of May 2, 2022, is repaid in full and therefore, the prepayment option doesn't exist anymore. The option has a fair value as of December 31, 2022, in the amount of €172 thousand. The prepayment option is recognized as other financial asset measured at fair value through profit and loss and was calculated by applying an option pricing model. This model uses the risk-free interest rate, the credit spread of the group and the interest rate volatility as material input factors. The volatility is considered as material unobservable input factor (Level 3).

Changes in level 3 financial instruments are shown in the following table:

€ thousand	Fair value January 1, 2023	Additions	Disposals	Gains/(losses) recognized in financial income /expenses	FX-effects	Fair value December 31, 2023
Other financial and non-financial assets	172	0	(172)	0	0	0

€ thousand	Fair value January 1, 2022	Additions	Disposals	Gains/(losses) recognized in financial income /expenses	FX-effects	Fair value December 31, 2022
Other financial and non-financial assets	0	454	0	(282)	0	172

### **Financial liabilities**

Other financial liabilities as of December 31, 2023, include a carrying amount of €62,782 thousand relating to the loan agreement from April 25, 2023. The corresponding fair value amounts to €68,992 thousand.

The carrying amount of current financial liabilities in the category financial liabilities measured at cost, such as trade and other payables as well as the remaining other financial liabilities, corresponds to the fair value due to their short terms.

The carrying amount of non-current financial liabilities classified financial liabilities measured at cost, such as other financial liabilities approximate their fair value. The lease liabilities are discounted in accordance with the requirements set out in IFRS 16.

The derivative financial liabilities relating to the loan from April 25, 2023 (refer to Note 30) consist of a prepayment option and an embedded interest rate floor. As of December 31, 2023, the Level 3 fair value of the prepayment option amounts to €111 thousand (December 31, 2022: € 0) and the Level 2 fair value of the embedded floor to €(720) thousand (December 31, 2022: € 0). Both, the prepayment option and the embedded floor, are recognized as other financial liabilities measured at fair value through profit and loss (as both features constitute a multiple embedded derivative in sense of IFRS 9). The entire multiple embedded derivatives are treated as Level 3 instrument. The prepayment option as well as the embedded floor are calculated by applying an option pricing model. For the prepayment option the model uses the risk-free interest rate, the credit spread of the group and the interest rate volatility as material input factors. The credit spread as well as the interest rate volatility are considered as material unobservable input factors (Level 3 – Inputs). For the embedded floor the option price model uses the risk-free interest rate as well as the volatility on the risk-free rate (Level 2 – Inputs).

The table below summarizes the impact on the fair values of Level 3 liabilities by changing the significant unobservable input factors:

€ thousand	December 31, 2023 - Profit or loss	
	increase	decrease
Prepayment option in the loan agreement of April 25, 2023		
Interest rate volatility (movement +/- 5%)	88	(80)
Credit Spread (movement +/- 1%)	(25)	26

Changes in level 3 financial liabilities are shown in the following table:

€ thousand	Fair value January 1, 2023	Additions	Disposals	(Gains)/losses recognized in financial income /expenses	FX-effects	Fair value December 31, 2023
Other financial liabilities	0	1,179	0	(578)	9	609

### *Net gains/losses in the profit and loss statement*

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

2023 - € thousand			Other income and cost items, or gain and loss items
Financial assets	AC	Measured at amortized cost	(330)
Derivative financial assets	FVTPL	Measured subsequently at fair value through profit or loss	0
Derivative Financial Liabilities	FVTPL	Measured subsequently at fair value through profit or loss	578

2022 - € thousand			Other income and cost items, or gain and loss items
Financial assets	AC	Measured at amortized cost	0
Derivative financial assets	FVTPL	Measured subsequently at fair value through profit or loss	(282)

2021 - € thousand			Other income and expense items, or gain and loss items
Financial assets	AC	Measured at amortized cost	0
Derivative financial assets	FVTPL	Measured subsequently at fair value through profit or loss	0

## **35.2. Financial risk management**

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

- Credit risk (see Note 35.2 a))
- Liquidity risk (see Note 35.2 b))
- Market risk (see Note 35.2 c))

### *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 Group's ability 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, 2023, was -41.4% (2022: 34.6%, 2021: 78.6%). The strong decrease of the equity ratio is due to the high consolidated net loss for the financial year 2023 as well as the increase in loans and borrowings, contract liabilities and lease liabilities. The equity ratio was calculated as the ratio of total equity to total assets.

There have been no changes in the Group's overall capital risk management strategy relative to 2022.

#### **a) 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:

#### ***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 6. Segment reporting and information on geographical areas.

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

Trade receivables are impaired where there is no reasonable expectation of recovery. A general indicator that there is no reasonable expectation of recovery is the failure to make contractual payments for a period of more than 90 days past due, unless other indicators exist that contradict this general assumption.

The overall credit risk exposure is considered low.

#### ***Other financial assets***

As of the reporting date, other non-current financial assets primarily include security deposits for rental agreements of the 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.

#### ***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, 2023, the expected credit loss is not material and therefore was not recognized.

#### **b) 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 ability as a going concern, the Group implemented an adapted profit and liquidity planning for the year 2024. To ensure the financing, the subsidiary, Mynaric USA Inc. ("Mynaric USA"), entered into a new five-year term loan credit agreement in the amount of \$75.0 million, and Mynaric AG received an equity investment in the amount of €12.4 million on April 25, 2023. In March 2024, the Group amended the term loan credit agreement to add a delayed draw term loan facility in an aggregate amount of \$20,000 thousand, of which \$10,000 thousand remain undrawn as of the date hereof (refer to Note 38).

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.

€ thousand	Carrying amount	December 31, 2023				Total
		less than 1 year	between 1 and 2 years	between 3 and 5 years	more than 5 years	
Trade and other payables	16,555	16,555	0	0	0	16,555
Lease liabilities	25,273	5,679	4,062	10,227	26,022	45,990
Loans and borrowings	62,782	10,227	10,227	106,947	0	127,401
Other financial liabilities	1,208	1,043	98	82	0	1,222
<b>Total</b>	<b>105,818</b>	<b>33,504</b>	<b>14,387</b>	<b>117,256</b>	<b>26,022</b>	<b>191,168</b>

€ thousand	Carrying amount	December 31, 2022				Total
		less than 1 year	between 1 and 2 years	between 3 and 5 years	more than 5 years	
Trade and other payables	9,238	9,238	0	0	0	9,238
Lease liabilities	8,942	1,901	1,905	3,405	2,372	9,583
Loans and borrowings	14,440	14,440	0	0	0	14,440
Other financial liabilities	339	188	98	180	0	466
<b>Total</b>	<b>32,959</b>	<b>25,767</b>	<b>2,003</b>	<b>3,585</b>	<b>2,372</b>	<b>33,727</b>

### c) Market risk

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

#### Currency risk

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

#### Effects of currency risk

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

€ thousand	December 31, 2023	
	USD	
Intercompany receivables		1,724
Other financial assets		70
Cash and cash equivalents		5,106
Intercompany payables		(11,725)
Trade payables		(1,634)
<b>Net statement of financial position exposure</b>		<b>(6,459)</b>

December 31, 2022

€ thousand	USD
Intercompany receivables	4,060
Other financial assets	7,500
Cash and cash equivalents	3,868
Intercompany payables	(55)
Trade payables	(142)
Other liabilities	(435)
<b>Net statement of financial position exposure</b>	<b>14,796</b>

### Sensitivity analysis

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

Effects on Group profit/loss

€ thousand	2023		2022		2021	
	Changes in exchange rates Increase by 5%	Reduction by 5%	Changes in exchange rates Increase by 5%	Reduction by 5%	Changes in exchange rates Increase by 5%	Reduction by 5%
EUR	0	0	0	0	(328)	328
USD	(323)	323	740	(740)	1,818	(1,818)
<b>Total</b>	<b>(323)</b>	<b>323</b>	<b>740</b>	<b>(740)</b>	<b>1,490</b>	<b>(1,490)</b>

Effects on Group equity

€ thousand	2023		2022		2021	
	Changes in exchange rates Increase by 5%	Reduction by 5%	Changes in exchange rates Increase by 5%	Reduction by 5%	Changes in exchange rates Increase by 5%	Reduction by 5%
EUR	0	0	0	0	(325)	325
USD	(323)	323	740	(740)	1,818	(1,818)
<b>Total</b>	<b>(323)</b>	<b>323</b>	<b>740</b>	<b>(740)</b>	<b>1,493</b>	<b>(1,493)</b>

The following exchange rates were used:

	Average rate			Spot exchange rate as of the reporting date		
	2023	2022	2021	2023	2022	2021
EUR/USD	0.92368	0.95441	0.84819	0.90498	0.93756	0.88292

### Interest rate risk

As of the reporting date, the Group does have an multiple embedded derivative related to the loan agreement, which is included in the other financial and non-financial liabilities. This consists of a prepayment option amounting to €111 thousand (December 31, 2022: € 0) and a embedded floor amounting to €(720) thousand (December 31, 2022: € 0). This derivative is exposed to interest rate changes. A sensitivity analysis and their effects on the consolidated equity is disclosed in Note 35.1.

## 36. Contingent liabilities, commitments and other financial obligations

### 36.1. Contingent liabilities

Within the course of its ordinary activities, the Group may be involved in legal disputes from time to time. Based on the assessment of the Management Board as well as legal counsel, there are no claims beyond the litigation risks reported in the provisions that may be significant with regard to the Group's business and its financial position and performance.

### 36.2. Commitments

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

### 36.3. Other financial obligations

Other financial obligations as of December 31, 2023, are as follows:

€ thousand	up to 1 year	between 1 and 5 years	more than 5 years	Total
Software and licenses	717	631	0	1,349
Incidental rental costs	123	367	27	517
Other	251	344	99	694
<b>Total</b>	<b>1,091</b>	<b>1,342</b>	<b>126</b>	<b>2,559</b>

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, 2023
Intangible assets	12
Property, plant and equipment	3,866
<b>Total</b>	<b>3,878</b>

### 37. Governing bodies of the Company

The Management Board consists of the following members:

- Mustafa Veziroglu, Co-CEO, Master of Business Administration, Monte Sereno, California, USA (CEO since August 7, 2023)
- Bulent Altan, Co-CEO, Master of Science in Aerospace, Playa Vista, California (until August 7, 2023)
- Stefan Berndt-von Bülow, CFO, graduate in business administration, Tutzing
- Joachim Horwath, CTO, Dipl.-Ing., Gilching

The Supervisory Board consists of the following members:

- Bulent Altan, Chairman, Space engineer and CEO of Earhart Consulting LLC (since August 8, 2023)
- Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG (Chairman until August 7, 2023, and re-elected as a member of the Supervisory Board on August 7, 2023)
- Peter Müller-Brühl, Deputy Chairman, COO of GreenCom Networks AG
- Hans Königsmann, member of the Supervisory Board, Former vice president of flight reliability at SpaceX (until December 31, 2023)
- Steve Geskos, member of the Supervisory Board, Managing Director Rose Park Advisors (until August 7, 2023)
- Vincent Wobbe, member of the Supervisory Board, Head of Public Markets Investments Apeiron Investment Group (until August 7, 2023)
- Margaret Abernathy, member of the Supervisory Board, General Counsel at Impulse Space (since August 7, 2023)

### 38. Events after the reporting date

#### *Grants of stock options to the Management Board in February 2024*

As of February 2, 2024, the Group granted 71,400 new stock options under the SOP 2023 (refer to Note 9.1) to the Management Board. The exercise price amounts to €20.97.

#### *Amendment No. 1 to loan agreement dated April 25, 2023*

In March 2024, the loan agreement dated April 25, 2023, (refer to Note 30) was amended to add a delayed draw term loan facility in an aggregate principal amount of \$20,000 thousand. Proceeds from the delayed draw term loan facility will be used for general corporate purposes. The loan

condition remain the same as described in Note 30 The draw \$10,000 thousand in April 2023 and therefore, \$10,000 thousand remain undrawn as of the date of this report.

***Issuance of new shares related to a severance payment***

In January 2024, the Management Board and the Supervisory Board have adopted a capital increase resolution, in which they resolved to increase the share capital of Mynaric AG of €6,233,615 by €37,128 to €6,270,743 through the issuance of 37,128 new bearer no par value shares under exclusion of the subscription rights of the shareholders out of the Authorized Capital 2023/I. The 37,128 new shares relate to the severance payment, which is as of December 31, 2023, accounted for as an equity-settled share-based payment (refer to Note 9.3).

***Issuance of new shares related to RSUP 2021***

In January 2024, the Management Board and the Supervisory Board have adopted a capital increase resolution, in which they resolved to increase the share capital of Mynaric AG of €6,270,743 by €47,579 to €6,318,322 through the issuance of 47,579 new bearer no par value shares under exclusion of the subscription rights of the shareholders out of the Authorized Capital 2021/II. The 47,579 new shares relate to the settlement of 47,579 vested restricted stock units under the RSUP 2021 (refer to Note 9.2).

***New member of the Supervisory Board***

In April 2024, Arndt Rautenberg joined the Supervisory Board.

**Munich, May 17, 2024**

***The Management Board***

Mustafa Veziroglu  
CEO

Stefan Berndt-von Bülow  
CFO

Joachim Horwath  
Founder & CTO