



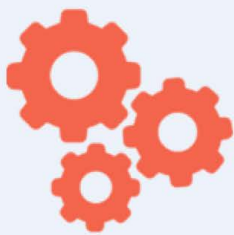
Connectivity for the Skies & Beyond

ANNUAL REPORT 2017

Connectivity for the Skies & Beyond

Half the world has no access to the internet and existing connections are increasingly slow and insecure. The need for more connectivity grows daily with more devices demanding more data but it is too expensive and too impractical to extend current infrastructure or build new networks on the ground.

So Mynaric looks to the skies for a solution. Sending high-speed internet down from satellites and airborne networks to the most remote and inaccessible parts of the planet.



+20

**Years
Research &
Development**



2

**World
records
achieved**



1

**World
to
connect**

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Connectivity for the Skies & Beyond Space Constellations

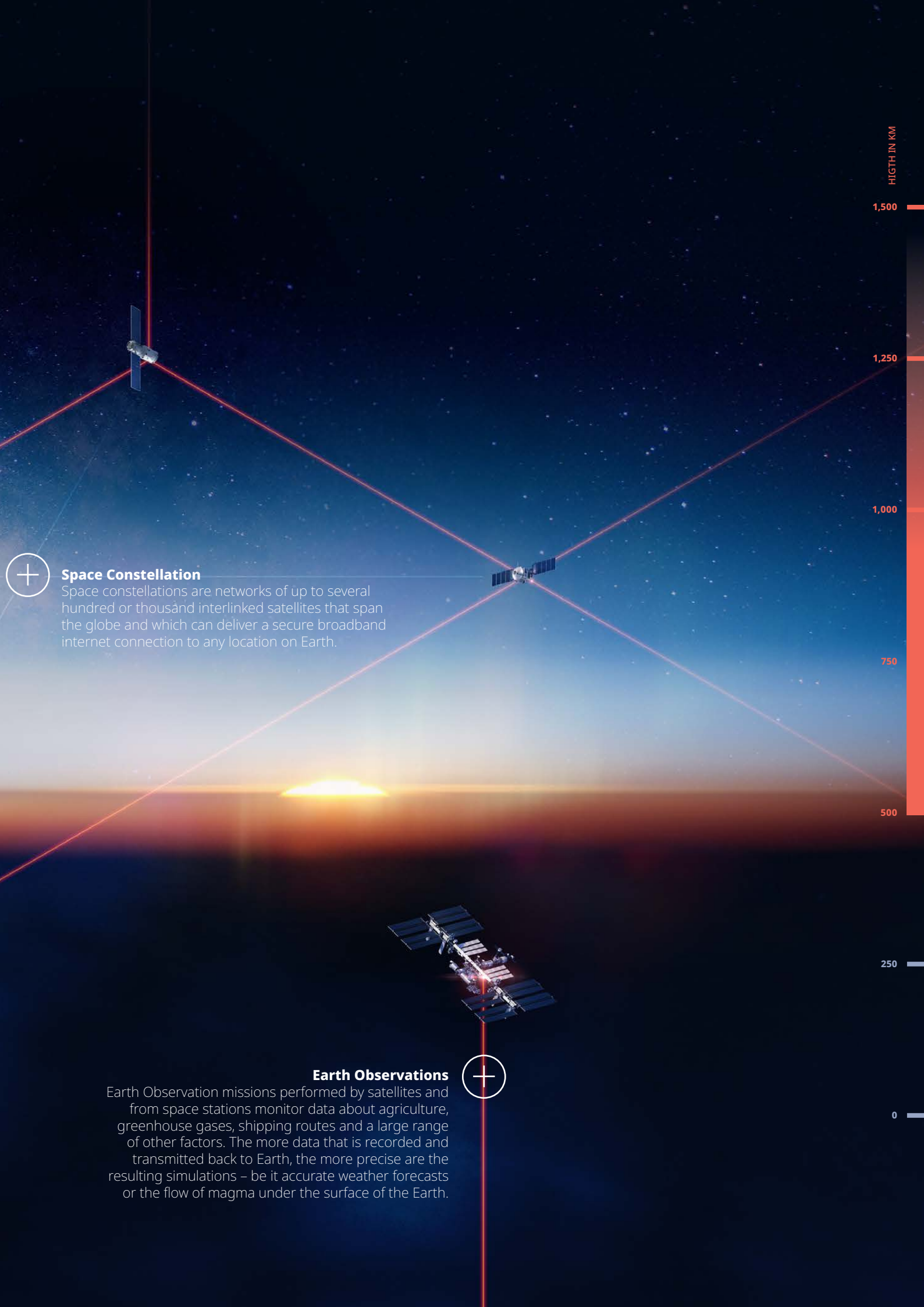
The future of telecommunications is being created in the sky above our heads. Constellations of satellites, drones, and aircraft are being established to beam down internet to any place on Earth.

The satellites which will make up these constellations are now being launched into space and Mynaric is primed and ready to supply the laser communication systems that will provide the backbone connectivity for this new revolution in telecommunications.

Inter-Satellite Link

Inter-satellite links provide the high-speed connection between the numerous satellites that make up space constellations. These connections are made up of lasers capable of exchanging large quantities of data between the satellites at great speed. Link distances of over 4,000 km have to be bridged by equipment that must endure extreme vibrations during rocket launch followed by years of harsh radiation and the severe temperature conditions of outer space.





Space Constellation

Space constellations are networks of up to several hundred or thousand interlinked satellites that span the globe and which can deliver a secure broadband internet connection to any location on Earth.

Earth Observations

Earth Observation missions performed by satellites and from space stations monitor data about agriculture, greenhouse gases, shipping routes and a large range of other factors. The more data that is recorded and transmitted back to Earth, the more precise are the resulting simulations – be it accurate weather forecasts or the flow of magma under the surface of the Earth.



HEIGHT IN KM

1,500

1,250

1,000

750

500

250

0

Connectivity for the Skies & Beyond

High-Altitude Constellations

The market for airborne constellations is moving into a new phase. Some of the world's largest technology companies are preparing for unmanned aerial vehicles to circle the stratosphere and provide internet from above the clouds. We are working to establish ourselves as the market-leading, go-to partner for laser-based networking equipment to help establish these high-altitude constellations.





Inter-Platform Link

Inter-platform links provide the high-speed connections between the numerous drones or balloons that make up high-altitude constellations. They are the data highways – so called backbone – of constellations handling the aggregated data of often several hundred to thousand end users simultaneously. A very high pointing accuracy is needed to establish a connection between the moving platforms that is equivalent to hitting a coin falling out of a pocket from a mile distance.



High-Altitude Constellation

High-altitude constellations are communication networks consisting of laser-linked flying objects such as drones or balloons that stay aloft for several months at a time. They are capable of providing broadband internet connectivity for regions as large as entire countries and can be installed at short notice, for example as necessary in disaster relief scenarios.



Air-to-Ground Link

Air-to-ground links establish high-speed connections between airborne constellations or individual aircraft and ground stations using laser communication. They are used to establish a data highway to terrestrial network infrastructure or to downstream vast amounts of data. Sophisticated software algorithms are needed to compensate for atmospheric distortions and allow reliable links to the ground.



Continuous Surveillance

All kinds of airborne vehicles such as UAVs (drones), balloons and airplanes continuously generate enormous amounts of data for government agencies, commercial applications and for scientific purposes. Laser communication allows for downstreaming of such data securely in real-time for research and interpretation.

HIGHTH IN KM

50


40

30

20

10

0



Connectivity for the Skies & Beyond Airplane Constellations

With thousands of aircraft in the skies at any given time, the move to link up airplanes into airborne constellations has already begun and Mynaric is playing an instrumental role in helping stitch together the first civil aircraft constellation that will revolutionize the future of in-flight connectivity.



Airplane Constellations

Airplane constellations are laser-linked networks of airplanes which provide blazing fast in-flight WiFi connectivity and real-time access to maintenance data from the ground to improve predictive aircraft management for cockpit and ground maintenance teams.



Weather/Clouds

Adverse weather does not affect or hinder connections between space constellations or airborne constellations as all these communication scenarios take place above usual weather phenomena such as clouds, fog, rain and snow.

HIGHTH IN KM

50

40

30

20

10

0



Connectivity for the Skies & Beyond

Ground Scenarios

Whether it is emergency response teams needing communication systems unaffected by the natural disasters they are dealing with, or the monitoring and maintenance of offshore windfarms in remote areas, the need for reliable data delivery in outlying and inaccessible areas is required to ever greater degrees. Mynaric produces the products that allow for communication solutions that existing fiber optic cabling cannot provide.

Space Ground Station

Optical ground stations for space receive the laser communication signals sent from Earth observation missions or satellite constellations and typically feed them to the existing terrestrial network infrastructure for further distribution. They need to establish a reliable link to their counterpart in space within seconds because satellites in low Earth orbit can typically only be seen for a couple of minutes from a fixed location.





Temporary Reconnaissance

Ad-hoc data such as airborne video feeds of disaster struck areas provide life-saving insights and seasonal hyperspectral-images are used for agricultural crop monitoring and optimization. Laser communication helps to downstream the large amounts of data to compact fixed or mobile base stations located anywhere from a city center to the middle of the desert if necessary.



Air Ground Station

Laser communication signals sent from airplanes, balloons and UAVs are received by compact optical ground stations for air. The optical ground stations are so small they fit on a van allowing data analysis on the go or fit on a building rooftop to connect to existing infrastructure.



LETTER FROM THE CEO

Dear Shareholder,

The last 12 months have been the most momentous in our short history: a rebranding of the company as Mynaric accompanied our successful debut on the German stock exchange in October helping us towards achieving our goal of becoming one of the world's leading suppliers of laser communication systems for aerospace communication networks.

To provide you with a holistic view on company activity, this report includes the financial results of our subsidiary Mynaric Lasercom GmbH that handles the operative business of R&D, production and sales of our laser communication products. 2017 has been financially the strongest year in Mynaric's history with the total output of the GmbH reaching EUR 3.2 million, growth of 140% from last year's results.

However, the figures in this report will only tell part of the story of what we have achieved. The EUR 27.3 million we raised from our IPO is enabling us to strategically place the company in a prime position in the constellation market as one of the only companies ready to serially produce affordable laser communication terminals.

Our American subsidiary – Mynaric USA – is now primed and ready to take our products into the key US market, where our collaboration with Airborne Wireless Network continues apace. In August 2017 we signed an agreement with Airborne that underscores our ongoing expansion into the thriving US market and in December we delivered two laser terminals for an upcoming test. This is just one example of how our team continues to tap the huge US market potential.

We have progressed through a crucial development milestone in our space terminal development program and we are well on track to complete the qualification unit of our smallsat laser communication product in early 2019, paving the way for serial production thereafter. The laser communication space terminal currently in development is designed for upcoming satellite mega-constellations in low Earth orbit (LEO).

So we stand ready to face our second year as a public company certain that we are moving in the right direction: our principal focus remains on revenue, growing output and on strategically positioning the company to take advantage of our prime mover position to exploit the needs of the companies building constellations and become the key enabler of this technology.

I am indebted not only to the work of Mynaric's employees whose knowledge, skill and commitment are the piston pumps firing the powerful engine that Mynaric is now becoming but also to my colleagues on the Management Board - company founders Dr. Markus Knapek and Joachim Horwath - for their support and hard work, and the technical direction that their joint experience in laser communications brings to the success of the company.

Lastly, I would like to thank you, dear shareholder, for your faith in us and support in this, our first year trading as a public company. It hardly needs saying that it remains our sole focus – underpinned with a clear strategy, solid business plan and a stunning portfolio of products at the vanguard of our industry – to generate as much value as possible for you and the company in which we have both invested so much.

Dr. Wolfram Peschko
Gilching, April 2018

MANAGEMENT TEAM



Dr. Wolfram Peschko
CEO, CFO & COO
Strategy, Finance and Management

Dr. Wolfram Peschko, Chief Executive Officer of Mynaric AG, has been with the group since 2011 and heads the Strategy, Finance and General Management divisions.



Joachim Horwath
CTO
Technical Lead

Joachim Horwath is co-founder of Mynaric and, as CTO has led product development in the field of wireless laser communication since 2009. As a Board Member of Mynaric AG, he is responsible for the technical direction of the Group.



Dr. Markus Knapek
CCO
Business Development

Dr. Knapek is one of the co-founders of Mynaric and, as a Board Member of Mynaric AG, is responsible for group strategy, operations and business development.

COMMENTS ON THE 2017 RESULTS

The following notes are intended as an aid to the interpretation of the 2017 annual results. The Mynaric Group's financial statements are explained below:

Mynaric Lasercom GmbH - hereafter "the GmbH" - handles the business operations of the Group and is responsible for the technical development, production, and sale of laser communication products. Mynaric AG - hereafter referred to as "the AG" - provides services among other things in the areas of administration, finance, HR, and PR for the subsidiaries, and the sales of the AG mainly relate to internal sales within the Group. The GmbH is currently handling the US subsidiary's (Mynaric USA, Inc. - hereafter "the Inc") project operations, which are reflected in the GmbH's annual result. The Inc's annual result is therefore not shown separately.

For this reason, the business results of the GmbH are the most meaningful for a consideration of the development of the Mynaric Group's business operations as a whole. Due to the structural nature of the market served by Mynaric, with long product development times, staggered payment milestones, and long-term partnerships, management believes that the total performance of the GmbH provides the best summary of business development, as it takes into account not only sales but also changes in productive inventories, other own work capitalized, and other operating income. The individual items of the total performance achieved by the GmbH are therefore examined in detail below.

The year 2017 was Mynaric Group's strongest financial year to date and the GmbH was able to achieve a total performance of EUR 3,203k, which corresponds to an increase of 140 % compared to the prior year (2016: EUR 1,332k). In detail, the total operating performance achieved breaks down into sales of EUR 1,639k, changes in inventories of EUR -35k, other own work capitalized of EUR 1,248k, and other operating income of EUR 352k.

The GmbH's 2017 sales of EUR 1,639k refer to delivered finished products or self-contained milestones of a major customer project. Significant sales revenues resulted from the delivery of a ground station and an airborne terminal and the successful demonstration of these products in an air-to-ground scenario for a major US customer. The transmission speed achieved, 10 Gbps, represents the fastest wireless connection from an aircraft to the ground known to us up to now. In 2017, other significant sales for the GmbH resulted from technical milestones achieved with an optical ground station for communication with satellites, which is under construction and is to be mass-produced following a successful demonstration.

The inventory change reflects the materials, labor, and overhead costs of work in progress. This includes, in particular, customer orders being produced that relate to the delivery of a complete product that has no technical milestones during manufacture. This also includes work on started project parts for which the relevant technical milestone had not yet been reached by the reporting date. Reductions result from the delivery of completed equipment. The GmbH's inventories declined by EUR 35k in 2017.

Other own work capitalized reflects the materials, labor, and overhead costs of technical equipment and new developments manufactured by Mynaric without a customer order. In 2017, the other own work of EUR 1,248k capitalized by the GmbH is primarily attributable to the development of the new terminal for satellite constellations, which is to be completed by the beginning of 2019. Other major items include equipment and prototypes built as part of two funded projects.

Mynaric's other operating income mainly relates to income from state-funded research projects which are mostly carried out in cooperation with several companies and research institutions, e.g. within the

framework of the EU Horizon 2020 funding program or national programs, such as those carried out by the Federal Ministry for Economic Affairs and Energy (Bundesministerium für Wirtschaft und Energie – BMWi). Mynaric regularly uses such funding programs to further develop technology, thereby gaining privileged access to new technologies, methods, and approaches. Under the research programs, 50% of Mynaric's expenses are typically borne by the funders. The other operating income of EUR 352k generated by the GmbH in 2017 mainly stems from five sponsored development projects, three of which were successfully completed in 2017.

The GmbH's personnel and other expenses increased as planned in comparison to the prior year, due to the accelerated expansion of the company. The AG's costs mainly relate to the IPO in October 2017.

In summary, Mynaric Group can look back on a very successful year 2017, in which the total performance of the operating GmbH rose to over EUR 3.2 million, which represents an increase of 140%.

THE MYNARIC SHARE

Mynaric has been listed on the Scale Index of the Deutsche Börse since October 30, 2017. Immediately prior to listing, Mynaric raised EUR 27.3 million (gross) at EUR 54.00 share. The price was at the upper end of the price range of between 45.00 and 54.00. At the placement price, the IPO of Mynaric AG was over four-times subscribed.

The offering included up to 440,000 shares from a capital increase and an overallotment option ('green-shoe option') consisting of up to 66,000 shares, also from a capital increase. All 506,000 shares offered were placed. The placement volume including the green-shoe option therefore totaled around EUR 27.3 million.

The funds raised are being used primarily for the creation of serial production capabilities, to accelerate development of space-qualified terminals and higher data-rate terminals, to strengthen the Group's presence in North America and Asia and for general company development.

DEVELOPMENT OF THE MYNARIC SHARE PRICE



SHARE PRICE INFORMATION

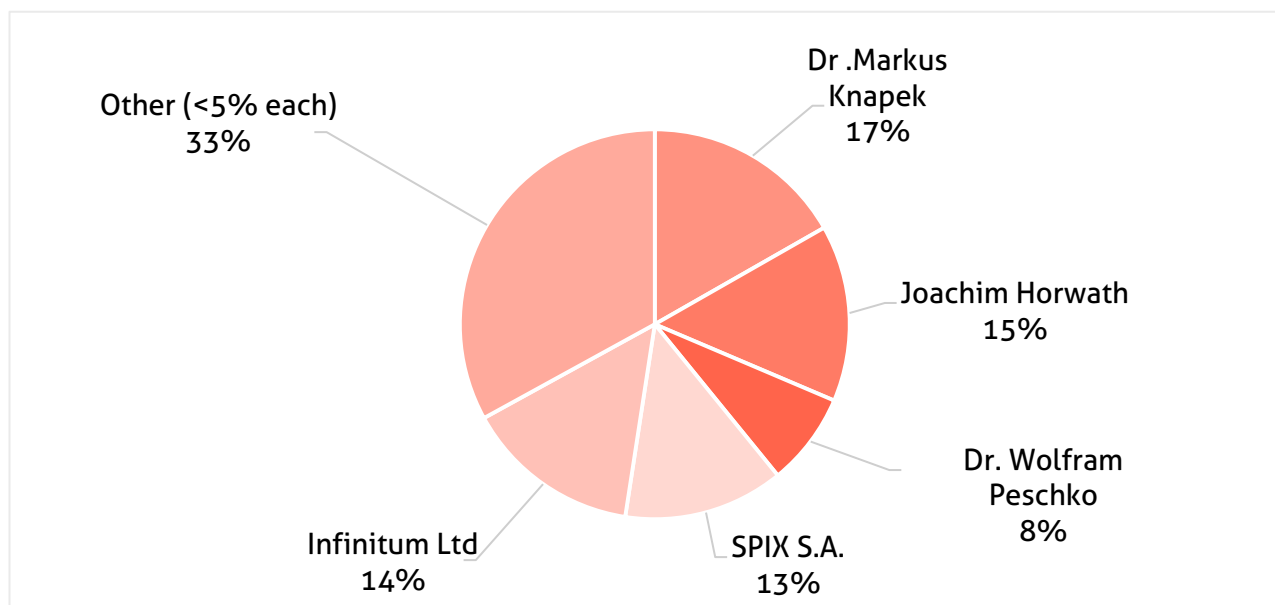
2017

Registered capital/Number of shares	EUR	2,704,304
Market capitalization	EUR million	151,5
Stock price (highest/lowest)	EUR	64.99 / 51.40
Closing price (31.12.2017)	EUR	56.01

BASIC INFORMATION ABOUT THE MYNARIC SHARE

Stock Exchange	Open Market (Scale) at Frankfurt Stock Exchange
ISIN	DE000A0JCY11
WKN	A0JCY1
Number of shares prior to IPO	2,198,304
Registered capital prior to IPO	2,198,304 EUR
Number of new shares	440,000 from capital increase
Number of new shares from majority holding	66,000 from capital increase
Placement volume (incl. over-allotment option)	27.3 Mio. EUR
Issue price	54.00 EUR
Administrating bank	Hauck & Aufhäuser (Sole Global Coordinator and Bookrunner)

SHAREHOLDER STRUCTURE



REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The following report by the Mynaric AG Supervisory Board is intended to inform you about the Board's activities during the 2017 short fiscal year and the results of the audit of the 2017 financial statements.

The Company was formed as a shelf company on April 6, 2017, headquartered in Munich under the name Blitz 17-625 AG. The Extraordinary General Meeting on May 19, 2017, resolved to move the Company's headquarters from Munich to Gilching, to revise the Articles of Incorporation, and to elect a new Supervisory Board with Dr. Knappek, Dr. Krischke and Mr. Semmler.

On August 1, 2017, the Company entered into a post-formation agreement with its shareholders under which the shareholders, who were also the sole shareholders of ViaLight Communications GmbH, contributed all their shares in ViaLight Communications GmbH to the Company. The Supervisory Board presented a post-formation report on this subject on August 2, 2017. The Extraordinary General Meeting on August 7, 2017 approved the post-formation and resolved at the same time to change the Company's name to Mynaric AG. At this General Meeting, Dr. Gerloff was elected to the Supervisory Board to replace Dr. Knappek. Dr. Knappek had to leave the Supervisory Board because he was to be appointed to the Company's Management Board. In addition, at this General Meeting the Supervisory Board was expanded from three to five members. Mr. Cocron and Mr. Vogel were elected as further Members of the Supervisory Board.

At a further Extraordinary General Meeting on September 8, 2017, Dr. Gruppe was elected to the Supervisory Board to replace Mr. Cocron, as Mr. Cocron had resigned from office. The General Meeting also appointed BTU Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the 2017 fiscal year. The Company then went public in October 2017.

At all times during the year under review, the Supervisory Board performed its supervisory and advisory duties in full as required by the law, the Articles of Incorporation, and the internal rules of procedure. In particular, the Supervisory Board advised the Management Board on the management of the Company and monitored the measures taken by the management. The Supervisory Board was always involved in a timely and appropriate manner in all decisions of fundamental and strategic importance. This was based on written and oral reports by the Management Board to the Supervisory Board. The Management Board informed the Supervisory Board regularly, promptly, and comprehensively on all important issues relating to current business development, the earnings and financial situation, corporate planning, the strategic development of the Company, and changes in the risk situation. Events of particular importance to the position and development of the Company and its subsidiaries were always discussed promptly. All measures by the Management Board which were subject to the approval of the Supervisory Board were examined, discussed, and decided on. The cooperation between the Management Board and the Supervisory Board during the year under review was trusting and constructive in every respect.

Work in 2017 fiscal year was based on the meetings of the Supervisory Board and oral and written reports by the Management Board. After detailed examination and discussion, the Supervisory Board voted on the reports and the resolutions proposed by the Management Board to the extent required by law, the Articles of Incorporation, and the internal rules of procedure. In individual cases, the Supervisory Board also passed resolutions outside of meetings. In addition to the normal meetings, the Chair of the Supervisory Board maintained regular contact with the Management Board to stay informed about the current business situation and important events. Owing to the manageable size of the Supervisory Board with three or five members, no committees were formed.

SUPERVISORY BOARD MEETINGS AND FOCUS OF DISCUSSIONS

In the 2017 fiscal year, the Supervisory Board held a total of six meetings, of which three took the form of telephone conferences. Apart from those, four resolutions were passed in a circulation procedure in the year under review.

In the 2017 financial year, the Supervisory Board focused its deliberations on bringing the Company to market readiness. Other topics regularly recurring at all Supervisory Board meetings were business development, the development of sales and earnings, and the liquidity situation of the Company and its subsidiaries.

The Supervisory Board dealt in particular with the following main topics:

At a number of Supervisory Board meetings, the Management Board reported to the Supervisory Board on the economic, financial, and strategic situation of the Company and the Group, the Company's growth strategy and on the main developments and events. The Supervisory Board discussed the organization of the Company and business with the Management Board, convinced itself of the efficiency of this organization and of the risk management and Group-wide compliance systems, and discussed the Company's material strategic and business policy issues with the Management Board.

In the past 2017 fiscal year, questions relating to the stock exchange listing of Mynaric AG in the Scale segment of the Frankfurt Stock Exchange were of particular importance. Apart from an exhaustive discussion, continuous consultation, and close coordination with the Management Board regarding the successful listing of Mynaric AG in the Scale segment of the Frankfurt Stock Exchange, nine Supervisory Board resolutions were passed within the framework of the listing process, in particular regarding the definition of the price range, the determination of the number of shares to be issued, and authorizing the issue of new shares.

Discussions also focused on issues of corporate governance. The Supervisory Board met on appointments to the Management Board and on the internal rules of procedure for the Management Board and Supervisory Board, which were adopted by resolution of the Supervisory Board.

In addition to the topics described above, the Supervisory Board was informed by the Management Board in detail at its meetings in a timely and comprehensive manner about current sales, earnings and liquidity developments, budget planning, the current business situation of the Company and the Group, including the risk situation and risk management as well as Group-wide compliance, strategic goals and all material organizational and personnel changes. Among other things, a resolution was passed on the 2018 budget.

The Supervisory Board also held regular discussions with the Management Board on issues relating to business operations. In this connection, the Supervisory Board discussed Mynaric's expansion into the US market in detail and adopted resolutions on the establishment of the Mynaric USA subsidiary and on renting a new office building in Germany for business expansion.

The Supervisory Board focused on the following topics:

- Appointments to and contracts with the Management Board and goals for the Management Board
- Rules of Procedure of the Management Board and the Supervisory Board
- Renting buildings
- Acquisition of Mynaric USA Inc.
- Post-foundation report
- Key data for the IPO
- Strategic Development and Budget 2018

AUDIT OF THE SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS

The Company's statutory auditor, BTU Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the 2017 financial statements prepared by the Management Board and issued an unqualified audit opinion. The Supervisory Board received the documents relating to the financial statements and the auditor's report in good time and discussed them in detail at the Supervisory Board meeting on April 10, 2018.

In accordance with the statutory provisions, the Supervisory Board itself examined the Company's 2017 financial statements prepared by the Management Board. The Supervisory Board agreed with the results of the audit and raised no objections in the light of the final results of its own audit. The Supervisory Board accordingly approved the financial statements for the 2017 fiscal year on April 10, 2018. The financial statements are thus adopted in accordance with § 172 sentence 1 AktG (German Stock Corporation Act).

The Supervisory Board thanks the Management Board and all employees for their great commitment and for the successful work they did during the past fiscal year. The Supervisory Board would like to thank the shareholders for their interest in our Company and for the trust they have placed in us.

Gilching, April 2018

For the Supervisory Board

Dr. Manfred Krischke
Supervisory Board Chair

BUSINESS HIGHLIGHTS

APRIL 2018

Mynaric announces exclusive partnership with CEA-Leti for market-changing laser communications technology

Mynaric announces that it has formed an exclusive partnership with Leti, a French research institute at CEA Tech, on a key technological development in high-speed communication which centers on the next generation of Avalanche Photodiodes (APD) for telecommunication systems that will allow for an improved performance level far exceeding the existing values achieved by Mynaric's laser communication products.

FEBRUARY 2018

Mynaric inducted into Space Technology Hall of Fame for commercialization of laser communication

Mynaric reveals that it has been inducted into the Space Foundation's Space Technology Hall of Fame for its work on transferring laser communication developed for research purposes to commercial applications. The award is made in tandem with the German Aerospace Center's (DLR) Institute of Communications and Navigation division.

JANUARY 2018

Mynaric reports on successful development progress of smallsat laser communication product

Mynaric reports that it is on track to complete the qualification unit of its smallsat laser communication product in early 2019, paving the way for serial production thereafter.

DECEMBER 2017

Mynaric delivers laser terminal flight units for upcoming flight test for Airborne Wireless Network

Mynaric confirms shipment of two laser terminal flight units, and associated components, to Airborne Wireless Network. The laser terminals will be utilized in a two-plane test to demonstrate the ability of aircraft to act as airborne repeaters/routers – actively sending and receiving broadband signals from one aircraft to another.

NOVEMBER 2017

Mynaric hires senior leaders for US subsidiary

Mynaric hires Joe Fehrenbach as CEO and Mike Soutullo as CTO of Mynaric USA. Fehrenbach joins Mynaric USA from Hexagon US Federal where he expanded the company's technology portfolio and achieved year-on-year growth and Soutullo joins from Teledyne Brown Engineering, where he led the development of the MUSES platform that operates on the International Space Station.

OCTOBER 2017

Mynaric makes successful stock market debut

Mynaric announces that its issue price for its shares will be 54.00 Euros per share, at the upper end of the price range of 45.00 to 54.00 Euros per share. The IPO is over four-times subscribed. On the first trading day the Mynaric share closes at XETRA with 58.66 EUR. This is an increase of approximately eight percent on the issue price.

SEPTEMBER 2017**Mynaric announces IPO for Autumn 2017**

Mynaric announces its plans for an IPO on the Frankfurt Stock Exchange for Autumn 2017.

AUGUST 2017**Mynaric signs Design and Manufacturing Services Agreement with Airborne Wireless Network Inc.**

Mynaric formally enters into a design and manufacturing services agreement with Airborne Wireless Network to integrate its series of airborne laser communication terminals into the Infinitus Super Highway.

MARCH 2017**Mynaric signs MOU with Airborne Wireless Network Inc. to transform in-flight connectivity**

A Memorandum of Understanding is signed with California-based Airborne Wireless Network with a view to integrating Mynaric's series of airborne laser communication terminals into the Infinitus Super Highway, a proposed fully-meshed airborne broadband system that will fundamentally change the future of in-flight connectivity.

EQUITY STORY

THE NEXT REVOLUTION IN TELECOMMUNICATIONS

The market for Mynaric's products is essentially being driven by a twofold, worldwide problem that is troubling the entire telecommunications industry: reach and security.

In the fully-connected world of cities and urban hubs serious concern is being raised about the ability of existing telecommunications infrastructure - delivered through fiber optic cabling - to cope with the exponential rise in the number of devices demanding connections to data and the ability of existing connections to operate securely.

In the developing world where there is a patchwork of connections, these are both unreliable and prohibitively expensive. By way of an example, in India, people on minimum wage would have to work 17 hours just to afford a monthly 500mb data plan - that is three hours work to pay for a single hour of browsing. And this is only for access to email or basic, text-heavy websites and not streaming or content-rich websites or services. This is, of course, provided the ground network is robust enough to deliver uninterrupted connections.

For the remaining three billion people for whom there is no internet access, the need to bring connectivity is even more pressing. A digital divide does not just mean a lack of streaming services or reliable access to email or YouTube; in areas where existing infrastructure has no noticeable penetration the problems are so stark that entire economies are at risk of being left behind as schools fail to adequately educate children, hospitals struggle to receive life-saving medical services and information and - as has been seen in the developed world - even democratic and political participation suffers through lack of access to informed opinion and plurality.

The case for global connectivity cannot be overstated. The United Nations reported in 2011 that lack of access to the internet is a violation of human rights leading some countries - such as France and Latvia - to legislate for access to the internet being a basic human right.

The problems are clear to see: connectivity issues affect both the connected, developed world and the unconnected, developing world.

It need not be said that extending existing networks in remote and far-flung reaches of the world is unimaginably costly and, even if affordable, sometimes just downright logistically impossible to wire-up. It is unsurprising then that the companies that have transformed the world's use of the internet and who can - to an extent - lay claim to furthering its reach during the internet's core period of initial growth are looking to close the circle of connectivity and bring high-speed, reliable connectivity to the whole globe.

There is only one way that such plans can be realized financially and logistically: to provide internet connectivity from the skies and from space.

So it is at this juncture - on the cusp of the next great revolution in the development of telecommunications - that we find ourselves; poised to play an integral role alongside companies whose foresight, determination and ambition matches that of our own in creating a truly global internet for the 21st century.

MYNARIC'S STRONG MARKET POSITION

It is widely accepted that the answer to the planet's current connectivity issues is only practicably deliverable through the creation of airborne or spaceborne constellations that sit above the planet providing an interlinked canopy capable of providing global coverage.

It is a solution that Mynaric wholeheartedly subscribes to. The current market focus is, understandably, on the initial move to establish faithful and reliable vehicular interconnectivity to establish constellations. The first movers in this area are already working with us to create this laser-linked network.

Each linked aircraft – we are at the moment actively engaged in equipping aircraft – must establish, firstly, a connection between the aircraft and then, secondly, a connection with the ground. These key connections between the aircraft and between the constellation and the ground are provided by Mynaric. Laser terminals establish connections between the airborne constituent parts and ground stations, then receive the data to send back down from the skies.

With the potential for numerous aircraft to be linked-up, we have made a conscious and market-changing decision to pursue a business model that permits serial production of affordable units which can, in turn, speedily and cost-effectively populate the planned airborne networks in the sky.

Our move towards serial production does not just allow us to become a prime mover in the fledgling airborne constellations planned by high-profile, active constellation-builders such as Airborne Wireless Networks, Facebook and Google but it also sets us up to be a 'first mover' in the developments planned by the likes of SpaceX and OneWeb who are anticipating thousands of satellites in their low Earth orbit constellations. As these standard-bearer companies forge ahead with plans to establish constellations above the clouds, many others are also now beginning to see the potential of this entirely new industry of aerospace communication networks.

Whilst the move towards the skies and space for delivery of internet is a relatively new endeavor on the part of the companies that are planning it, the technology underpinning our products is served by 20 years' development at the German Aerospace Center (DLR) and this has underpinned the design and introduction of products that have overseen two records in the recent past: an air-to-ground demonstration of 1 Gbps over a 60 km distance from a fast-flying platform, and, an air-to-ground demonstration of 10 Gbps. To date, no other company has managed comparable achievements with commercial products.

With these technological milestones under our belt, and with the strongest focus on commercialized products of all of the laser communication specialists primed to populate airborne and spaceborne constellations, we are leading the race to equip the networks that will fire this new telecommunications revolution.

ATTRACTIVE OPPORTUNITIES

Our vision has been shaped not just by our knowledge and background but also by a real desire to help achieve the next big leap forward in the field of human communication.

All of the various roads down which we are travelling – towards technological excellence, towards scalable, serial production, towards establishing ourselves as the market leader for laser communication networks – all lead to the one destination: internet connectivity for the whole world regardless of where on Earth that may be.

By 2025 there could be thousands of drones and/or balloons in the stratosphere providing high-speed internet and, above them, in space, thousands more interconnected satellites doing exactly the same thing from low Earth orbit. Each drone or satellite making up these constellations will need to be equipped with laser terminals to communicate and carry data between each other and the Earth. Mynaric is commercially primed to be the main provider of these numerous terminals.

Successful tests of our products on aircraft in Germany and the United States, and the collaborations we are engaged in with companies in the US realizing these airborne constellations, demonstrate the undeniable ability of our products to be the indispensable factor knitting data constellations together. And with New Space companies such as SpaceX silencing naysayers and critics with successful launches of rockets that are made up of reusable parts, the reality of satellite constellations linked by lasers draws ever closer.

What we are, in fact, involved with here is a second share issue in the internet – not just a financial share but also a technological share. The view that the internet has been achieved – is a finished, polished product that is complete and need not be developed – is at best specious, at worst just plain wrong.

The internet is not complete. Very far from it. It is a work in progress with only half of it having been built. Mynaric is closing this communications circle: with 50% of the world connected, we are throwing ourselves into connecting the remaining 50%.

We hold the means by which the world will become truly connected and our focus remains untrammelled on achieving this in the years to come.

COMPANY HISTORY

Mynaric was founded in 2009 by former employees of the German Aerospace Center (DLR) with the goal of commercializing decades' worth of experience of wireless laser communication for aerospace applications.

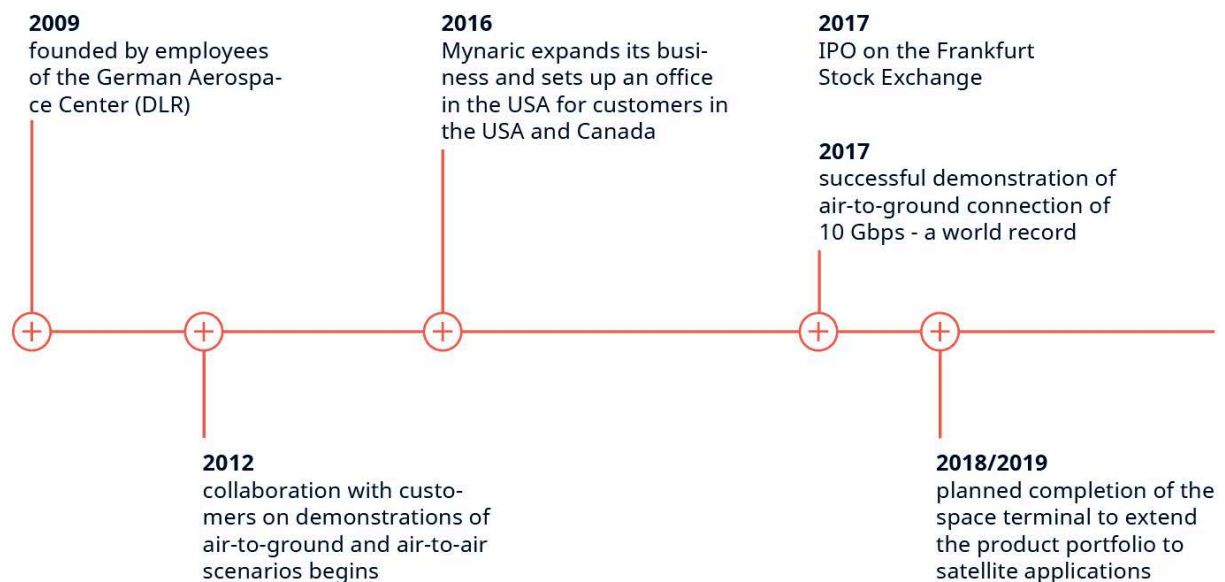
In 2012, Mynaric started working with customers on demonstrations of air-to-ground and air-to-air scenarios to advance technology and achieve product-level maturity. From there, we quickly established an international reputation for wireless laser communication for airborne applications and expanded our market reach to include a wide variety of world-class customers and suppliers.

The growth of Mynaric's market success has been reflected in the growth of the company – tripling the number of our staff since 2014 and attracting talent from all over the world.

In 2016, we expanded our business and established a North American office to serve customers in the USA and Canada as well as work on establishing greater visibility for the company in this key market. Based in Huntsville, Alabama, Mynaric USA supports American customers on special projects and necessary product modifications.

In 2017, Mynaric continued on its growth path with a flotation on the German stock exchange to raise growth capital to enter serial production. The brand Mynaric was established in September 2017 and superseded the former brand Vialight.

MYNARIC MILESTONES



PRODUCT PORTFOLIO

PRODUCT INTRODUCTION

Laser communication is the next generation of wireless communication technology for backbone applications and its numerous benefits over existing RF communication include:

Reach

Mynaric's systems allow for links up to 600 km in the stratosphere and up to 4,500 km in space.

Data-Rate

Our products cater for data rates of up to 10 Gbps, with rates in the Tbps range possible in the future. These data rates are inaccessible to other wireless long-distance communication technologies.

Harmless

Our products use low-powered lasers that are invisible to the naked eye and cannot harm humans or animals during operation.

Security

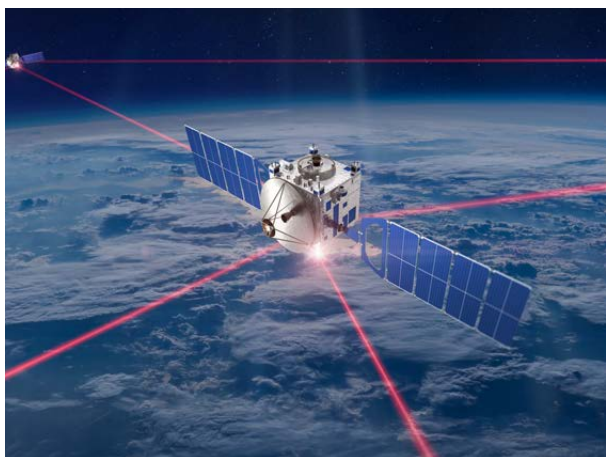
Laser communication is exceptionally secure as the laser beam is extremely narrow compared to RF signals meaning it cannot be tapped, jammed or spoofed.

Compact size

All of our products are developed with their application in mind and are carefully crafted to fit the restrictive low size, weight, and power consumption (SWaP) constraints of airborne and space scenarios

EXTRACT FROM THE CURRENT PRODUCT PORTFOLIO

Space-to-space cross link terminals



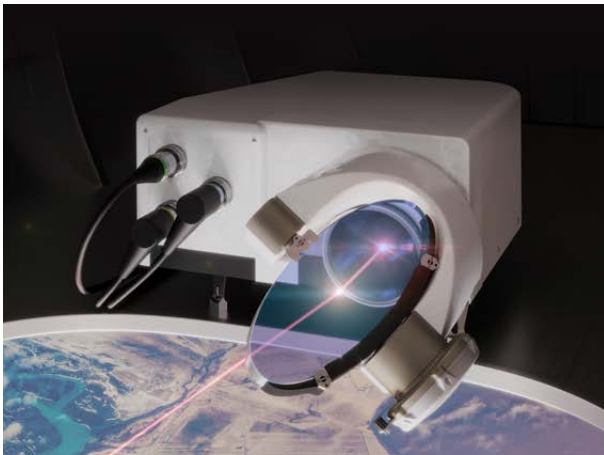
Space-to-space cross link terminals provide laser connections of up to 10 Gbps between satellites over distances up to 4,500 km.

Space-to-ground station



Space-to-ground stations provide laser connections up to 10 Gbps from satellites to the ground with distances up to 1,400 km.

Air-to-ground link terminals



Air-to-ground link terminals provide laser connections of up to 10 Gbps between aircraft, balloons, drones or other unmanned aerial vehicles and the ground over distances up to 50 km.

Air-to-ground station



Air-to-ground stations provide laser connections up to 10 Gbps from aircraft and high-altitude balloons and UAVs to the ground up to a distance of 50 km.

THE ORGANIZATION

MYNARIC GROUP

From our base just outside Munich, nestled in one of the key industry centers of world aerospace development, our European Headquarters serves as the company's center of technological expertise. It is from here – within walking distance to our former colleagues at the German Aerospace Center (DLR), out of which Mynaric grew – that we harness the technological potential of laser communication.

Here we host the advanced manufacturing and measuring equipment that ensures the absolute fidelity of our high specification products. From vibration test beds, that can accurately reproduce the stresses and strains of a rocket progressing from launch through the stratosphere and into space, to chambers that simulate the extremes of temperature that our products will experience in space aboard the numerous satellites for which they are designed, all of this product testing is undertaken in laboratories and clean-rooms that meet the most exacting of scientific standards and which ensure we remain at the vanguard of technological excellence.

We reorganized internally in early-2018 to better support our key aim of commercialization. Dedicated senior staff are now actively scouting new technologies – placing us at the forefront of these technologies as they are placed on the drawing board and allowing us to adopt and incorporate appropriate innovation as soon as it becomes available.

Such internal reordering of priorities helps us to improve our competitive intelligence and is integral to our corporate foresight strategy in our technologically fast-moving environment.

MYNARIC USA

Reflecting our strong commercial focus on the market that promises most movement in the development of airborne and spaceborne constellations, Mynaric has established Mynaric USA (formerly Vialight Space) to both support existing customers and seek out new business opportunities in this key North American market.

Seraphim Capital, who oversee a quarterly index which tracks global investment in segments of the space sector, has reported in its barometer of space funding for 2017 that at virtually every stage of the fundraising cycle in 2017 the US typically invested twice as much as non-US investors. As a result, it is our intention that Mynaric USA will develop into a company that continues our assault on, and advances into, the key American market, and to help us achieve this we have attracted staff with demonstrable technological and business backgrounds.

Mynaric USA's management team is headed by Joe Fehrenbach, formerly President of Hexagon US Federal where he oversaw an expanding technology portfolio and improved small and large business partnerships, while investing in R&D to drive long-term customer and shareholder value.

He is supported by Chief Technical Officer Mike Soutullo who has more than 35 years of experience in the space industry. Before joining Mynaric USA he led the development of the MUSES platform that is now successfully operating on the International Space Station.

Under their stewardship, Mynaric USA is now excellently poised to take Mynaric's message – and products – to the American marketplace.

MANAGEMENT BOARD

Two of the three members of the Management Board – Dr. Markus Knappek and Joachim Horwath - have direct, hands-on experience in the field of laser communication development and can boast upwards of a combined 30 years' experience working in this specialist field.

Under Dr. Wolfram Peschko's leadership the company's management structure allows Dr. Knappek and Mr. Horwath to maintain a proactive approach to product and business development whilst also allowing them the freedom to drive the company in the commercial direction we have chosen for ourself.

Dr. Wolfram Peschko, CEO, Strategy, Finance, and Management

Dr. Wolfram Peschko, Chief Executive Officer of Mynaric AG, has been with the group since 2011 and heads the Strategy, Finance and General Management divisions.

He possesses more than 30 years of experience in senior management, gained at various companies with sales of more than EUR 50 million and headcounts of up to 1,000 employees.

Dr. Wolfram Peschko holds a doctorate in physics from TU Darmstadt and is a graduate of the renowned INSEAD Advanced Management Program.

Dr. Markus Knappek, CCO, Business Development, Founder

Dr. Knappek is one of the co-founders of Mynaric and, as a Board Member of Mynaric AG, is responsible for group strategy, operations and business development.

From 2001 to 2003, he worked in technical sales for Siemens ICN in Moscow. From 2003 to 2011, he was employed at the German Aerospace Center (DLR), where he focused on the development of optical ground stations and atmospheric channel models in the field of laser communication.

Dr. Knappek holds an engineering doctorate from the Technical University of Munich (TUM) and a master's degree from the City University of New York.

Joachim Horwath, CTO, Technical Lead, Founder

Joachim Horwath is co-founder of Mynaric and, as CTO, has led product development in the field of wireless laser communication since 2009. As a Board Member of Mynaric AG, he is responsible for the technical direction of the Group.

From 2002 to 2015 he worked for the Institute of Communications and Navigation of the German Aerospace Center (DLR). He investigated atmospheric effects on coherent and incoherent laser communication systems and was responsible for developing a variety of aircraft laser terminals and ground stations.

Mr. Horwath has a degree in electrical engineering from Graz University of Technology in Austria.

SUPERVISORY BOARD

Dr. Manfred Krischke (Chairman of the Supervisory Board)

Dr. Manfred Krischke gained his doctorate in aerospace engineering from the Technical University of Munich. He is the co-founder and CEO of CloudEO and was the founder and CEO of RapidEye before its acquisition by Planet in 2015. In addition, Dr. Krischke has worked in several technology companies in top positions during his professional career.

Hans-Christian Semmler (Deputy Chairman)

Mr. Christian Semmler is the Managing Director of the company he founded in 2003, HCS Beteiligungsgesellschaft mbH. He was the Chairman of the Executive Board at Haupt Pharma AG from 2003 to 2010. Until 2001, Mr. Semmler was a member of the Financial Executive Board of Vossloh AG listed on the MDAX. He previously worked for Deutsche Bank AG. He is also a qualified lawyer.

Dr. Harald Gerloff

Dr. Harald Gerloff attended the Federal Institute of Technology (ETH) Zurich and concluded his studies with a masters degree in computer science. He further holds a doctorate in economics from the University of St. Gallen. Throughout his professional career he held leading management positions at IBM, Credit Suisse and as associate Partner at McKinsey & Co. He subsequently founded the internet software company Netmedia AG and as CEO drove its development into a global leader in Talent Management Software for large enterprises. Through his family office, Dr. Harald Gerloff is a major investor in technology companies.

Dr. Gerd Gruppe

Dr. Gerd Gruppe holds an engineering degree (Dipl. Ing) which he obtained from RWTH Aachen. In addition, in 1985 he completed his PhD on energy marketing. At the end of the 1980s, Dr. Gruppe was involved in the development of the German Space Operations Centre (GSOC) at the DLR location in Oberpfaffenhofen. Dr. Gruppe was a member of the Executive Board of the German Aerospace Center (DLR) where he was responsible for aerospace management between 2011 and 2017.

Rony Vogel

Mr. Rony Vogel studied at the University of Reutlingen where he obtained his degree as an engineer (Dipl. Ing) and an MBA. Furthermore, he has been working as an investor and entrepreneur for many years. In 2000, he co-founded Equity Story AG, which is now EQS Group AG. From 2000 until the sale of his company shares in 2002, he was a member of the Executive Board of the incubator he co-founded, Firestream venture24 AG. Since 2003, Mr. Vogel has been an active investor and entrepreneur in the area of software/internet, environmental technology and property.

PEOPLE

Underpinning the company's strength as a leading laser communication manufacturer is the company's staff.

Only with the determination and hard work of the people that make up Mynaric can we strive for long-term value for our shareholders and run our company efficiently.

Our key aim is to recruit and retain the right people for the right job and focus on creating a sustainable and attractive workplace that prioritizes competence, professionalism and our unrelenting focus on technical excellence.

Regardless of where one finds oneself working within the Mynaric family – in an administrative role or an ultra-high-tech one – we ensure that every contribution from all staff, regardless of seniority or role, is given equal weight and consideration.

The number of staff working at Mynaric has almost tripled in the last two years. In 2017 alone, 23 members of staff have been brought in to technical, administrative and specialist roles taking our staffing total, by the end of the year, to 56. It remains our expectation to see the company reach 100 employees by the end of 2018.

This exponential growth in staff numbers reflects the desire of the company to consolidate our position as one of the leading suppliers of laser communication systems.

We provide a democratic, family-friendly and flexible environment for our employees to work in and we place no strictures on their development. Should staff feel they are capable of helping in areas outside of their contractual remit we allow them the latitude to do so and take on additional responsibilities. With 80% of our employees being blue-chip technical specialists, we feel that this is something that helps both the employee and the company.

DIVERSITY

We are incredibly proud of the diversity of our employees. We believe that diversity, making use of the total talent base available, builds stronger and more dynamic teams. Our organization is well diversified in terms of age, gender and expertise and we firmly believe that a diverse workforce helps in creating innovation, improving employee performance, and to a better pooling of talents, skills and experiences. Our geographical diversity is reflected in the fact that our staff hail from no less than 16 countries.

STAFF DEVELOPMENT

Mynaric believes in investing in people. We want our employees to be efficient, productive and adaptable and we support each staff member - no matter where in the company they work - to achieve these attributes. We encourage our employees to communicate and collaborate, to create and innovate, and to identify problems and find solutions. All of the in-house and external staff development programs that we invest in, are designed to benefit both the employee and the company.

MISSION AND VISION

MISSION STATEMENT

Mynaric's primary aim is to become the world's leading provider of network equipment for the aerospace communication industry based on our laser communication products.

VISION

A digital divide currently splits the world into the connected and unconnected. Mynaric bridges this divide with laser communication technology to bring internet connectivity, via laser beams, to remote areas on Earth where connectivity is scarce, non-existent or economically unviable.

According to recent International Telecommunication Union figures, at the end of 2016 some 3.9 billion people remained cut off from the internet. The drive to bring this huge number of people into the digital fold has led to some of the world's leading technology companies starting work on establishing networks of connected airborne and spaceborne platforms from which connectivity can be directed to any spot on the planet.

Companies such as Facebook and Google are looking to establish high-altitude platforms - constellations - in the stratosphere to bring affordable connectivity to those people without internet access. SpaceX, OneWeb and others propose taking constellations even higher - into space - using the same concept as high-altitude platforms but connecting hundreds - even thousands - of satellites to create a global canopy encircling the world from which data is accessible.

Mynaric has positioned itself as the natural partner for such concepts and our future focus is on exploiting our technologies for use with these proposed game-changing developments in the field of telecommunications.

All of these planned constellations - whether in the stratosphere or in space - will require ultra-high-data rates that are safe, cost-effective and which can carry communications across vast distances. Only laser communication meets these criteria effectively.

Given the number of units that will eventually populate constellations, our focused move towards serial production of cost-effective laser communication products places us ahead of nearly all competition and gives us a truly competitive edge as the world sits on the cusp of the next great telecommunications revolution.

We aim to be at the forefront of this revolution in the years to come.

And it is from this position of strength that we embrace the commercial and technological prospects that await us in 2018.

MARKET DEVELOPMENT

THE RISE OF AEROSPACE COMMUNICATION NETWORKS – AN OVERVIEW

Given the special properties of laser communication, experts have confidently predicted that it will play a key role in the next generation of communication networks as it is clear that current networks are already reaching their economic and logistical limits due to the explosion in devices requiring an internet connection.

Future communication networks must be able to supplement the reach and availability of existing communication systems and also begin to establish robust connectivity in areas until now poorly served or not served at all. Current market trends such as tele-medicine, e-commerce, the "Internet of Things" (IoT) and "Industry 4.0" are placing pressures on existing network connectivity that are becoming increasingly intolerable and insupportable. The availability of a robust global connection to the internet is not only required for developed world problems – the 'things' in the Internet of Things range from infrastructure, shipping and logistics to energy, aviation and agriculture – but also for issues concerning the developing world which focus nearly entirely, understandably, on connecting the three billion people currently without any connectivity.

Concerns also exist with regard to the security of data transmitted on existing, wired connections which, by necessity, often run through many countries or lie at the bottom of oceans, exposed to the various physical threats that may undermine the security of data transmission. However, laser communication allows for a backbone network - sitting in the stratosphere or in space and beyond the reach of all potential threats - controlled by a single party and with all the attendant security that that brings with it.

And it is not just the infrastructural security of laser communication that makes it an attractive alternative to existing communication systems. The technology itself remains much more secure than current RF technology in that the narrowness of the laser beam means that wireless laser links from one network cannot possibly cause interference with wireless laser links in another network. The result is that - unlike microwave networks - operating licenses from the International Telecommunication Union and individual federal agencies are not necessary. Additionally, the technology makes it near-impossible to spoof, tap or jam.

With more and more information being generated by airborne and spaceborne platforms providing intelligence, surveillance and reconnaissance, there is a need for greater capacity to send back down to Earth the huge volume of information being collected from the air and space. RF equipment does not allow for all data to be directed back to the ground resulting in data loss in space and lack of real-time availability in the air. Currently 27% of Earth observation missions generate more data than they are able to downlink and only laser communication has the capacity to relay back to Earth, via air-to-ground and space-to-ground applications, this key information that is currently lost due to limitations in RF technology.

Being on the cusp of the next big revolution in telecommunications, there is no shortage of potential companies positing themselves as the ones to complete this revolution and establish internet connectivity from above the clouds. Whilst leading technology companies such as Google, Facebook, SpaceX and Telesat have made it known they are working on large networks in the stratosphere and in space powered by laser communications they are by no means the only companies to be planning such ventures. Whilst they understandably hog the media limelight, smaller companies are also entering the constellation market and Mynaric's business development focus is as much on these companies as it is on the larger players whose development is more visible.

Backbone laser connectivity - the optical fiber for the skies - will be the great enabler of these constellations, underpinning their reliability, robustness and security whilst delivering high speed data over vast distances.

So the market finds itself at a crossroads with regard to its future development. It either stays where it is at, with existing connections failing to provide the necessary reach and access required by the myriad devices that are added daily, or it repositions itself to make the move to the skies and, in so doing, address issues surrounding failing connectivity, lack of connectivity and increasing risks to security from the geopolitical situation in various regions.

We are very much of the opinion that the market is already moving in the direction of the latter and that we are supremely placed to exploit our position within the market with our commercial focus and technological primacy.

RECENT MARKET DEVELOPMENTS – A SUMMARY

The market is, as expected, beginning to progress along two distinct paths: the airborne and spaceborne routes.

Active work on airborne constellation-building, particularly aimed at utilizing civil aircraft to create airborne networks, is progressing soundly. Airborne Wireless Network in the United States carried out a successful Proof of Concept flight in May 2017 which confirmed the feasibility of their broadband commercial air-to-air system.

At higher, stratospheric altitudes, Facebook and Google continued their efforts to establish high-altitude platforms capable of spanning the globe.

Towards the end of 2017, Facebook stated that it “continue[s] to demonstrate the viability of HAPS systems for providing broadband connectivity” and there is every indication that the company will focus a large proportion of its energies in 2018 to maintaining its focus on the Aquila project, a project being closely overseen by Facebook’s Chairman and CEO, Mark Zuckerberg, who has let it be known very publicly that he sees internet access as a basic human right and who is determined that his company will be at the forefront of bringing internet connectivity to those who are currently cut off from it.

Facebook has also announced that it has teamed up with Airbus to lobby the International Telecommunication Union to allocate more capacity on the spectrum of radio signals for high-altitude pseudo-satellites (HAPS) and the two will work together on this given that Airbus is also working on developing its own solar-powered unmanned air systems that are designed to fly above 70,000ft for weeks at a time to provide broadband internet service in remote areas.

The efficacy of Google’s Loon project was demonstrated following two devastating hurricanes in Puerto Rico which knocked out entire cellphone networks in the country in late-2017. Two Loon balloons, sitting 18,000 meters above the affected areas, beamed down internet access to the most remote areas of Puerto Rico proving the technology and serving the purpose of providing connectivity where it is most needed.

The space market – which understandably monopolizes press coverage and public interest – has merited its recent high media profile with SpaceX now having launched two of its small satellites in low Earth orbit; small satellites that will form part of a 4,500-strong planned satellite constellation.

Just prior to the launch of SpaceX’s two prototype constellation small satellites, the American Federal Communications Commission (FCC) head, Ajit Pai, urged his colleagues within the FCC to approve SpaceX’s Starlink constellation and “unleash the power of satellite constellations to provide high-speed internet to rural Americans” and, in late-March of this year, the Commission approved the company’s application.

Importantly, the Commission also stated at the time of granting SpaceX its approval for Starlink that it intends to continue to look at similar options to expand broadband internet access.

OneWeb received FCC approval for its 720 low Earth orbit small satellites in the middle of last year and this year is expected to see the launch of the first 10 satellites of this planned fleet. There will be no optical communications on these satellites, but this will be a regionally-targeted, operational satellite constellation actively operating in space and interlinking to create a spaceborne constellation. This first spaceborne constellation is just months away from coming into being.

Last year, Telesat received FCC clearance for an LEO constellation consisting of 120 satellites and has already launched - this year - the first satellite in its constellation. This satellite is now being tested and the company is in the process of picking the technological partner which will provide the communication systems that will stitch this constellation together. A reading of the documents filed with the FCC in connection with this network, show that optical communications will be used in the eventual constellation.

The unmanned aircraft systems maker AeroVironment and Japan-based telecommunications company SoftBank have also announced that they are building a high-altitude, long-endurance unmanned aircraft system for commercial operations – these are precisely the kind of drones needed to build a constellation in the stratosphere. Indeed, SoftBank's Vision Fund, designed to be a catalyst for technology progress, and the biggest venture capital fund in history with 98B USD of deployable capital, has also previously invested \$1.2B in OneWeb to help fund its building of a space constellation. SoftBank has recently announced that it would like to not only intensify its investment in OneWeb but also look into other smallsat and communication-related businesses in space. This continued interest in the market by the most dominant venture capital fund on Earth indicates that confidence in the market regarding the opportunities lying ahead is growing.

The above are not only existing and potential customers for Mynaric's services and products but are also – taken together – proof positive that the market is now ready to actively and purposefully begin its march from drawing board to reality.

They also highlight the dynamic typifying the New Space environment in which Mynaric operates with low-cost, serially-produced units seen as the only feasible and practical way of delivering the communication systems that will stitch the various planned and actual constellations together.

WHAT LIES AHEAD - PROJECTIONS FOR 2018

It already appears highly likely that 2018 will be the year that the growing movement and impetus around taking data delivery above the clouds truly comes to fruition. Technological and regulatory developments in the last year or so have all been driving the industry into the position it now finds itself with concrete developments firing both the media's interest and the industry's confidence.

As constellation-building moves from conjecture to reality, with regulatory permission and encouragement expediting the proposed new networks, we expect increasing media exposure as it becomes clear that nearly all of the planned constellations anticipate utilizing laser communications to provide their backbone connectivity.

And there is already a highly noticeable upshift in media interest surrounding the establishment of satellite constellations and the technology underlying future telecommunication systems, especially with regard to issues surrounding lack of connectivity and lack of reach. Admittedly this is being driven, primarily, by Elon

Musk and SpaceX's remarkable achievements in the New Space environment but whilst SpaceX and its CEO may monopolize headlines and airtime it is to be noted that wider technological developments in telecommunications – as well as other companies focused on establishing constellations – are also responsible for driving this media focus.

Recent successful tests of Mynaric's laser communication products have led to the telecommunications trade press growing more fascinated by laser communication's role in underpinning and guaranteeing the commercial potential for the future telecommunications industry and in adequately catering for the desired outcome of all telecommunications providers the world over: bringing the three billion unconnected people on the planet into the digital fold.

With laser communication's potential spotlighted by the media and constellation-builders actively progressing in sending laser-equipped small satellites into orbit, the pressure on established GEO satellite operators to act will grow as their shareholders demand movement on stagnating revenues as a result of inaction as the new telecommunications revolution threatens to leave them standing adrift in the LEO constellation-builders' wake.

The opportunities for Mynaric are that the optical communications industry will undoubtedly see some truly momentous developments in 2018, driven by both large players with established and realizable plans for satellite constellations and regulatory agreement that the establishment of spaceborne constellations is the only way forward in delivering worldwide internet coverage.

FROM MARS COLONIES TO ASTEROID MINING – THE WORLD IN 2025

It will be the efforts of the constellation-builders that will shape the market in the coming years. Very few people seriously question the ability and efficacy of interconnected spaceborne and airborne constellations to provide additional reach and coverage for remote regions and people currently unconnected to the internet.

But today's activity around constellations in air and space are just the tip of a technological iceberg with their potential above the clouds promising to match the reality of what fiber optic cable has achieved on the ground. The fiber optic communications industry - the existing ground-based cabling supplying internet connectivity - is currently worth in the region of \$16bn. But it is an enabling technology that underpins and supports on its shoulders a wider telecommunications market totaling over \$1,600bn. These figures give a sense of the scale of the opportunity that lies ahead and which is rousing the interest and firing the endeavors of the big technology firms. And where these trailblazers tread others are sure to follow.

Security in the delivery of data, for example, is a key area where, in the years to come, laser communications and spaceborne constellations will truly come into their own.

A move toward decentralization of information on the internet meant 2017 saw the emergence of various blockchains to decentralize everything from cryptocurrencies and contracts to entire organizations. Some companies are already going a step further and aiming for a decentralization of network infrastructure. Aerospace communication networks will be a key element in realizing this ultimate decentralization with laser communication proving essential to accomplishing such networks.

Last year also saw the launch of the Chinese satellite Micius to demonstrate the efficacy of quantum key distribution from space to the ground: a 100% secure form of communication of encryption keys that quantum physics' properties ensure is totally impossible to hack. This was the first time quantum key

distribution was successfully demonstrated in space and its success spurred interest in concepts for an unhackable quantum internet in space. There is at present a lot of activity by large corporations to involve themselves with these concepts; only a fraction of which have been publicly announced. By way of an example, the Korean telecom provider SK Telecom has very recently invested \$65 million in quantum communication specialist ID Quantique.

The repercussions of these developments for Mynaric are that laser communication is an integral and essential building block in the use of quantum key distribution in space.

Aside from communications and security, planned developments taking place in the New Space environment such as Earth observation, tourism or even mining mean that there will need to be an established communications system to underpin all existing and future space developments.

Luxembourg has opened a \$227 million fund to oversee the establishment of asteroid mining businesses operating from the Grand Duchy, in so doing enacting legislation with regard to the commercial exploitation of space resources and following in the footsteps of the US which has already legislated in this area.

To be noted, as well, is that all of SpaceX's efforts are geared towards the eventual aim of getting a robotic mission to Mars by 2020 and sending a crewed mission there by 2024. Everything the company is currently doing is focused on that one aim; labelled absurd by many who are now having to watch as the company achieves success-after-success in reaching its ultimate goal.

There is also renewed interest in the Moon with a number of companies, as well as governments, all planning robotic or manned missions for exploration or even as a permanent outpost for humankind. The Americans are focused on the Moon with President Trump's Space Policy Directive 1 laying out the US administration's plans for a return to the lunar surface preparing for the eventual human exploration of Mars. The Chinese, also, see the Moon as a key plank in their space policy and have made successful missions there as part of the ongoing Chang'e program.

The establishment of a robust and reliable spaceborne communications system is a must for all of these advancements, both planned and in development.

All would appear to be pipe dreams were it not for the fact that all are happening. Whereas a few years ago people were dismissing the aspirations of these visionaries as figurative pie-in-the-sky, they are now conceding that these developments are, actually, *in* the sky and beyond.

There is always a possibility, as there is with any proposed development, that airborne and spaceborne constellations will not materialize or face delays in development. So our business plan includes redundancies should there be hiccups or delays to our preferred method of returning investment. Whilst we have focused heavily on equipping airborne and spaceborne constellations with our laser communication products - given the seismic shift in these moving from theory to actuality - these are by no means the only market for our products. Laser communication's invaluable role in Earth observation and intelligence, surveillance and reconnaissance is an additional focus for us which we see running in tandem with our focus on equipping constellations.

However, we fervently believe that both market movement and technological proactivity renders such a scenario near-impossible and we remain convinced that we will see our business focus bring financial and technological rewards through the equipping of airborne and spaceborne constellations with our laser communication products.

We feel that the next telecommunications revolution, which has been promised for some time now, has started in earnest and will change the face of human communication for years to come.

We are technologically-equipped and commercially-ready to be an essential and integral part of this revolution.

CORPORATE STRATEGY

We aim to become the leading equipment supplier for aerospace communication networks, with a specific focus on commercial telecommunication constellations in air and space.

Our current portfolio of laser communication products is the basis of Mynaric's value proposition and we focus on standardization and serial production of our products to achieve continued cost reduction to our customers.

By twinning this with the ambition of becoming a one-stop shop for aerospace communication networks and a strong focus on internationalization we hope to realize our mission to become the go-to supplier for the internet above the clouds.

SERIAL PRODUCTION

The market for laser communication terminals will be driven by the realization of commercial telecommunication constellations: a market that will, by some considerable margin, significantly exceed the market for highly specialized and niche applications.

Subsequently, we have based our business strategy on laser communication's use in constellations and, therefore, on serial production meeting the demand for large quantities of laser terminals that will be needed to build aerospace communication networks. Small quantities of products – or special, ad hoc requirements will only be considered if the orders are based on existing commercial products at negligible extra cost and provided the proposed production process is feasible.

This focus on serial production is reflected in supplier selection, production design, quality management, hiring principles and – in short – every aspect of Mynaric's business operation and provides the basis for equipping constellations with laser communication technology and Mynaric's competitive position.

CONTINUED COST REDUCTION

Mynaric's products are designed to be utilized in network scenarios requiring hundreds or even thousands of units. Suppliers are selected in such a way that they are capable of delivering large quantities of components at a competitive price in a short space of time. Mynaric uses cost-effective suppliers wherever possible and utilizes series-manufactured components – so called Commercial Off-The-Shelf components - which are widely available and not specifically made just for Mynaric's products.

This strategy differs fundamentally from the classic state-subsidized space business and allows for considerable development and production savings, all of which are passed on to customers to enable upmost technology adoption, extend economic viability and thus maximize the market for our products.

ONE-STOP-SHOP FOR AEROSPACE NETWORKS

Laser communication is considered a key technology for constellations and is the basis of Mynaric's value proposition. Mynaric is internationally leading the commercialization of this technology and this leadership positions the company at the forefront of market developments of aerospace communication networks with an intimate knowledge of the applications of tomorrow and the products and solutions needed to build this future.

We want to use this privileged position to expand our product offering to adjacent promising business activities and become a one-stop-shop for aerospace communication networks. These activities may include installation and maintenance services, solutions development and consultancy, additional technical devices or even operation of certain systems. The establishment of constellations will lead to other, as yet unintroduced, developments, opportunities and services and we are set to utilize our market insights to introduce new products to position Mynaric as the go-to-supplier for constellation builders.

INTERNATIONALIZATION

Mynaric’s international focus is an essential part of its business strategy. Key industry players are found in the international market and for this reason Mynaric’s policy is to forge an international presence through regional subsidiaries in attractive, potential markets with the aim of acquiring new customers worldwide.

A key area of Mynaric’s expansion strategy is in the USA where our US subsidiary, Mynaric USA, is charged with expanding the North American customer base. An additional business focus is to strengthen resources and activities in other key international markets such as the Middle East and Asia.



INCOME STATEMENT 2017

MYNARIC LASERCOM GMBH

in EUR	2017	2016
Sales revenues	1,638,766	471,496
Decrease (prior year: increase) in stock of work in progress	-35,046	174,190
Other own work capitalized	1,247,743	37,526
Other operating income	351,594	649,176
Total performance	3,203,057	1,332,387
Cost of raw materials, consumables and supplies	658,020	176,988
Cost of services purchased	825,070	192,598
Cost of materials	1,483,090	369,586
Wages and salaries	2,662,281	1,642,730
Social security and other pension and employee benefit expenses	399,043	265,737
Personnel expenses	3,061,325	1,908,468
Amortization and depreciation on intangible fixed assets and tangible fixed assets	142,226	127,771
Other operating expenses	1,605,841	762,343
Other interest and similar income	40,786	797
Interest and similar expenses	11,394	8,025
Taxes on income	0	0
Earnings after taxes	-3,060,033	-1,843,008
Net loss for the year	-3,060,033	-1,843,008

BALANCE SHEET 2017

MYNARIC LASERCOM GMBH

Assets in EUR	2017	2016
Intangible assets	34,817	162,885
Tangible fixed assets	1,789,414	613,743
Long-term financial assets	0	11,567
Fixed assets	1,824,231	788,195
Inventories	420,715	417,117
Receivables and other assets	520,940	501,742
Cash-on-hand, balances with credit institutions	1,576,348	227,015
Current assets	2,518,003	1,145,873
Prepaid expenses	35,113	8,756
Total Assets	4,377,346	1,942,824
Equity & Liabilities in EUR	2017	2016
Subscribed capital	32,455	28,952
Capital reserves	7,564,204	3,111,026
Loss carried forward	-2,878,253	-1,035,245
Net loss for the year	-3,060,033	-1,843,008
Equity	1,658,373	261,725
Provisions	309,340	361,364
Liabilities	2,409,633	1,319,735
Total Equity & Liabilities	4,377,346	1,942,824

NOTES TO THE FINANCIAL STATEMENTS

MYNARIC LASERCOM GMBH

A. GENERAL INFORMATION

Mynaric Lasercom GmbH (previous year: ViaLight Communications GmbH) is headquartered in Gilching and is entered in the Commercial Register of the Munich District Court (Reg. No. HRB 179806). It was renamed during the financial year by resolution of the shareholders' meeting on September 8, 2017.

Mynaric Lasercom GmbH is a small corporation within the meaning of § 267 (1) German Commercial Code (Handelsgesetzbuch – HGB). The financial statements are prepared on the basis of the classification, accounting and valuation provisions of the HGB, as amended, and the supplementary provisions of the Law on Limited Liability Companies (GmbHG).

Use has been made of size-related relief in preparing the financial statements.

The financial statements comply with the classification rules of § 265 et. seq. HGB.

The company is in the set-up phase for the series production of laser communication products. The resulting financing requirement is covered by the parent company, Mynaric AG. In view of this, management accordingly assumed when preparing the financial statements that the company would continue to exist despite the continuing loss situation.

B. ACCOUNTING AND VALUATION METHODS

1. Fixed Assets

Intangible and tangible fixed assets are valued at purchase or production cost less systematic and – if necessary – unscheduled depreciation.

Systematic depreciation is by the straight-line method on the basis of the normal useful life. Additions during the financial year are written off pro rata temporis for the full month of acquisition and following months.

Grants for project-related investments are deducted directly from the costs of the assets concerned.

Movable fixed assets with purchase costs of up to EUR 150.00 (low-value assets) were fully written off and fixed valuation items were recognized in the financial year for low-value assets with purchase costs of more than EUR 150.00 but not exceeding EUR 410.00.

Furthermore, fixed valuation items are recognized for tools, laboratory and test equipment and working clothes under fixed assets.

2. Inventories

Raw materials, consumables and supplies are valued at purchase cost. The principle of lower-of-cost-or-market-value is observed.

Work in progress is recognized at production cost, taking into account loss-free valuation. Production costs include direct materials costs and overheads, direct production costs and overheads, the depreciation of fixed assets and an appropriate portion of administrative costs. The manufacturing costs do not include

interest on borrowings. Associated prepayments, insofar as they have been received, are reported separately under liabilities.

3. Other current assets

Receivables and other assets are valued at the lower of cost or market value. Discounting was not necessary. Bank balances are valued at their nominal amount.

Prepaid expenses include payments made before the closing date insofar as they constitute expenses for a certain period after this reference date.

4. Provisions

The provisions take into account all foreseeable risks and uncertain obligations. They are recognized at the settlement amounts that appear necessary according to sound business judgment. Provisions with a remaining term of more than one year are discounted back to the closing date if necessary.

5. Liabilities

Liabilities are recognized in accordance with the highest value principle. Valuation is fundamentally at the settlement amount.

C. NOTES ON THE BALANCE SHEET

1. Fixed Assets

Tangible fixed assets include self-produced assets under construction amounting to EUR 1,109k.

The shares in Mynaric USA, Inc. (previous year: ViaLight Space Inc.) were sold to the parent company Mynaric AG.

2. Receivables and other assets

As in the previous year, all receivables have a term to maturity of up to one year

Receivables include EUR 406k in receivables from affiliated companies. Receivables of EUR 59k are from shareholders.

3. Bank assets

An amount of EUR 31k of bank balances is pledged as a rent deposit.

4. Equity

A capital increase of EUR 3,484k resolved on December 23, 2016 was not entered in the Commercial Register until January 26, 2017 and was therefore to be reported only in the financial statements for the 2017 financial year. Capital contributions were accordingly recognized in 2017.

5. Liabilities

Liabilities as at the closing date include liabilities to affiliated companies amounting to EUR 1,706k. They relate as to EUR 1,606k to the shareholder.

All liabilities have a term to maturity of up to one year.

D. NOTES ON THE INCOME STATEMENT

The income statement corresponds to the classification rules of § 275 HGB and is prepared according to the total cost accounting method.

Other operating income includes investment grants for subsidized projects amounting to EUR 328k.

Interest income of EUR 4k (previous year: EUR 1k) relate to affiliated enterprises. Of interest expenses, EUR 2k relate to loans from affiliated companies.

E. OTHER DISCLOSURES**1. Number of employees**

During the 2017 financial year, an average of 35 staff were employed.

2. Proposed appropriation of net profit

Management proposes that the annual loss for the financial year amounting to EUR 3,060k be carried forward to new account.

F. SIGNING OF FINANCIAL STATEMENTS

Gilching, March 16, 2018

Dr. Markus Knapek
General Manager

Dipl.-Ing. Joachim Horwath
General Manager

AUDIT OPINION

MYNARIC LASERCOM GMBH

To Mynaric Lasercom GmbH:

We have audited the annual financial statements comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the Mynaric Lasercom GmbH for the business year from January 1, 2017 to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the annual financial statements together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with Art. 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting.

Munich, March 19, 2018

BTU TREUHAND GmbH
Wirtschaftsprüfungsgesellschaft
Ulrich Schneider
Wirtschaftsprüfer

Peter Häussermann
Wirtschaftsprüfer

INCOME STATEMENT MYNARIC AG FOR THE SHORT FINANCIAL YEAR FROM 18 APRIL TO 31 DECEMBER 2017

in EUR	18.04. - 31.12.2017
Sales revenues	446,228.81
Wages and salaries	448,416.53
Social security contributions	39,573.80
Personnel expenses	487,990.33
Amortization and depreciation	48,396.07
Other operating expenses	2,870,892.94
Other interest and similar income	2,284.69
Interest and similar expenses	22.03
Earnings after taxes	-2,958,787.87
Net accumulated losses	-2,958,787.87

BALANCE SHEET 2017

MYNARIC AG

Assets in EUR	31.12.2017	18.04.2017
Intangible assets		
Concessions, industrial rights and similar rights and assets and licenses in such rights and assets acquired for consideration	191,056	0
Tangible fixed assets		
Other plant, factory and office equipment	124,538	0
Long-term financial assets		
Shares in affiliated companies	1,961,567	0
Fixed assets	2,277,161	0
Receivables from affiliated companies	2,647,680	0
Other assets	293,883	0
Cash and cash equivalents	26,812,463	12,500
Current assets	29,754,026	12,500
Prepaid expenses	52,036	0
Total Assets	32,083,223	12,500
Equity & Liabilities in EUR	31.12.2017	18.04.2017
Subscribed capital	2,704,304	12,500
Capital reserves	31,694,607	0
Net accumulated losses	-2,958,788	0
Equity	31,440,123	12,500
Provisions	256,151	0
Trade payables	268,667	0
Liabilities to affiliated companies	92,530	0
Other Liabilities	25,752	0
Liabilities	386,949	0
Total Equity & Liabilities	32,083,223	12,500

NOTES TO THE FINANCIAL STATEMENTS

MYNARIC AG

A. GENERAL INFORMATION

Mynaric AG is the parent company of the Mynaric Group, a manufacturer of laser communications products for the aerospace industry. It is headquartered in Gilching and is entered in the Commercial Register of the Munich District Court (Reg. No. HRB 232763).

The company was formed on April 6, 2017 as Blitz 17-625 AG and entered in the Commercial Register on April 18, 2017. The company was renamed Mynaric AG by resolution of the Annual General Meeting on August 7, 2017 and the change was entered in the Commercial Register on August 30, 2017. On October 30, 2017, the Company's shares were first listed on the open market (in the 'Scale' segment) of the Frankfurt Stock Exchange.

Mynaric AG is a small corporation within the meaning of § 267 (1) German Commercial Code (Handelsgesetzbuch – HGB). The financial year corresponds to the calendar year, whereby 2017 is a short financial year due to the formation during the year.

The financial statements as at December 31, 2017 have been prepared on the basis of the classification, accounting and valuation provisions of the HGB, as amended by the German Accounting Guideline Implementation Act (Bilanzrichtlinie-Umsetzungsgesetz – BilRUG) and the supplementary provisions of the Stock Corporation Act (Aktiengesetz – AktG). The financial statements comply with the classification rules of § 265 et. seq. HGB.

Use has been made of size-related relief in preparing the financial statements.

The income statement was prepared according to the total costs (type of expenditure) method (§ 275 (2) HGB).

B. ACCOUNTING AND VALUATION METHODS

The financial statements of Mynaric AG were prepared on the basis of the accounting regulations of the HGB. Additionally, the provisions of the AktG were to be observed.

Intangible fixed assets acquired for consideration were recognized at purchase cost and, insofar as they are subject to wear and tear, reduced by systematic amortization. The useful lives are 1–5 years for computer software and 10 years for trademark rights.

Tangible fixed assets were recognized at purchase cost and, insofar as subject to wear and tear, written down by systematic depreciation.

The systematic depreciation was undertaken in accordance with the expected useful lives of the assets by the straight-line method. The commercial law circumstances corresponded to the tax regulations. Assets with purchase costs of up to EUR 150 are recognized in full as an expense under other operating expenses in the year of acquisition. Assets with purchase costs of between EUR 150 and EUR 410 are depreciated as low-value assets in the year of acquisition.

Long-term financial assets are recognized at purchase cost or the lower market value.

Receivables and other assets are recognized at their nominal value and were valued taking all foreseeable risks into account. No individual or lump-sum value allowances were recognized for receivables cash and cash equivalents (bank balances) are recognized at their nominal values.

Prepaid Expense Items are recognized for payments made before the closing date insofar as they constitute expenditure for a certain period after this date.

Equity is recognized at nominal value.

Other provisions are recognized for all uncertain liabilities at the settlement amount necessary according to sound business judgement. All foreseeable risks were taken into account thereby.

Liabilities were recognized at the settlement amount.

C. NOTES ON THE BALANCE SHEET

1. Shares in affiliated companies

The shares in affiliated companies relate to the 100% shareholdings in the subsidiaries Mynaric Lasercom GmbH (formerly Vialight Communications GmbH) and Mynaric USA Inc. (formerly ViaLight Space, Inc.).

2. Receivables and other assets

Receivables from affiliated companies amounting to EUR 2,647,680.07 consist of receivables from Mynaric Lasercom GmbH and from Mynaric USA, Inc. They relate to the loans granted by the parent company to the subsidiaries for the purpose of financing current operations.

The other assets mainly consist of VAT receivables amounting to EUR 286,854.26, which from November 2017 onward also include the VAT receivables of Mynaric Lasercom GmbH (tax group pursuant to § 2 (2) No. 2 UStG).

3. Cash and cash equivalents

Cash and cash equivalents consist of credit balances at banks.

4. Subscribed capital

The Company's capital stock amounts to EUR 2,704,304 and is divided into 2,704,304 unregistered bearer shares with a nominal value of EUR 1 per share.

5. Capital reserve

The capital reserve is disclosed in accordance with § 272 (2) No. 1 HGB and relates to the premium included in the issue price of the no-par value shares. The allocation was made in full in the 2017 financial year.

6. Net accumulated losses

The full amount of net accumulated losses results from the loss for the 2017 short financial year.

7. Liabilities

The liabilities to affiliated companies consist of trade payables and other liabilities.

Other liabilities primarily consist of liabilities for taxes amounting to EUR 22,001.83 and social security liabilities amounting to EUR 3,266.23.

D. NOTES ON THE INCOME STATEMENT

1. Sales revenues

Sales relate to shared services rendered to the Mynaric Lasercom GmbH subsidiary.

2. Other operating expenses

Other operating expenses include expenses of EUR 2,329k for the IPO in October 2017.

E. OTHER DISCLOSURES

1. Management and Supervisory Boards

The Members of the Management Board in the 2017 financial year were:

- Dr. Wolfram Peschko, Gauting, Chairman
- Dr. Markus Knappek, Munich (from September 20, 2017)
- Joachim Horwath, Gilching (from September 20, 2017).

The Supervisory Board comprised the following Members as at 31 December 2017:

- Dr. Manfred Krischke, Chairman, CEO of Cloudeo AG
- Hans-Christian Semmler, Deputy Chairman, Managing Director of HCS Beteiligungsgesellschaft mbH
- Rony Vogel, Businessman and Investor
- Dr. Harald Gerloff, CEO of Netmedia AG
- Dr. Gerd Gruppe, Executive Board Member of German Space Center – Space Administration (DLR Raumfahrtmanagement) (retired)

2. Further general disclosures

Number of employees

During the financial year, the company employed an average of 7 full-time and 4 part-time staff.

3. Proposed appropriation of net profit

The Management Board of Mynaric AG proposes the Annual General Meeting to carry forward the net loss of EUR 2,958,787.87 to new account.

Gilching, March 16, 2018

The Management Board

Dr. Wolfram Peschko
Chairman of the Board

Dr. Markus Knapek

Dipl.-Ing. Joachim Horwath

AUDITOR OPINION MYNARIC AG

To Mynaric AG:

We have audited the annual financial statements comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the Mynaric AG for the period from April 18, 2017 to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the annual financial statements together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with Art. 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting.

Munich, March 19, 2018

BTU TREUHAND GmbH
Wirtschaftsprüfungsgesellschaft

Ulrich Schneider
Wirtschaftsprüfer

Peter Häussermann
Wirtschaftsprüfer

RESPONSIBILITY STATEMENT MYNARIC AG

We confirm that to the best of our knowledge the reporting in the financial statements of Mynaric AG for the period from April 18 through December 31, 2017 provides, in accordance with the applicable accounting principles, a true and fair view of the results of operations, financial position, and net assets and that the course of business including the business result and the situation of the company are presented in such a way as to convey a true and fair view and that the significant opportunities and risks of the expected development of the Group are described.

Gilching, April 24, 2018

The Management Board

SPECIALIST TERMINOLOGY

Airborne

Airborne communication takes place at high altitude and at regular airspace levels.

Air-to-Air Terminal

Air-to-Air terminals provide laser communication between aircraft, UAVs, stratospheric balloons and high-altitude platforms (HAPs).

Air-to-Ground Terminal

Air-to-Ground terminals provide laser communication between airborne objects and the ground.

Backbone

An internet backbone refers to one of the principal data routes between large, strategically interconnected networks and core routers on the internet.

Bidirectional

Simultaneous data transfer in both directions of a point-to-point link (see Uplink and Downlink).

Blockchains

A blockchain is a data structure that makes it possible to create a digital ledger of transactions and share it among a distributed network of computers using cryptography to allow each participant on the network to manipulate the ledger in a secure way without the need for a central authority.

Constellation

An interconnected communication network of flying objects (airplanes, balloons, satellites etc.) giving global or wide area coverage and capable of providing connectivity to vast areas.

Downlink

Communication sent from a satellite or aircraft to the ground.

Earth Observation Satellites

Satellites designed for Earth observation from orbit for the (primary) purpose of weather and environmental monitoring.

Laser Communication

Optical communication technology that uses light in free space (air, space etc.) to wirelessly transmit data for telecommunications. Interchangeably used with free-space optical communication.

High-Altitude Platform (HAP), also High-Altitude Pseudo Satellite (HAPS)

A high-altitude platform is a quasi-stationary aircraft that provides means of delivering a service to a large area while staying thousands of feet above in the air for long periods of time.

Jamming

A deliberate act to block a link's communications ability.

Laser Terminal

Laser terminals allow free space optic communication for aerial applications or space applications.

Latency

A delay between a signal being sent and being received.

Low Earth Orbit (LEO)

An orbit around the Earth which takes place at an altitude of between 160 km to 2,000 km.

Microwave

An electromagnetic wave with a frequency of typically 10 to 100GHz. For comparison, Mynaric's laser communication (also being an electromagnetic wave) utilizes a frequency of around 200,000 GHz.

Optical Ground Station

Optical ground stations enable laser-based communication between Earth and air or space objects.

Payload

The operational equipment on a satellite or unmanned aerial vehicle (UAV) that provides the primary service of the platform (e.g. a camera or radar on an Earth observation satellite, communication equipment on a communications satellite). The term is used to distinguish the primary systems from support systems necessary to operate the primary systems such as solar cells and propulsion systems.

Quantum Key Distribution

A secure communication method which implements a cryptographic protocol involving components of quantum mechanics.

Spaceborne

Spaceborne communication takes place between satellites moving in orbit around the Earth.

Space Terminal

Space terminals enable laser communication between satellites and between satellites and Earth. Mynaric's space terminal is currently in development and scheduled to be completed by early 2019. It can bridge distances of up to 4,000 km and at a data rate of 10 Gbps.

Spoofing

Spoofing refers to tricking or deceiving computer systems or other computer users.

Tapping

Tapping refers to the act of obtaining information by means of concealed listening or recording devices.

Transceiver

A device made up of both a transmitter and a receiver combined in one housing and sharing circuitry.

Transmission Rate

Transmission rate refers to the amount of data that is conveyed or processed per unit of time.

Unmanned Aerial Vehicle (UAV)

An unmanned aerial vehicle, normally a drone, without a pilot.

Uplink

Communication sent from the ground to a satellite or aircraft.

FINANCIAL CALENDER & IMPRINT

FINANCIAL CALENDER 2018

17. July	Annual General Meeting
October	Interim Report 30 June 2018
November	Deutsches Eigenkapitalforum, Frankfurt am Main

IMPRINT

Published by

Mynaric AG
Friedrichshafener Str. 3
82205 Gilching
Germany

Investor Relations

Kirchhoff Consult AG
e mynaric@kirchhoff.de
t +49 40 6091 86 - 65

Corporate Communications

Mynaric AG
e comms@mynaric.com
t +49 8105 7999 -117 (English)
t +49 40 609 186 - 65 (German)

Concept and Design

Kirchhoff Consult AG

