
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under the Securities Exchange Act of 1934

For the month of September, 2022.

Commission File Number 001-40736

Lilium N.V.

(Translation of registrant's name into English)

Claude Dornier Straße 1

Bldg. 335, 82234

Wessling, Germany

Telephone: +49 160 9704 6857

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

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Explanatory Note

On September 28, 2022, Liliium N.V. (the “Company”) issued (i) its Unaudited Condensed Interim Financial Statements as of and for the six months ended June 30, 2022 and (ii) its Management’s Discussion & Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2022, which are furnished as Exhibits 99.1 and 99.2 to this Report on Form 6-K, respectively.

Incorporation by Reference

The contents of this Report on Form 6-K, including Exhibits 99.1 and 99.2, are hereby incorporated by reference into the Company’s registration statement on Form S-8 filed with the Securities and Exchange Commission on November 18, 2021 (File No. 333-261175).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: September 28, 2022

Lilium N.V.

By: /s/ Daniel Wiegand

Name: Daniel Wiegand

Title: Chief Executive Officer and Executive Director

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Document</u>
99.1	<u>Unaudited Condensed Interim Financial Statements of Lilium N.V. as of and for the six months ended June 30, 2022</u>
99.2	<u>Management's Discussion & Analysis of Financial Condition and Results of Operations of Lilium N.V. for the six months ended June 30, 2022</u>



INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

As of and for the six-months period ended June 30, 2022

Lilium Group
IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Interim Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss) for the six-months periods ended June 30, 2022 and 2021

in € thousand	Note	2022	2021
Revenue		—	47
Cost of sales		—	(11)
Gross profit		—	36
Research and development expenses	[7]	(83,028)	(58,762)
General and administrative expenses	[8]	(46,987)	(38,718)
Selling expenses	[9]	(9,574)	(6,376)
Other income		2,599	153
Other expenses		(1,393)	(126)
Operating loss		(138,383)	(103,793)
Finance income	[10]	16,597	6,810
Finance expenses	[10]	(931)	(13,094)
Financial result	[10]	15,666	(6,284)
Share of loss in a joint venture/ associate	[13]	(1,457)	(201)
Loss before income tax		(124,174)	(110,278)
Income tax income / (expense)	[11]	478	(199)
Net loss for the period		(123,696)	(110,477)
Other comprehensive income / (loss)			
in € thousand	Note	2022	2021
Other comprehensive income that may be reclassified to profit or loss		(5)	22
Exchange differences on translation of foreign business units		(5)	22
Items that will not be subsequently reclassified to profit or loss		(68)	(22)
Remeasurement of defined pension benefit obligation		(68)	(22)
Other comprehensive income / (loss)		(73)	—
Total consolidated comprehensive loss for the period		(123,769)	(110,477)
Loss per share (basic and diluted) in €		(0.43)	(0.53)

The accompanying notes are an integral part of these interim condensed consolidated financial statements (IFRS).

Lilium Group
IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

**Interim Condensed Consolidated Statement of Financial Position as of
June 30, 2022 and December 31, 2021**

in € thousand	Note	June 30, 2022	December 31, 2021
Intangible assets		977	1,394
Property, plant and equipment	[12]	32,060	30,610
Investment in a joint venture / associate	[13]	13,597	15,054
Other financial assets		3,189	3,779
Non-financial assets	[15]	6,251	8,113
Non-current assets		56,074	58,950
Other financial assets	[14]	122,420	219,625
Non-financial assets	[15]	31,948	22,994
Cash and cash equivalents		103,132	129,856
Current assets		257,500	372,475
Total Assets		313,574	431,425
Subscribed capital	[16]	41,177	40,138
Share premium		779,347	779,141
Other capital reserves	[16]	252,940	240,430
Treasury shares		(151)	(151)
Accumulated loss		(840,830)	(717,134)
Accumulated other comprehensive income / (loss)		14	87
Shareholders' equity		232,497	342,511
Other financial liabilities	[18]	23	—
Lease liabilities		9,399	9,861
Provisions		450	373
Trade and other payables		5,032	2,906
Deferred tax liabilities		10	10
Non-current liabilities		14,914	13,150
Other financial liabilities	[18]	36	—
Lease liabilities		2,939	1,962
Share-based payments liabilities		6,801	8,028
Provisions		3,756	2,422
Income tax payable		35	552
Warrants	[18]	5,218	21,405
Trade and other payables		36,524	35,335
Other non-financial liabilities		10,854	6,060
Current liabilities		66,163	75,764
Total Shareholders' Equity and Liabilities		313,574	431,425

The accompanying notes are an integral part of these interim condensed consolidated financial statements (IFRS).

Lilium Group
IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity for the six-months periods ended June 30, 2022 and 2021

in € thousand	Note	Subscribed capital	Share premium	Other capital reserves	Treasury shares	Accumulated loss	Accumulated other comprehensive income		Total
							Currency translation reserve	Remeasurement of defined pension benefit obligation	
January 1, 2021		69	253,815	110,055	(0)	(306,098)	39	(158)	57,722
Retrospective application of stock split		29,481	(29,456)	—	(25)	—	—	—	—
January 1, 2021, as adjusted		29,550	224,359	110,055	(25)	(306,098)	39	(158)	57,722
Net loss for the period		—	—	—	—	(110,477)	—	—	(110,477)
Other comprehensive income and expenses		—	—	—	—	—	22	(22)	—
<i>Total comprehensive income (loss)</i>		—	—	—	—	(110,477)	22	(22)	(110,477)
Share-based payments	[17]	—	—	17,925	—	—	—	—	17,925
Convertible loans	[16]	2,464	127,814	(34,084)	—	—	—	—	96,194
June 30, 2021		32,014	352,173	93,896	(25)	(416,575)	59	(178)	61,364
January 1, 2022		40,138	779,141	240,430	(151)	(717,134)	83	4	342,511
Net loss for the period		—	—	—	—	(123,696)	—	—	(123,696)
Other comprehensive income and expenses		—	—	—	—	—	(5)	(68)	(73)
<i>Total comprehensive income (loss)</i>		—	—	—	—	(123,696)	(5)	(68)	(123,769)
Share-based payments	[17]	—	—	12,836	—	—	—	—	12,836
Conversion share-based payments into shares	[17]	1,007	206	(990)	—	—	—	—	223
ELOC commitment shares	[16]	32	—	664	—	—	—	—	696
June 30, 2022		41,177	779,347	252,940	(151)	(840,830)	78	(64)	232,497

The accompanying notes are an integral part of these interim condensed consolidated financial statements (IFRS).

Lilium Group
IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Interim Condensed Consolidated Statement of Cash Flows for the six-months periods ended June 30, 2022 and 2021

in € thousand	2022	2021¹
Net loss for the period	(123,696)	(110,477)
Adjustments to reconcile consolidated net profit (loss) to net cash flows		
Income tax (income)/expense	(478)	199
Net interest	654	3,649
Depreciation and amortization	3,743	2,980
Expenses for share-based payments	12,272	17,925
Net (gains)/losses from the disposal of intangibles and PP&E	(0)	(8)
Share of loss in a joint venture/ associate	1,457	201
Fair value changes of financial instruments and expected credit losses (ECL)	(16,320)	2,634
Income taxes refunded/(paid)	(39)	(18)
Expense from change in provisions	1,475	92
Working capital adjustments:		
Changes in trade and other payables	1,028	8,933
Changes in other assets and liabilities	(2,817)	(1,022)
Cash flow from operating activities	(122,721)	(74,912)
Purchases of intangible assets	(103)	(1,037)
Purchases of and advance payments on property, plant and equipment	(2,169)	(4,658)
Disposals of intangible assets, property, plant and equipment	9	8
Proceeds from short-term investments	179,823	50,000
Payments for short-term investments	(80,000)	—
Payments for promissory notes	—	(1,051)
Payments for the acquisition of an associate	—	(8,502)
Interest paid	(121)	—
Interest received	—	7
Cash flow from investing activities	97,439	34,767
Proceeds from convertible loans	—	1,850
Proceeds from share capital increase and capital contribution	255	7
Principal elements of lease payments	(1,315)	(1,040)
Interest paid	(417)	(65)
Cash flow from financing activities	(1,477)	752
Cash-based changes in cash and cash equivalents	(26,759)	(39,393)
Effect of foreign exchange rate changes and ECL on cash and cash equivalents	35	(15)
Net (decrease) / increase in cash and cash equivalents	(26,724)	(39,408)
Cash and cash equivalents at the beginning of the period	129,856	102,144
Cash and cash equivalents at the end of the period	103,132	62,736

The accompanying notes are an integral part of these interim condensed consolidated financial statements (IFRS).

¹ Certain amounts have been reclassified from prior year's interim condensed consolidated financial statements to conform to the current presentation.

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Lilium Group
IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Corporate Information

Lilium N.V., together with its German subsidiary Lilium GmbH (“Lilium” or the “Group”), is a start-up in the field of urban air mobility and intends to make regional air mobility a reality. Since its founding, Lilium GmbH has primarily engaged in research and development of a self-developed electric Vertical Takeoff and Landing (eVTOL) jet (the “Lilium Jet”) for production and operation of a regional air mobility service as well as related services.

Lilium N.V. is a public company under Dutch law and is registered under the Dutch trade register number 82165874. Lilium N.V. has its activities exclusively in Germany. The registered headquarters is Claude-Dornier-Str. 1, Geb. 335, 82234 Wessling, Germany.

Lilium GmbH is a German limited-liability company and is registered in the commercial register at the Bavaria District Court Munich Germany under the number 216921.

Prior to September 14, 2021, Lilium N.V. was a shell company with no active trade or business, and all relevant assets and liabilities, as well as income and expenses, were borne by Lilium GmbH. Therefore, the interim condensed consolidated financial statements for the six-months period ended on June 30, 2021 represent consolidated financial statements of Lilium GmbH. The share split of 1 : 2,857 that was effectuated just prior to the capital reorganization has been retrospectively applied to prior periods’ shareholders’ equity.

The interim condensed consolidated financial statements of Lilium N.V. and its subsidiaries, collectively referred to as “the Company”, “the Group” or the “Lilium Group”, for the six months period ended June 30, 2022, were authorized for issue by the Management Board on September 28, 2022.

Consolidated entities are as follows:

Name	Country of Incorporation	Date of incorporation	equity interest owned in %	
			June 30, 2022	June 30, 2021
Lilium N.V.	Netherlands	March 11, 2021	100.0 %	n/a
Lilium GmbH	Germany	February 11, 2015	100.0 %	100.0 %
Lilium Schweiz GmbH	Switzerland	December 8, 2017	100.0 %	100.0 %
Lilium Aviation UK Ltd.	United Kingdom	December 20, 2017	100.0 %	100.0 %
Lilium Aviation Inc.	United States	July 1, 2020	100.0 %	100.0 %
Lilium eAircraft GmbH	Germany	August 17, 2020	100.0 %	100.0 %
Stichting JSOP	Netherlands	September 10, 2021	0.0 %	n/a
Lilium Aviation Spain SL	Spain	April 7, 2022*)	100.0 %	n/a

*) date of purchase of a shell company (company without active business).

2. Basis of Preparation and Changes to the Group’s Accounting Policies

The Group’s interim condensed consolidated financial statements for the six-months periods ended June 30, 2022 and 2021 are prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, unless otherwise indicated. They are prepared and reported in thousands of Euro (“€ thousand”) except where otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2021.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's interim condensed consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts in the interim condensed consolidated financial statements. In preparing these interim condensed consolidated financial statements, management exercises its best judgement based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial period presented and are reviewed on an ongoing basis. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last annual financial statements. Significant judgments were made in determining the forfeiture in relation to a key management persons performance stock options. Please refer to note 17 for more details.

The Group operates its business as a single operating segment, which is also its reporting segment. An operating segment is defined as a component of an entity for which discrete financial information is available and whose results of operations are regularly reviewed by the chief operating decision maker. The Group's chief operating decision maker is the Chief Executive Officer, who reviews results of operations to make decisions about allocating resources and assessing performance based on consolidated financial information.

4. COVID-19 Risks and Uncertainties

Since January 2020, the Corona Virus (COVID-19) has spread worldwide. The strict measures to stop the spread of COVID-19 adopted in several countries where the Group operates had resulted in the majority of the Company's workforce working from home with a small number of teams with special purposes for development of the Lilium Jet remaining onsite. Since April 2022, a larger number of the workforce has returned to the offices. Modern forms of communication enabled contact to be maintained between various members of staff and deadlines defined before the period during which employees were working from home have been complied with. We continue to take actions as may be required or recommended by government authorities or in the best interests of our employees and business partners but COVID-19 could also affect the operations of our suppliers and business partners which may result in delays or disruptions in the supply chain of our components and delay the development and rollout of a vertiport network and commercial operations. The potential delay did not trigger an impairment of assets. Additional costs were incurred related to health, safety and transportation of employees which remained onsite, however, the impact of these did not materially impact these consolidated financial statements.

The current uncertainty regarding the consequences and duration of COVID-19 has negatively impacted the ability to develop a precise forecast for product development. Based on COVID-19 developments throughout 2020 and 2021 and the latest developments in 2022, the Group is expecting that business operation can be continued, no other impacts have been considered relevant.

5. War in Ukraine

Near the end of February 2022, a war started between Ukraine and Russia, and the tensions between Russia and the Western world are rising. Bilateral sanctions between Russia and Western countries worsen the business conditions worldwide, especially for companies working in Russia or with Russian companies.

Currently, we do not see any major direct impact on Lilium's business; Lilium has no suppliers in Russia or Ukraine. Nonetheless, the general worldwide economic climate worsens as well and already leads to increasing prices for raw materials and other parts provided by suppliers.

6. Going Concern

The financial statements have been prepared on a basis that assumes the Group will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Management assessed the Group's ability to continue as a going concern and evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern using all information available about the future, focusing on the twelve-month period after the issuance date of the financial statements.

Historically, the Group has funded its operations primarily through capital raises and loans from shareholders. In 2021, management realized plans to finance these investments and costs with the US public listing via a Reorganization which was completed in September 2021 (see consolidated financial statements as of December 31, 2021). Since the inception the Group has incurred recurring losses and negative cash flows from operations including accumulated losses of €841 million. The Group expects to continue generating operating losses for several years. Based on the business plan the Group depends on additional financing for development activities and operations.

This realization of the Reorganization had been crucial for the Group's ability to continue as a going concern.

Based on its recurring losses from operations since inception, expectation of continuing operating losses in the future and the need to raise additional capital to finance its future operations, the Group has concluded that there is substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

7. Research and Development Expenses

For the six-months period ended June 30, 2022, research and development expenses consisted of €38,686 thousand in personnel expenses, including share-based payment expenses; €20,047 thousand expenses incurred by suppliers on behalf of the Group in preparation for certification and serial production of the Lilium Jet; €11,549 thousand in contractor and consulting expenses; €4,594 thousand in testing component and material costs; €2,837 thousand on amortization and depreciation expenses and €5,315 thousand on other miscellaneous expenses.

8. General and Administrative Expenses

For the six-months period ended June 30, 2022, general and administrative expenses included €16,895 thousand personnel expenses, including share-based payment expenses; €14,921 thousand contractor and consulting expenses; €7,653 thousand IT costs, including a Cloud Subscription contract to a related party (see note 21); €3,358 thousand in insurance premiums primarily related to Directors and Officers' Liability insurance; and €4,160 thousand other miscellaneous expenses.

9. Selling Expenses

For the six-months period ended June 30, 2022, selling expenses consisted of €7,319 thousand personnel expenses, including share-based payment expenses, and €2,255 thousand miscellaneous other expenses.

10. Financial Result

Financial result is comprised of the following for the six-months periods ended June 30, 2022 and 2021:

In € thousand	2022	2021
Finance income	16,597	6,810
thereof: fair value changes	16,350	6,757
thereof: reversal of expected credit losses	124	—
Finance expenses	(931)	(13,094)
thereof: interest portion of lease payments	(230)	(214)
thereof: fair value changes	(67)	(9,391)
thereof: expected credit losses	(87)	—
thereof: interest on convertible loans	—	(3,422)
Financial result	15,666	(6,284)

Fair value changes in the current period result from the warrant revaluation (€16,187 thousand in financial income) and from a foreign currency exchange forward contract entered into in June 2022 (€163 thousand in financial income). Finance expenses of €67 thousand relate to a fair value loss on the money market funds.

Fair value changes in the prior period result from the embedded derivatives of the convertible loans (2021: €6,757 thousand in finance income), as the respective convertible loan has been converted, as well as from a foreign currency exchange forward contract entered into in May 2021 (€9,376 thousand in finance expense).

11. Income Taxes

The Group calculated the period income tax expense, during the six-months periods ended June 30, 2022 and 2021, the Group recorded consolidated income tax income of (€478) thousand and expense of €199 thousand, respectively. These income taxes mainly relate to foreign subsidiaries.

Major deferred income taxes have not been recorded. The netting of deferred tax liabilities and deferred tax assets results in a net deferred tax asset. The net deferred tax asset has been valued with zero. Deferred tax assets on the tax losses carried forward are not recognized either given the tax losses carried forward relate to entities with a history of losses.

12. Property, Plant and Equipment

During the six-months period ended June 30, 2022, the Group acquired assets with a cost of €4,320 thousand (June 30, 2021: €5,700 thousand):

In € thousand	June 30, 2022	December 31, 2021
Right of use assets – buildings, net	11,519	10,910
Technical machinery, net	10,083	9,069
Office and other equipment	4,178	4,380
Furniture and fixtures, net	3,672	3,555
Technical machinery under construction	1,014	884
Other, net	1,594	1,812
Property, Plant and Equipment, net	32,060	30,610

Assets with a net book value of €9 thousand were disposed by the Group during the six-months period ended June 30, 2022 (June 30, 2021: €0 thousand), resulting in a net gain on disposal of €0 thousand (June 30, 2021: net gain of €8 thousand). No indicators of impairment existed which would have required items of property, plant and equipment to be tested for impairment in the six-months periods ended June 30, 2022 and 2021.

13. Investment in a Joint Venture / Associate

Investment in Zenlabs

The Group's share in Zenlabs Energy, Inc is diluted in the period to 31.36 % through the issuance of 273,227 and 350,000 series B preferred stock by Zenlabs respectively to other investors, offset by a share buyback of 273,227 common stock.

As of December 31, 2021, the Group accounted for the Zenlabs investment as an associate under IAS 28 'Investment in associates and joint ventures' based on the Group's significant influence on the business of Zenlabs. With the amended investors agreement dated May 12, 2022, management concluded that Lilium and two preferred stockholders have joint control of Zenlabs. The Group has concluded that as a result of the transaction Zenlabs is now classified as a joint venture under IAS 28.

Accordingly, Lilium continues equity accounting without any change for the six-months period ended June 30, 2022. The gain on the dilution of an interest in an equity-accounted investee of €368 thousand is recognized in the share of loss in a joint venture.

The following table illustrates the summarized valuation of the Group's investment in Zenlabs:

In € thousand	Carrying Value
January 1, 2022	15,054
Share of loss in a joint venture/ associate	(1,457)
June 30, 2022	13,597

14. Other Financial Assets

Lilium has placed part of its liquidity in fixed term deposits with a remaining term of more than 3 months to gain a better return on the surplus liquidity. As of June 30, 2022, the Group held €119,561 thousand (December 31, 2021: €119,664 thousand) in fixed-term deposits. During the period, €79,970 thousand cash was received from matured deposits including €121 thousand interest expense, and €80,000 thousand was invested into new fixed-term deposits.

During the period, the Group sold all investments in Money Market Funds for total proceeds of €99,853 thousand (December 31, 2021: €99,919 thousand). In addition, Lilium entered into a foreign currency exchange contract to reduce foreign currency risk from US dollar exposure. As of June 30, 2022, the foreign currency exchange contract was recognized as a derivative financial asset with a fair value of €163 thousand.

15. Non-Financial Assets

Non-financial assets are as follows:

In € thousand	June 30, 2022	December 31, 2021
Advance payments	6,251	8,113
Total non-current non-financial assets	6,251	8,113
Value added tax claims	22,611	12,602
Prepaid expenses	6,905	9,924
Miscellaneous other current non-financial assets	2,432	468
Total current non-financial assets	31,948	22,994
Total non-financial assets	38,199	31,107

In the period to June 30, 2022, claims for value added taxes increased by €10,009 thousand largely due to claims in Germany.

16. Shareholders' Equity

On September 14, 2021, upon the Reorganization, all outstanding Lilium GmbH shares (Common shares, Seed shares, Series A, Series B1 and Series B2) have been transferred to Class A shares in the relationship 1 : 2,857, except for 8,545 shares which have been transferred into 24,413,065 Class B shares. Lilium had 261,244,915 Class A shares issued with a nominal value of €0.12, resulting in a share capital of €31.3 million, and 24,413,065 Class B shares issued and outstanding with a nominal value of €0.36, resulting in a share capital of €8.8 million. Class B shares have triple votes.

The movements of the shares issued during the six-months period ended June 30, 2021, have been retrospectively adjusted to reflect the share split that occurred in 2021, prior to the Reorganization. Accordingly, this retrospective application of the share split has increased subscribed capital by €29,481 thousand, decreased share premium by €29,456 thousand and decreased treasury shares by €25 thousand as of January 1, 2021; retrospective application leaves total shareholders' equity unchanged.

(in units)	Common shares (Class A)	Supervoting shares (Class B)	Total	Lilium GmbH Total ¹
Outstanding as of January 1, 2021	69,031	—	69,031	69,031
Issued as of January 1, 2021	69,103	—	69,103	69,103
Retrospective application of share split	172,945,103	24,413,065	197,358,168	—
Retrospective application of share split (treasury shares)	(205,632)	—	(205,632)	—
Outstanding as of January 1, 2021, as adjusted	172,808,502	24,413,065	197,221,567	69,031
Issued as of January 1, 2021, as adjusted	173,014,206	24,413,065	197,427,271	69,103
Issued shares - convertible loans	20,533,259	—	20,533,259	7,187
Outstanding as of June 30, 2021, as adjusted	193,341,761	24,413,065	197,221,567	76,218
Issued as of June 30, 2021, as adjusted	193,547,465	24,413,065	197,427,271	76,290
Outstanding as of January 1, 2022	259,990,224	24,413,065	284,403,289	—
Issued as of January 1, 2022	261,244,915	24,413,065	285,657,980	—
Issued shares for share-based payments exercised	8,392,206	—	8,392,206	—
Warrants exercised	10	—	10	—
ELOC commitment shares	262,697	—	262,697	—
Outstanding as of June 30, 2022	268,645,137	24,413,065	293,058,202	—
Issued as of June 30, 2022	269,899,828	24,413,065	294,312,893	—

¹ Not adjusted retrospectively to reflect the share split which occurred in 2021.

During the six-months period ended June 30, 2022, in total 8,392,206 shares have been issued due to the execution of vested share-based payments; EUR 1,007 thousand have been added to subscribed capital, thereof €990 thousand transfer from other capital reserves, and €206 thousand to share premium.

As 10 warrants have been exercised, 10 shares have been issued. €1.20 have been paid into subscribed capital and €103.33 into the capital reserve. €5.45 have been transferred from share-based payment liabilities to other capital reserves.

A number of 262,697 shares have been issued as compensation for the share purchase agreement (ELOC – see below); the amount of €32 thousand have been paid into subscribed capital, and the remaining fair value of the shares of €664 thousand have been expensed to other capital reserves.

Share Purchase Agreement (“ELOC”)

On June 3, 2022, the Group entered into a Share Purchase Agreement and a Registration Rights Agreement with Tumim Stone Capital LLC (“Tumim Stone”), pursuant to which (a) the Group agreed to issue 262,697 (the “Commitment Shares”) of the Group’s Class A shares to Tumim Stone and (b) Tumim Stone has committed to purchase, subject to certain limitations, up to \$75 million of Class A shares.

Under the terms and subject to the conditions of the Share Purchase Agreement, the Group has the right, but not the obligation, to sell to Tumim Stone, and Tumim Stone is obligated to purchase, Class A shares up to the total commitment of \$75 million. Such sales of Class A shares by the Group, if any, will be subject to certain limitations, and may occur from time-to-time in the Group’s sole discretion, over the period commencing once certain conditions specified in the Share Purchase Agreement are satisfied, including the filing and securing effectiveness of the registration statement and ending on the first day of the month following the 24-month anniversary of the closing date.

Class A shares up to the total commitment of \$75 million will be issued from the Group to Tumim Stone at a discount to the volume-weighted average price on the date a purchase notice is deemed delivered from the Group to Tumim Stone.

The Group shall not issue or sell any Class A shares to Tumim Stone under the Share Purchase Agreement that, when aggregated with all other Class A shares then beneficially owned by Tumim Stone and its affiliates, would result in Tumim Stone beneficially owning more than 4.99 % of the outstanding Class A shares (the “Beneficial Ownership Limitation”); provided that Tumim Stone may, in its sole discretion, elect to increase the Beneficial Ownership Limitation to permit Tumim Stone to beneficially own up to 9.99 % of the outstanding Class A shares.

The Group determined that the right to issue Class A shares represents a freestanding purchased put option and the purchased put option was classified as a derivative asset with a fair value of zero at inception and as of June 30, 2022.

Given that the Group believes that it is probable that it will utilize the facility in full, the fair value of the Commitment Shares issued under the Share Purchase Agreement economically represents an equity issuance cost paid upfront and as such were recorded as general and administrative expenses with an equivalent offset in capital reserves (€664 thousand).

As of June 30, 2022, there have been no sales of Class A shares under the Share Purchase Agreement.

17. Share-based Payments

Overview

Lilium offers several share-based plans as summarized in the table below. All plans are equity-settled, except for new success fees and Joint Stock Option Plan (“JSOP”; including bonus) which are treated as cash-settled. There are no major changes to the plans compared to what was described in the financial statements for 2021 except for the fact that the attrition rate has been modified to reflect a higher expected attrition than assumed before.

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The table below summarizes the expense/(income) recorded for share-based payments in the six-months periods ended June 30, 2022 and 2021:

In € thousand	2022	2021
General population and executives – standard ESOP (equity-settled)	5,225	17,925
General population – RSU	1,728	—
Executives – ESOP modified	1,705	—
Executives – RSU	1,676	—
Executives – Performance-based stock options	(919)	—
Executives – Time-based stock options	3,463	—
Executives – Success fees (cash-settled)	2,141	—
Executives – Success fee (equity-settled)	—	1,506
JSOP incl. bonus (cash-settled)	(3,411)	—
Total expense	11,608	19,431

Standard ESOP

The grant date fair value of the equity-settled options was estimated for those participants who received options under the ESOP or who signed the revised agreement which resulted in a capital reserve of €105,867 thousand in total as of June 30, 2022 (December 31, 2021: €100,684 thousand).

The expense recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Expense arising from equity-settled share-based payments	5,225	17,925
Expense arising from cash-settled share-based payments	—	—

The weighted average fair value of options granted during the period was €17,483 thousand (2021: €15,430 thousand). The exercise price for all options is €1.

Movements during the period

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the six-months periods ended June 30, 2022 and 2021 (in Lilium N.V. shares):

Equity-settled options:

(in units)	2022 Number of options	2022 WAEP	2021 Number of options	2021 WAEP
Outstanding at January 1	19,573,307	€ 0.00	17,204,854	€ 0.00
Granted during the period	5,714	€ 0.00	1,279,936	€ 0.00
Forfeited during the period	(442,835)	€ 0.00	(285,700)	€ 0.00
Exercised during the period	(8,253,725)	€ 0.00	—	—
Transferred to cash-settled	(22,856)	€ 0.00	—	—
Transferred from cash-settled	—	—	908,526	€ 0.00
Outstanding at June 30	10,859,605	€ 0.00	19,107,616	€ 0.00

The exact WAEP for all options is €1 divided by 2,857, which is €0.00035 and rounded to nil.

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Total options that vested during the period were 1,545,389 options (2021: 2,437,021 options). The weighted average share price for exercised options has been €3.77.

General population - Restricted Stock Units (“RSU”)

The expense recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Expense arising from equity settled RSU	1,728	—

The agreements have now been finalised and granted, and the general terms and conditions have been fixed.

Movements during the periods

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, RSU during the six-months periods ended June 30, 2022 and 2021:

(in units)	2022 Number of options	2022 WAEP	2021 Number of options	2021 WAEP
Outstanding at January 1	162,800	€ 0.12	—	—
Assigned during the period	2,782,614	€ 0.12	—	—
Forfeited during the period	(9,837)	—	—	—
Outstanding at June 30	2,935,577	€ 0.12	—	—

The weighted average remaining contractual life of RSU is 0.4 years.

Measurement of fair values

The options are equity settled and have an exercise price of nominal €0.12 per share. The exercise price is significantly lower than the share price at grant date. Accordingly, the intrinsic value of the RSU has been used, i.e. the share price at grant date less the exercise price. During the period, the weighted average fair value of options granted or reasonably expected to be granted in the future is €2.32.

Executives - Employee Stock Option Program (“ESOP”) modified

Some executives have received ESOP comparable with the general ESOP program, but with individual conditions in respect to the vesting scheme and with different exercise prices.

The expense recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Expense arising from equity-settled share-based payments	1,705	—

The total fair value of outstanding options granted was measured at €10,771 thousand.

Movements during the periods

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, Lilium N.V. share-based share options during the six-months periods ended June 30, 2022 and 2021:

(in units)	2022 Number of options	2022 WAEP	2021 Number of options	2021 WAEP
Outstanding at January 1	1,888,477	€ 7.90	—	—
Granted during the period	—	—	—	—
Forfeited during the period	(86,796)	€ 8.90	—	—
Outstanding at June 30	1,801,681	€ 7.85	—	—

Total options in Lilium N.V. shares vested during the period was 159,995 options (prior period 2021: 0 options). As of June 30, 2022, none of the options granted under the ESOP plan had been exercisable and/or eligible to be settled. The weighted average remaining contractual life is 11.9 years.

Measurement of fair values

No options have been granted in the first six months 2022 under this plan. Hence, no valuation was necessary due to equity settlement.

Executives - Restricted Stock Units (“RSU”)

The expense recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Expense arising from equity settled RSU	1,676	—

Movements during the periods

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the six-months periods ended June 30, 2022 and 2021:

(in units)	2022 Number of options	2022 WAEP	2021 Number of options	2021 WAEP
Outstanding at January 1	1,050,913	€ 0.12	—	—
Assigned during the period	370,434	€ 0.12	—	—
Forfeited during the period	(163,200)	€ 0.12	—	—
Exercised during the period	(49,548)	€ 0.12	—	—
Outstanding at June 30	1,208,599	€ 0.12	—	—

In the table above, assigned rights include granted rights as well as rights explicitly expected to be granted in the future. 99,609 options are exercisable as of June 30, 2022. The weighted average remaining contractual life is 1.7 years.

Measurement of fair values

Similar to the RSU for the general population the exercise price is significantly below the share price at grant. While a Black-Scholes model was used to determine the RSU fair market value, the outcome of the valuation basically reflects the intrinsic value of the RSU. Accordingly, input parameters other than the share price are not material.

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For fair value calculations the share price was taken as the closing price at grant date of Lilium N.V. share. The weighted average fair value of options assigned during the period was €2.95.

Executives – Performance-based stock options

The income recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Income arising from performance-based stock options	(919)	—

Movements during the periods

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the six-months periods ended June 30, 2022 and 2021:

(in units)	2022 Number of options	2022 WAEP	2021 Number of options	2021 WAEP
Outstanding at January 1	7,036,501	€ 8.15	—	—
Assigned during the period	1,272,059	€ 9.42	—	—
Forfeited during the period	(4,711,839)	€ 8.66	—	—
Outstanding at June 30	3,596,721	€ 7.93	—	—

No options are exercisable as of June 30, 2022. The weighted average remaining contractual life is 9.5 years.

As of June 1, 2022, 4,341 thousand performance stock options granted to a key management person were forfeited and the expense already recognized from prior years (€1,553 thousand) has been released in general and administrative expense. The forfeiture was the result of a change in responsibilities which result in a different remuneration. In total, 1,006 thousand options were newly granted to the key management person, and an expense of €17 thousand has been recognized for the period January 1 – June 30, 2022. The reason for the grant of the new options was partially as ex-gratia benefit for his services rendered in his former role as well as an incentive for his new role. The number of options therefore take into account the 681 thousand options under the former arrangement, for which the service condition was already fulfilled. The remaining 325 thousand options must fulfill the service vesting condition until 2025 and all options remain subject to the previously agreed performance vesting condition. The exercise price is unchanged, for further details of the plan we refer to the financial statements for the fiscal year 2021.

Measurement of fair values

The following table lists the inputs to the Black-Scholes model used for the fair market value calculation for new performance-based stock options for the period ended June 30, 2022:

	June 30, 2022
Risk free rate range	0.60 % - 0.81 %
Expected dividend yield	—
Expected exercise term	3.3 years
Expected volatility	109.9 % - 111.4 %

The expected volatility was based on an evaluation of the historical volatilities of comparable listed peer group companies. It reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For fair value calculation the share price was taken as the closing price at grant date of Lilium N.V. The weighted average fair value of options granted during the period was €1.12, the exercise prices are within the range €9.39 - €9.55.

The ex-gratia grants are included in the new options above, based on market conditions at June 1, 2022.

Executives – Time-based stock options

The expense recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Expense arising from time-based stock options	3,463	—

Movements during the periods

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the six-months periods ended June 30, 2022 and 2021:

(in units)	2022 Number of options	2022 WAEP	2021 Number of options	2021 WAEP
Outstanding at January 1	2,951,000	€ 7.25	—	—
Granted during the period	768,817	€ 3.62	—	—
Forfeited during the period	—	—	—	—
Outstanding at June 30	3,719,817	€ 6.50	—	—

As of June 30, 2022, in total 567,500 stock options are exercisable. The weighted average remaining contractual life is 9.9 years.

Measurement of fair values

The following table lists the inputs to the Black-Scholes model used for the fair market value calculation for time-based stock options as of the grant date:

	June 30, 2022
Risk free rate	(0.69) % – 0.21 %
Expected dividend yield	—
Expected exercise term	9.9 years
Expected volatility	121.9 % - 124.1 %

The expected volatility was based on an evaluation of the historical volatilities of comparable listed peer group companies. It reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. Other common inputs to option pricing models such as discount rate, dividends expected and expected term. For fair value calculation the share price was taken as the closing price at grant date of Lilium N.V. share. The weighted average fair value of options granted during the period was €1.57. The weighted average exercise price of the option is €3.62.

Executives – Success fees

The expense recognized for participant services received during the six-months periods ended June 30, 2022 and 2021 is shown in the following table:

In € thousand	2022	2021
Expense for success fees cash-settled	2,141	—
Expense for success fee equity-settled	—	1,506
Total expense	2,141	1,506

As of June 30, 2022, €4,731 thousand are recorded as provisions in the consolidated statement of financial position.

Measurement of success fees

The success fees were measured as discounted expected cash flows for the success fee arrangements.

The total expense of success fees is calculated as a percentage of the amount raised and recognized over the period of grant date and estimated fundraising dates i.e., over the period when the performance condition is expected to be satisfied. The expected fundraising amounts are adjusted to the probability of fundraising, based on management's best estimate which is 67 % and a weighted average timing of 1.6 years. Discount rates in the range of 0.32 % to 0.81 % have been applied.

Executives - Joint Stock Ownership Plan (JSOP) and bonus

Expenses/(income) during the six-months periods ended June 30, 2022 and 2021 from the JSOP and the bonus are shown in the following table, the award is fully vested:

In € thousand	2022	2021
Expense/(income) for JSOP	(2,718)	—
Expense/(income) for bonus	(693)	—
Total expense/(income)	(3,411)	—

The JSOP and the bonus have been revaluated as of June 30, 2022, and due to the decrease in the share price, an income has been recorded.

Advisors – Strategic collaboration agreement (Azul Warrants)

The Azul up-front warrants have not been exercised by Azul as of June 30, 2022 and December 31, 2021. For the status of the commitment, refer to note 20.

18. Warrants and Other Financial Liabilities

Warrants and other financial liabilities are as follows:

in € thousand	June 30, 2022	December 31, 2021
Other non-current financial liabilities	23	—
Other current financial liabilities	36	—
Warrants	5,218	21,405
Total	5,277	21,405

19. Additional Disclosures on Financial Instruments

The following tables disclose the carrying amounts of each class of financial instruments together with its corresponding fair value:

Financial instruments, analyzed by classes and categories

In € thousand	Category	Carrying amount	June 30, 2022 Fair value
Financial assets, by class			
Cash at banks and petty cash	AC	103,132	n/a
Fixed term deposit	AC	119,561	n/a
Security deposits	AC	5,870	5,783
Derivative financial assets	FVTPL	163	163
Other financial assets	AC	16	n/a
Total financial assets		228,742	
Financial liabilities, by class			
Trade and other payables (non-current)	AC	5,032	4,290
Trade and other payables (current)	AC	36,524	n/a
Warrants	FVTPL	5,218	5,218
Other financial liabilities	AC	59	n/a
Total financial liabilities		46,833	

Financial instruments, analyzed by classes and categories

In € thousand	Category	Carrying amount	December 31, 2021 Fair value
Financial assets, by class			
Cash at banks and petty cash	AC	129,856	n/a
Money Market Funds	FVTPL	99,919	99,919
Fixed term deposit	AC	119,664	n/a
Security deposits	AC	3,821	n/a
Total financial assets		353,260	
Financial liabilities, by class			
Trade and other payables (non-current)	AC	2,906	n/a
Trade and other payables (current)	AC	35,335	n/a
Warrants	FVTPL	21,405	21,405
Total financial liabilities		59,646	

The Public Warrants are traded in an active market and are therefore categorized in level 1 of the fair value hierarchy - the Private Warrants have been treated equally. In addition, money market funds are also categorized as level 1 as traded in an active market. The security deposits and the derivative financial assets are categorized in level 2 of the fair value hierarchy. The fair value of the derivative financial asset is determined based on market-based exchange rates discounted for the remaining term. The fair value of the security deposits is determined as expected cash flows discounted using market-based credit risk adjusted interest rate curves that are applicable for the respective counterparty and specific for the residual term of each financial instrument. The fair value of the non-current accruals that are part of the non-current trade and other payables was calculated in the same way; however, as the credit risk of the Group is not observable at the market, these are categorized in level 3 of the fair value hierarchy.

Transfers between levels of the fair value hierarchy are deemed to take place at the end of the period.

20. Commitments and Contingencies

The Group has various lease contracts that have not yet commenced as of June 30, 2022. The future lease payments for these non-cancellable lease contracts are €200 thousand within one year, €1,847 thousand between one and five years and Nil thereafter.

The Group has commitments under operating contracts. The future payments for the operating contracts are €49,046 thousand within one year, €104,609 thousand between one and five years and €18,558 thousand thereafter. The commitments under operating contracts increased significantly during the period as a result of entering into a large number of supply-chain agreements to support the readiness for serial production.

Further, the Group has commitments of €12,673 thousand to acquire items of property, plant & equipment and commitments of €4,440 thousand to acquire items of intangible assets.

The Group is required to issue, subject to the execution of definitive agreements, warrants to purchase up to 6,200,000 Class A shares (the "Azul Additional Warrants"), which are expected to vest in three tranches upon achieving certain performance and market conditions (see note 17). As of the date these condensed interim financial statements were approved, no contracts with respect to the acquisition of Lilium Jets or any other collaboration have been executed.

On April 18, 2022, a putative class action was filed against Lilium N.V., Daniel Wiegand, Geoffrey Richardson, and Barry Engle for purported violations of United States securities laws. This lawsuit was filed in the U.S. District Court for the Central District of California and is presently captioned as: Maniraj Ashirwad Gnanaraj v. Lilium N.V. et al., 2:22-CV-02564. The Group's management believes the claims are without merit and intend to vigorously defend this litigation. The lawsuit is currently at a preliminary stage and the Group cannot predict its outcome, so the Group therefore cannot determine the likelihood of loss or estimate a range of possible loss.

21. Related Party Disclosures

Transactions with Key Management

Key management personnel have been defined as the members of the Board of Directors and Senior Leadership Team of Lilium.

The annual remuneration and related compensation costs recognized as expense during the six-months periods ended June 30, 2022 and 2021 is comprised of the following (number of granted options in Lilium N.V. shares):

In € thousand	2022	2021
Short-term employee benefits	1,640	1,697
Share-based payment remuneration:		
- Legacy ESOP (2022: 4,175,163 options; 2021: 5,933,989 options)	2,734	7,107
- Modified ESOP for executives (2022: 1,801,681; 2021: Nil)	1,705	—
- RSU (2022: 1,208,599; 2021: Nil)	1,676	—
- Stock options (2022: 7,316,538; 2021: Nil)	4,220	—
- Success fees	(1,270)	1,506
Total	10,705	10,310

Short-term benefits include salaries, bonus and other benefits such as medical, death and disability coverage, company car and other usual facilities as applicable.

The share-based payment remuneration represents the compensation cost of standard and modified ESOP, RSU, performance-based and time-based equity awards and success fees. Refer to note 17.

Success fee remuneration includes the changes of the Joint Stock Ownership Plan (Stichting JSOP) and of the bonus issued to one member of key management personnel, as described in notes 17. (€2,718) thousand are recognized in general and administrative expenses in relation to the JSOP and (€693) thousand in general and administrative expenses in relation to the bonus.

The Group paid €57 thousand (period to June 30, 2021: Nil) in selling expenses and Nil (period to June 30, 2021: €19 thousand) in general and administrative expenses during the period under an existing consulting agreement with an entity controlled by a member of key management personnel.

During the period, the Group entered into a new consulting contract with an entity controlled by a member of key management personnel for a total value of €193 thousand (\$200 thousand). As of June 30, 2022, the Group recognized €61 thousand in Selling expenses in relation to the contract.

In the period ended June 30, 2022, the board members of the Lilium N.V. have received a compensation of €172 thousand (period to June 30, 2021: Nil).

Transactions with related parties

The Group recognized €94 thousand (period to June 30, 2021: €226 thousand) in research and development expenses in the period under an existing Development agreement with Zenlabs Energy, Inc. During the period, the Group was party to a new investment agreement with Zenlabs Energy, Inc, as described in note 13. As a result of the investment agreement Zenlabs changed from an associate of the Group to a joint venture. The Group recognized €368 thousand gain on dilution in share of loss in a joint venture.

The Group recognized €1 thousand (period to June 30, 2021: Nil) in research and development expenses and €92 thousand (period to June 30, 2021: Nil) in selling expenses with other related parties in the period.

The Group purchased property, plant and equipment of €5 thousand (period to June 30, 2021: Nil) from other related parties in the period.

As of June 30, 2022, the Group held €32 thousand in trade and other payables owed to other related parties.

Transactions with shareholders

Cloud subscription

On March 28, 2021, Lilium entered into a non-cancelable purchase obligation for a cloud subscription with a shareholder (which provides advanced data analytics capability), including support services, updates and related professional services, for €42,433 thousand (\$50,000 thousand) payables in increasing annual instalments over five years. This shareholder has no significant influence on Lilium.

The Group recognized €4,292 thousand (period to June 30, 2021: €1,278 thousand) in General and Administration expenses. As of June 30, 2022, the Group had prepaid services under the subscription of €951 thousand (as of December 31, 2021: €2,927 thousand) for future costs in non-financial assets.

As of June 30, 2022, and December 31, 2021, the Group has remaining commitments of €34,659 thousand and €34,015 thousand on the contract, respectively.

22. Events after the Reporting Period

Share Purchase Agreement (“ELOC”)

Between July 5, 2022 and September 15, 2022, the Group issued 4,262,000 Class A Shares to Tumim Stone under the Purchase Agreement referred to in note 16 for cash proceeds of €10,576 thousand. The Group recorded the issued Class A shares at fair value net of equity issuance cost (represented by the discount) by increasing subscribed capital of €511 thousand and share premium of €10,065 thousand.

Class B share transactions

In July 2022, the Company agreed that up to 375,000 Class B shares can be returned without consideration and 375,000 treasury Class A shares will be offered as compensation. In August 2022, 375,000 Class B shares have been returned and accordingly 375,000 treasury Class A shares have been re-issued to the Class B shareholder who is a related party.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of Lilium's consolidated results of operations and financial condition. The discussion should be read together with the unaudited condensed interim financial statements as of and for the six months ended June 30, 2022, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and related interpretations issued by the IFRS Interpretations Committee. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the section titled "*— Cautionary Note Regarding Forward-Looking Statements*" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. For additional information relating to our management's discussion and analysis of financial condition and results of operations, please see our annual report on Form 20-F for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the "SEC") on March 30, 2022 (the "Annual Report"). Capitalized terms used but not defined herein are as defined in the Annual Report.

Overview

We are a next-generation aviation company. We are focused on developing an eVTOL aircraft for use in a new type of high-speed air transport system for people and goods—one that would offer increased connectivity for communities around the world as well as generate time savings for travelers, would be accessible from Vertiports close to homes and workplaces, be affordable for a large part of the population and be more environmentally friendly than current regional air transportation.

The products we are developing are fully electric jet aircraft that can take off and land vertically with low noise. Our objective is for the Lilium Jets to be the basis for sustainable, high-speed regional air mobility networks. We believe such networks will require less infrastructure than traditional airports or railway lines, and a fully electric jet aircraft would produce minimal operating emissions. We expect our Lilium Jets will generate zero operating emissions during flight. A single trip might save hours for a traveler. In the aggregate, these networks could save our societies millions of travel hours—and significant carbon emissions—each year.

Currently, our development efforts are focused on our ongoing certification process for the Lilium Jet with the European Union Aviation Safety Agency ("EASA") and the Federal Aviation Administration (the "FAA") and building out our manufacturing capacity. We plan to rely on three business models. First, we plan to use the Lilium Jet within regional passenger shuttle networks, initially in the U.S. and Europe, that we intend to create and operate with third parties. Second, we plan to provide a Turnkey Enterprise solution to enterprise and other customers. Third, we anticipate being able to offer Private and Fractional Sales options to the public.

Current Trends

Continuing Development and Commercialization Activities

The advance of our development program through the detailed design and industrialization phase is expected to lead to increased supplier contracting activity from the latter half of 2022, which we expect to result in a slight increase in our operating expenses and cash spending in the second half of 2022 as compared to total cash spend of €123 million for the six months ended June 30, 2022.

Given our development stage and operating structure, most of our expenses to date are tied to headcount and our prototypes. We expect to continue to incur significant expenses in the foreseeable future, and we expect our cash burn to increase over time in connection with our ongoing activities, particularly for completing the Type Certification process, building our serial production factory, launching commercial operations and ensuring all infrastructure and talent resources are in place. See "*— Liquidity and Capital Resources.*"

Preliminary Design Review

In late 2021, we opened our Preliminary Design Review (PDR), an important milestone in traditional aerospace product development. This review has now been completed. This process consisted of a series of technical reviews to assess whether the aircraft architecture of the Lilium Jet would meet airworthiness requirements, deliver the performance requirements assumed in the business case and be produced at the appropriate quality levels and at scale. The PDR process has helped us to refine and optimize the aircraft's design, as well as to identify and mitigate program and certification risks. With PDR now completed, we are working in close alignment with EASA toward the next major milestone on the Lilium Jet's path to certification, agreement of the certification program.

Impact of the COVID-19 Pandemic

With COVID-19 vaccines becoming more broadly available, most of our employees have returned to onsite work. However, there can be no assurance that future developments regarding the spread of COVID-19 will not result in a return to working from home for large portions of our workforce and the reinstatement of additional COVID-19 mitigation measures.

Uncertainty regarding the consequences and duration of COVID-19 negatively impacted our ability to develop a precise forecast for product development in prior periods. Based on the latest developments, we are expecting business operations to continue.

We are closely monitoring the ongoing effects of COVID-19, and while the pandemic has not resulted in a material slowdown in our engineering, testing, certification and production activities, adverse developments could cause our operations and the operations of our vendors, suppliers, and commercial partners, including infrastructure, airline, training and other business partners, to be adversely impacted, and adverse developments from COVID-19's ongoing economic and health repercussions could negatively impact our future field engineering, testing and certification processes and manufacturing capacity, as well as our commercial activities, including potential delays and restrictions on our ability to recruit and train staff. COVID-19 could also affect the operations of our suppliers and business partners, which has resulted and may continue to result in delays or disruptions in the supply chain of our components, parts and materials and which could delay the development and rollout of a Vertiport network and our commercial operations. We will continue to closely monitor the effects of the pandemic.

Impact of the War in Ukraine and General Economic Factors

Although we do not have any operations or direct suppliers located in Ukraine, Belarus or Russia and have not yet experienced any direct impacts from the conflict, we believe our continuing design and development activities, regulatory certification processes and ability to contract with prospective customers, suppliers and other counterparties, as well as to progress to the production, manufacturing and commercialization of the Lilium Jets, could be adversely affected by the conflict between Russia and Ukraine. For example, the continuance or any escalation of the conflict could result in disruptions to our business and operations, increase inflationary pressures and adversely affect our anticipated unit and production costs, increase raw material costs and cause further disruption to supply chains, impacting our ability to successfully contract with suppliers, and have other adverse impacts on our anticipated costs and commercialization timeline. Existing or additional government actions, including sanctions, taken in response to the conflict could also adversely impact the commercial and regulatory environment in which we operate. Such disruptions could similarly impact our data protection and design efforts, including if there are any increased cyberattacks or data security incidents as a result of the conflict, and negatively impact our corporate, research and development and production efforts and result in us incurring increased cybersecurity costs.

We continue to closely monitor the possible effects of the conflict in Europe and general economic factors, including the impact of inflation, on our business and planning. These factors put pressure on our costs for employees and materials and services we procure from our suppliers, as well as affect other stakeholders and regulatory agencies.

Going Concern

Our financial statements for the six months ended June 30, 2022 have been prepared assuming that Lilium will continue as a going concern. See "*— Liquidity and Capital Resources*" below.

Key Components of Operating Results

Research and Development Expense

Research and development activities are primarily in the fields of engineering, prototyping (including our Phoenix demonstrator aircraft), production, testing and certification. In addition to overall aircraft architecture and configuration, we are undertaking research activities relating to energy system, propulsion system, including acoustic characteristics and core engine design, as well as software and control systems. We are continuing to invest in the development of our Liliium Jet, including production, testing, spare parts and maintenance.

The costs for internally generated research and development are expensed when incurred. Some costs for internally generated development may be capitalized if the relevant conditions under International Accounting Standard (“IAS”) 38 are met. To date, we have not capitalized any research and developments costs.

Research and development activities primarily include the following expenses:

- personnel-related expenses for research and development activities, including salaries, benefits, social security contributions, travel and share-based compensation;
- fees paid to third parties, such as consultants and contractors, for outsourced engineering services;
- expenses related to materials, including various components used in development of the Liliium Jet, supplies, software costs and licenses and third-party services; and
- depreciation for equipment used in research and development activities.

We expect our research and development costs to increase for the foreseeable future as we continue to invest in research and development activities to achieve our operational and commercial goals.

General and Administrative Expense

General and administrative expenses consist of personnel-related expenses for our corporate, executive, finance and other administrative functions, expenses for outside professional services, including legal, audit and accounting services, as well as expenses for facilities, software costs and licenses, depreciation, amortization and travel. Personnel-related expenses consist of salaries, benefits, social security contributions and share-based compensation.

Selling Expense

Selling expenses consist of personnel expenses, including salaries, benefits and share-based compensation for all personnel directly involved in business development and marketing activities. Such expenses are incurred to prepare for providing regional air mobility services enabling Liliium to commence commercial operations, to prepare infrastructure for Vertiports and for marketing and external communications. Our sales and marketing efforts are conducted through a highly specialized sales team related to the commercialization of our service. Our investment in sales and marketing will continue to grow as we continue to expand our team globally.

Finance Income

Finance income for the six months ended June 30, 2022 consisted primarily of the change in fair value of our Warrants. Finance income for the six months ended June 30, 2021 consisted primarily of a gain from recognizing changes in fair value of convertible loans.

Finance Expense

Finance expenses for the six months ended June 30, 2022 consisted primarily of negative interest and leasing. Finance expenses for the six months ended June 30, 2021 consisted primarily of interest expense on our convertible loans and changes in the fair value of the derivatives embedded in our convertible loans.

Share of loss in a joint venture / associate

On March 10, 2021, Liliium entered into a Share Purchase Agreement according to which Liliium acquired 25.7% of the shares of Zenlabs Energy Inc. (“Zenlabs”) for a purchase price of €8.5 million. On July 15, 2021, Liliium entered into a further Stock Purchase Agreement in which we acquired a further 9.1% of the shares of Zenlabs across two transactions on July 16, 2021 and September 27, 2021, for a total consideration of €7.4 million. The consideration included the conversion of outstanding promissory notes at a fair value of €2.2 million, including a €1.1 million promissory note purchased on March 19, 2021. Liliium’s ownership percentage in Zenlabs was diluted to 31.36% during the six months ended June 30, 2022 due to Zenlabs’s issuance of shares to other shareholders, partially offset by Zenlabs’s repurchase of shares. Based on this dilution and an amended investors agreement as of May 12, 2022, management concluded that Liliium and two Zenlabs preferred stockholders have joint control of Zenlabs. The Group has concluded that Zenlabs is now classified as a joint venture under IAS 28 following the completion of these transactions. Accordingly, Liliium continued equity accounting without any change for the six-month period ended June 30, 2022.

Results of Operations

Comparison of the six months ended June 30, 2022 to the six months ended June 30, 2021

(thousand €)	Six Months Ended June 30,		Change	
	2022	2021	(Absolute)	(%)
Revenue	—	47	(47)	*n.m.
Cost of sales	—	(11)	11	*n.m.
Gross profit	—	36	(36)	*n.m.
Research and development expenses	(83,028)	(58,762)	(24,266)	41 %
General and administrative expenses	(46,987)	(38,718)	(8,269)	21 %
Selling expenses	(9,574)	(6,376)	(3,198)	50 %
Other income	2,599	153	2,446	*n.m.
Other expenses	(1,393)	(126)	(1,267)	*n.m.
Operating loss	(138,383)	(103,793)	(34,590)	33 %
Finance income	16,597	6,810	9,787	144 %
Finance expenses	(931)	(13,094)	12,163	*n.m.
Financial result	15,666	(6,284)	21,950	*n.m.
Share of loss in a joint venture / associate	(1,457)	(201)	(1,256)	*n.m.
Loss before income taxes	(124,714)	(110,278)	(14,436)	13 %
Income tax income / (expense)	478	(199)	677	*n.m.
Net loss for the period	(123,696)	(110,477)	(13,219)	12 %

*n.m. marks changes that are not meaningful for further discussion

Revenue

We are currently not generating revenues from regional air mobility services. In rolling out our business, we have engaged in infrastructure and mobility consultancy services provided to airport authorities with which future collaborations are planned. We did not generate any revenue related to such services in the six months ended June 30, 2022, compared to €47 thousand for the six months ended June 30, 2021.

Research and Development Expenses

Research and development expenses increased by €24.2 million, or 41%, to €83.0 million during the six months ended June 30, 2022, from €58.8 million for the six months ended June 30, 2021. Professional services, which include consulting and contractor services, increased by €19.6 million due to the ramp up of research and development activities with suppliers and partners. Salaries and social security expenses (without share-based payments) increased by €7.1 million amounting to €34.5 million due to increased head count, partially offset by a €7.8 million decrease in share-based payment expenses.

General and Administrative Expenses

General and administrative expenses increased by €8.3 million to €47.0 million during the six months ended June 30, 2022, from €38.7 million during the six months ended June 30, 2021. The increase was primarily attributable to an increase in salaries and social security expenses of €4.7 million due to increased number of employees, in IT expenses of €3.3 million and in insurance expenses of €3.3 million, partially offset by a €3.3 million decrease in consulting and contractor services.

Selling Expenses

Selling expenses increased by €3.2 million, or 50%, to €9.6 million during the six months ended June 30, 2022, from €6.4 million for the six months ended June 30, 2021, primarily attributable to an increase in salaries and social security expenses of €3.8 million due to increased number of employees.

Other Income

Other income increased by €2.4 million to €2.6 million for the six months ended June 30, 2022 compared to €0.2 million for the six months ended June 30, 2021, primarily attributable to gains from foreign currency exchanges.

Other Expenses

Other expenses increased by €1.3 million, mainly due to losses from foreign currency exchanges.

Financial Result

The financial result improved by €22.0 million to a gain of €15.7 million for the six months ended June 30, 2022, from a loss of €6.3 million for the six months ended June 30, 2021, primarily due to €16.2 million income from reduction in warrant liability for the six months ended June 30, 2022, compared with €6.8 million gain from the embedded derivative of the convertible loans, €3.4 million interest expenses on convertible loans and €9.4 million losses from a foreign currency exchange forward contract for the six months ended June 30, 2021.

Liquidity and Capital Resources

Current Sources of Liquidity and Capital Resources

Since our inception in 2016, we have been primarily engaged in research and development of eVTOL aircraft and have consequently incurred significant operating losses. Our operating losses were €138.4 million and €103.8 million for the six months ended June 30, 2022 and 2021, respectively. We expect to continue to incur losses and negative operating cash flows during the remainder of 2022 and for the foreseeable future, until we successfully commence sustainable commercial operations.

Since inception, we have financed our operations primarily from the issuance of our ordinary and preferred equity and convertible loans. Since our founding, we have relied on external financing for our research and development activities, as well as to the organizational processes and resources required for these activities.

On June 3, 2022, we entered into a Purchase Agreement with Tumim Stone Capital LLC (“Tumim”), pursuant to which Tumim has committed to purchase up to \$75.0 million of our Class A shares, at our direction from time to time. We issued 262,697 of our Class A shares to Tumim as consideration for its commitment to purchase our Class A shares under the Purchase Agreement.

Sales of Class A Shares by us to Tumim under the Purchase Agreement are subject to certain limitations and may occur, from time to time at our sole discretion, over the approximately 24-month period commencing from our initial satisfaction of all conditions to Tumim's purchase obligations set forth in the Purchase Agreement (the "Commencement," and the date on which the Commencement occurred, the "Commencement Date"). From and after the Commencement Date, we have the right, but not the obligation, from time to time at our sole discretion, to direct Tumim to purchase certain amounts of our Class A shares, subject to certain limitations in the Purchase Agreement, that we specify in purchase notices that we deliver to Tumim under the Purchase Agreement (each such purchase, a "Purchase"). Class A shares are issued by us to Tumim at a 3% discount to the volume weighted average price (the "VWAP") of the Class A shares during the trading day on the date that a purchase notice with respect to a particular purchase (a "VWAP Purchase Notice") is delivered by us to Tumim. Each VWAP Purchase Notice directs that Tumim purchase the applicable number of Class A shares at the applicable purchase price. There is no upper limit on the price per share that Tumim could be obligated to pay for the Class A shares under the Purchase Agreement. The purchase price per Class A share to be sold in a Purchase will be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, share split, reverse share split or other similar transaction.

Tumim has no right to require us to sell any Class A Shares to Tumim, but Tumim is obligated to make purchases as directed by us, subject to the satisfaction of conditions set forth in the Purchase Agreement at Commencement and thereafter at each time that we direct Tumim to Purchase Class A Shares under the Purchase Agreement. Actual sales of Class A shares to Tumim will depend on a variety of factors to be determined by us from time to time, including, among others, market conditions, the trading price of our Class A shares and determinations by us as to the appropriate sources of funding for us and our operations.

We did not sell any Class A shares to Tumim during the six months ended June 30, 2022. We have sold 4,262,000 Class A shares to Tumim subsequent to June 30, 2022 for gross proceeds of approximately \$10.8 million.

As of June 30, 2022 and December 31, 2021, we had cash and cash equivalents and other financial assets of €228.7 million and €353.3 million, respectively, and no substantial debt. Our cash is mainly held at banks, on hand, or invested in short-term deposits or similar liquid assets. As of June 30, 2022 and December 31, 2021, we had current other financial assets of €122.4 million and €219.6 million, respectively, as well as non-current other financial assets of €3.2 million and €3.8 million, respectively.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

Our financial statements for the six months ended June 30, 2022 have been prepared on a basis that assumes that Liliium will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Management assessed our ability to continue as a going concern and evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern using all information available about the future.

Historically, we have funded our operations primarily through capital raises and loans from shareholders. In 2021, management realized plans to finance these investments and costs through our U.S. public listing. This has been crucial for our ability to continue as a going concern.

We expect to continue generating operating losses for several years. Based on our business plan, we will depend on additional financing for our continuing development activities and operations. Based on our recurring losses from operations since inception, expectation of continuing operating losses in the future and the need to raise additional capital to finance our future operations, we have concluded that there is substantial doubt about our ability to continue as a going concern for a period greater than 12 months from the filing of this document.

Debt

In March 2020, we entered into a convertible loan arrangement for €85.9 million with a shareholder, which was converted into 7,187 Liliium GmbH Series B-2 Shares (representing 9.4% of our total outstanding shares on a non-diluted basis) during the six months ended June 30, 2021. The loan accrued interest at 2% per annum and had a maturity date of March 11, 2027, or earlier upon the occurrence of certain conversion or termination events.

On January 22, 2021, we obtained a convertible loan for approximately €1.9 million from a shareholder, a portion of which was held for the economic benefit of Dr. Thomas Enders. The loan accrued interest at 5% per annum and had a maturity date of 18 months from the date of issuance, or earlier upon the occurrence of certain financing events, including our business combination transaction, which completed on September 14, 2021. The convertible loan was converted into Class A shares upon the consummation of the business combination transaction at a 15% discount to the deemed per share issue price. Accordingly, we do not currently have any outstanding debt obligations.

Cash Flows

The following table summarizes the cash flows for each period presented:

(in € thousands)	Six Months Ended June 30,	
	2022	2021
Net cash (used in) / provided by:		
Operating activities	(122,721)	(74,912)
Investing activities	97,439	34,767
Financing activities	(1,477)	752
Cash-based changes in cash and cash equivalents	(26,759)	(39,393)
Effect of foreign exchange rate changes and ECL on cash and cash equivalents	35	(15)
Net (decrease) increase in cash and cash equivalents	(26,724)	(39,408)

Cash flow used in operating activities

Net cash used in operating activities for the six months ended June 30, 2022 was €122.7 million, consisting primarily of a net loss of €123.7 million, which included €12.3 million share-based compensation expense, a €3.7 million depreciation and amortization expense, a €1.5 million increase in provisions and an increase in our net working capital of €1.0 million, mostly offset by an increase in fair value of financial instruments and expected credit losses of €16.3 million and €2.8 million in other assets and liabilities.

Cash flow used in operating activities for the six months ended June 30, 2021 was €74.9 million; the €47.8 million increase from 2021 to 2022 reflects the €13.2 million increase in our net loss, for the reasons described above, as well as a €24.9 million increase driven mainly by €19.0 million decrease in fair value changes of financial instruments and credit losses, as well as €9.7 million decrease in working capital adjustments and changes in other assets and liabilities.

Cash flow from investing activities

Our recurring capital expenditures have historically consisted of investments in leasehold improvements, technical equipment and machinery, vehicles and office and other equipment.

Net cash generated by investing activities for the six months ended June 30, 2022 was €97.4 million primarily due to proceeds from short-term investments of €179.8 million, partially offset by payments for short-term investments of €80.0 million reflecting investments of the cash proceeds from the business combination transaction and capital expenditures of €2.3 million.

Cash flow from investing activities for the six months ended June 30, 2021 was €34.8 million, reflecting mainly proceeds from the repayment of a fixed-term deposit of €50.0 million, partially offset by capital expenditures of €5.7 million, payments for promissory notes of €1.1 million and payments for the acquisition of an associate of €8.5 million.

Cash flow from financing activities

Net cash used in financing activities for the six months ended June 30, 2022 was €1.5 million due to principal elements of lease payments of €1.3 million and interest paid of €0.4 million, less €0.2 million proceeds from share capital increase and capital contribution.

Cash flow from financing activities for the six months ended June 30, 2021 was €0.8 million primarily due to proceeds from convertible loans of €1.9 million partially offset by principal elements of lease payments of €1.0 million.

Material Cash Requirements

We expect our operating expenses to continue increase in connection with our ongoing activities, particularly as we continue to advance the development and certification of our Lilium Jets and the commercialization of our Lilium Network and Turnkey Enterprise solutions.

Given our development stage and operating structure, most of our expenses to date are tied to headcount and our Lilium Jet prototypes. We expect to continue to incur significant expenses in the foreseeable future, and we expect our cash burn to increase in connection with our ongoing activities, particularly for completing the Type Certification process, building our serial production factory, launching commercial operations and ensuring all infrastructure and talent resources are in place. In addition, we expect to incur additional costs associated with operating as a U.S. public company.

We are subject to risks related to the development and commercialization of our Lilium Jets and our services, as further discussed in “*Risk Factors*” in our SEC filings, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We estimate that we will need to obtain additional financing to fund our future operations as we grow our production capabilities, expand into a global business and establish the right footprint for our customer services and infrastructure. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Because of the numerous risks and uncertainties associated with the research, development, certification and commercialization of new aircraft, we are unable to estimate the exact amount of our working capital requirements. However, we expect our capital investments and costs to increase significantly in connection with our ongoing activities and milestones to be achieved prior to starting our commercial operations. We expect our principal cash demands, and our results in the medium term, to be driven by:

- Ongoing design and development of the Lilium Jet in house and at our partners, completing Type Certification of the Lilium Jet, continuing to build a factory for serial production of the Lilium Jet, which includes purchasing manufacturing equipment, tools, raw materials and components as well as ramp-up to serial aircraft production.
- Go-to-market activities, which includes expanding the commercial team and operations, increasing marketing efforts, extending relationships for our Vertiport infrastructure and commercial operations and developing our digital platform.
- Organizational build-up, which, among other costs, includes establishing the right infrastructure, processes and human resources required to launch a global revenue generating business.

Many of these costs are unpredictable over the long-term, and there may be other substantial costs that we are currently unable to anticipate. Our targeted timeframe for achieving our objectives is also subject to known and unknown risks and uncertainties. As of this time, we continue to evaluate our overall program and launch timeline based on the results of our PDR process and continuing design and certification efforts. Any delays in the successful completion of the Lilium Jets may impact our ability to generate revenue. See “*Risk Factors*” in our SEC filings. Additionally, changing circumstances may cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. The commercial launch of our regional air mobility services and sales has unpredictable costs and is subject to significant risks, uncertainties and contingencies, many of which are beyond our control, that may affect the timing and magnitude of these anticipated expenditures. In the event that we incur higher costs than expected or determine that it may be beneficial to create additional capital buffer, we may raise additional funds to finance our series aircraft production. Until we can generate material revenue to finance our cash requirements, we expect to finance our future cash needs through a combination of public or private equity offerings, debt financings and partnerships, as well as potentially grant funding, which funding may in any such case have certain covenants or restrictions on our business.

The development and commercialization of our products will continue to require substantial expenditures, and we are reliant upon continued investments and capital raises to fund operations.

Other Commitments and Contingencies

We had €12.3 million and €11.8 million in lease-related liabilities as of June 30, 2022 and December 31, 2021, respectively. We also have various lease contracts that had not yet commenced as of June 30, 2022. The future lease payments relating to these non-cancellable leases are €2.0 million. In addition, we have non-cancellable commitments under operating contracts. The future payments for the non-cancellable operating contracts as of June 30, 2022 were €49.0 million within one year, €104.6 million between one and five years and €18.6 million thereafter. Further, we had commitments of €12.7 million to acquire items of property, plant & equipment and commitments of €4.4 million to acquire items of intangible assets as of June 30, 2022.

Anticipated Sources of Funds

If our cash resources are insufficient to finance our future cash requirements, we will need to finance our future cash needs through a combination of public or private equity offerings, debt financings, partnerships or grant funding, including sales under the Purchase Agreement with Tumim. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of shareholders may be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect the rights of existing shareholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through partnerships, collaborations or other similar arrangements with third parties, we may have to relinquish valuable rights to our Liliium Jet. In addition, the current economic environment could limit our ability to raise capital by issuing new equity or debt securities on acceptable terms or at all, and lenders may be unwilling to lend funds on acceptable terms or at all in the amounts that would be required to supplement cash flows to support operations.

If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or, in the worst case, to terminate our research and development and commercialization efforts and may not be able to fund our continuing operations.

Critical Accounting Estimates

A discussion of our critical accounting estimates can be found in our audited annual financial statements for the year ended December 31, 2021, as well as in our unaudited condensed interim financial statements as of and for the six months ended June 30, 2022.

Material Weaknesses in Internal Control Over Financial Reporting

In connection with the preparation and audit of our consolidated financial statements, we identified material weaknesses in our internal control over financial reporting. The Company is currently working to remediate the material weaknesses. See the discussion in our Annual Report.

Cautionary Note Regarding Forward-Looking Statements

This discussion and analysis contains forward-looking statements. Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about our expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “potential,” “predict,” “project,” “should,” “will” and “would,” or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Examples of forward-looking statements in this discussion and analysis include, but are not limited to, statements regarding our operations, cash flows and financial position.

Forward-looking statements are subject to risks and uncertainties. The risks and uncertainties include, but are not limited to:

- Business or supply chain disruptions arising from external shocks, such as the war in Ukraine or the COVID-19 pandemic;
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- The market price of our Class A shares may be volatile due to a variety of factors, such as changes in the competitive environment in which we operate, the regulatory framework of the industry in which we operate, developments in our business and operations, and any future changes in our capital structure;
- Our ability to maintain the listing of our Class A shares on Nasdaq;
- Our ability to implement business plans, operating models, forecasts and other expectations and identify and realize additional business opportunities;
- General economic downturns, including any impact caused by inflation, or general systemic changes to the industry in which we operate, including a negative safety incident involving us or one of our competitors that results in decreased demand for our jets or services;
- We and our current and future business partners may be unable to successfully develop and commercialize our business or experience significant delays in doing so;
- We may never achieve or sustain profitability;
- We will need to raise additional capital to execute our business plan, which may not be available on acceptable terms or at all;
- We may experience difficulties in managing our growth, moving between development phases or expanding our operations;
- Third-party suppliers, component manufacturers or service provider partners not being able to fully and timely meet their obligations or deliver the high-level customer service that our customers will expect;
- The Liliium Jet and any other products we may introduce from time to time not performing as expected or as designed, delays in producing the Liliium Jets or delays in seeking full certification of all aspects of the anticipated lineup of Liliium Jets or any other Liliium products, causing overall delays in the anticipated time frame for our commercialization and launch;
- If the technology necessary to successfully operate our business, as contemplated in the business models, is delayed, unavailable, not available at commercially anticipated prices, not sufficiently tested, not certified for passenger use or otherwise unavailable to us based on our current expectations and expected needs;
- Any identified material weaknesses in our internal control over financial reporting that, if not corrected, could adversely affect the reliability of our financial reporting;
- Product liability lawsuits, civil or damages claims or regulatory proceedings relating to our jets, technology, intellectual property or services;
- Our inability to secure or protect our intellectual property; and
- Negative publicity about us, our employees, directors, management, shareholders, affiliated parties or our founders.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements for many reasons, including those described in the “*Risk Factors*” section of our Annual Report and other documents we file with the SEC. Accordingly, you should not rely on these forward-looking statements, which speak only as of the filing date of this discussion and analysis. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the filing date of this discussion and analysis or to reflect the occurrence of unanticipated events.

In addition, statements that “Lilium believes” or “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the filing date of this discussion and analysis. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely on these statements.

Although we believe the expectations reflected in the forward-looking statements were reasonable at the time made, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither Lilium nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should carefully consider the cautionary statements contained or referred to in this section in connection with the forward-looking statements contained in this discussion and analysis and any subsequent written or oral forward-looking statements that may be issued by Lilium or persons acting on our behalf.
