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Zacks Small-Cap Research

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Arcimoto, Inc. (FUV-NASDAQ)

FUV: Leveraging Transitions in Mobility

Bringing a new product to market is risky, but Arcimoto has displayed a conservative financial approach and a commitment to minimizing costs during the development process. The company is also launching a rentail model to drive both cash flow and vehicle sales.

OUTLOOK

Arcimoto is positioning itself to benefit from pending transitions in mobility as governments mandate lower car emissions, consumers adopt “green” mobile solutions and technology companies enter the automotive space. Following a successful Reg A offering, the company is developing an efficient, low-cost, three-wheeled, two-person electric vehicle. The Arcimoto FUV is designed to address two major problems that limit the commercial appeal of most alternative vehicles: cost and range.

Current Price (06/13/18)	$2.73
Valuation	**$5.00**

SUMMARY DATA

52-Week High	**$6.35**
52-Week Low	**$2.50**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**29,587**
Shares Outstanding (mil)	**16**
Market Capitalization ($mil)	**$44**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**56**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2018 Estimate	**N/A**
P/E using 2019 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-cap**
Industry	**Automotive**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	0.0A	NA	NA	NA	0.1A
2018	0.0A	0.2E	1.8E	2.6E	4.6E
2019*					61.4E

Per Share Earnings

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	-0.04A	NA	NA	NA	-0.24A
2018	-0.13A	-0.13E	-0.11E	-0.09E	-0.46E
2019					0.06E

*2019 revenue and per share represent low end of forecast range
Quarters might not sum to annual reflecting rounding.

Disclosures begin on page 27.

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KEY POINTS

- Oregon-based Arcimoto is developing an efficient, economical electric vehicle, the FUV. The company raised roughly $18.1 million in a September 2017 Regulation A offering, enabling it to accelerate its manufacturing plans.

- Management expects that its conservative financial approach will enable it to scale production at a fraction of the cost that traditional auto manufacturers incur. The company recently announced that it has commenced production of 15 Beta Series vehicles for fleet and rental operations.

- The Arcimoto FUV is designed to address two major problems that limit the commercial appeal of most alternative vehicles: cost and range. The FUV's base model price is $11,900 and its range per charge is ample for local driving.

- Management believes the FUV might be a good second or replacement car. There are roughly 14 million cars in use that are at least 25 years old, up from about 8 million in 2002, according to IHS.

- Arcimoto intends to deliver the first production FUVs to customers in Washington, Oregon and California. These states are closest to the company's Oregon headquarters and are leading adopters of efficient transportation solutions, according to management.

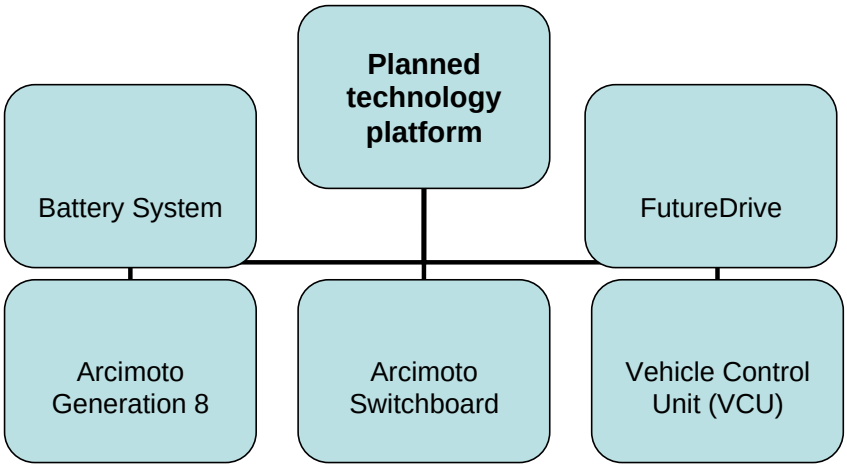
- The company also expects to launch a rentail model to enable customers to rent the FUV. This is expected to be cash flow positive and drive sales, as well. The company intends to expand its rental concept with partners and franchisees on a revenue-share basis.

- We believe Arcimoto shares represent an option on management's ability to execute its strategy in a cost effective way and capitalize on the expected consumer adoption of three-wheeled green vehicles.

OVERVIEW

Oregon-based Arcimoto is positioning itself to benefit from transitions in mobility as governments mandate lower car emissions, consumers show an increasing willingness to adopt green automotive solutions if the economics and logistics are favorable and technology companies enter the automotive space as the industry seeks solutions to reduce growing roadway congestion. The company is developing an ultra-efficient, economical electric vehicle (EV) that it expects to deliver for commercial shipment in the near future. The Arcimoto FUV, pictured below, is a sporty three-wheeled, two-person vehicle that the company describes as fun to drive. Following a Regulation A offering that raised roughly $18.1 million for Arcimoto, the company listed its shares on the Nasdaq on September 21, 2017 under the ticker FUV.

Arcimoto Planned Technology Platform



Source: Company reports

These funds have enabled the company to advance its strategy and accelerate its manufacturing plans to move into Phase 2, including automating the production process in order to reach breakeven earlier than originally contemplated. With the ability to accelerate Phase 2 – as well as a delay in receiving critical components from suppliers that, in turn, also delayed production – the company scaled back manual production in 2017 in anticipation of more efficient manufacturing in 2018 and going forward. Phase 2 of Arcimoto's manufacturing plan requires additional up-front time to build out the manufacturing facility and redesign the FUV's upper frame for robotic mass production.

Management expects to reach scale production within the second half of 2018 and targets a 200-vehicle weekly production rate by next year. The company's plans entail a multifold technology platform encompassing five integral technologies, including the Arcimoto Battery System, Switchboard and Vehicle Control Unit (VCU).

Arcimoto Battery System
Arcimoto's patent-pending battery technology includes a high-conductivity interconnect for mechanically and electrically interconnecting battery cells, and a cooling structure expected to lower the cost of thermal control, as well as to reduce battery system weight and improve driving range.

FutureDrive
Arcimoto's FutureDrive concept encompasses a dual-motor direct drive gearbox and vehicle power electronics.

Arcimoto Generation 8
Generation 8 is the current generation of the FUV and it reflects improvements made from testing prior generations. The FUV Generation 8 accommodates two passengers and includes three issued utility patents covering novel aspects of the vehicle architecture, with a fourth utility patent application in process.

Arcimoto Switchboard
The switchboard will control the vehicle's auxiliary power system and tracks vehicle performance data over time.

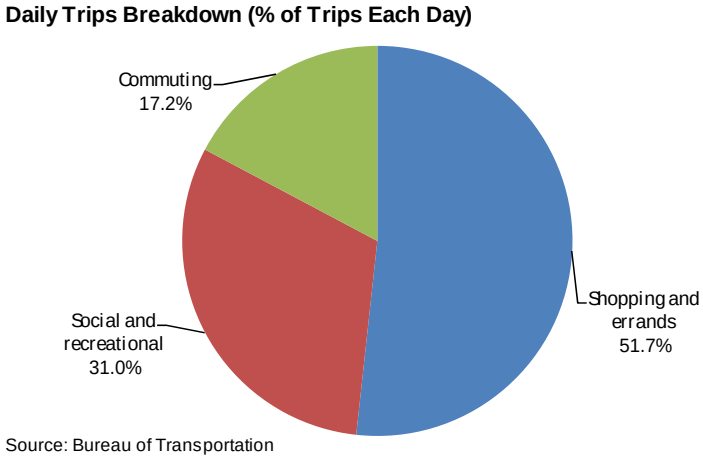
Vehicle Control Unit
The Vehicle Control Unit (VCU) is currently in concept design. Management expects it will oversee the vehicle's electronic components and enable future upgrades.



The Arcimoto FUV

Founded in 2007, Arcimoto's mission is to build products that "catalyze the shift to a sustainable transportation system." The company's first initiative has been to develop an affordable daily utility EV, the FUV. The company stresses the FUV's suitability for daily use such as commuting to work or shopping, for example. The FUV weighs roughly 25% what a standard car weighs and has only about 33% of the footprint. Its smaller size also means it can maneuver into parking spaces more easily than most other cars.

The FUV can accelerate to 60 mph in 7.5 seconds, according to management, and obtain a maximum speed of 80 mph. It can attain a range of 70 miles on one charge or up to 130 miles with the use of an upgraded battery. This range is more than ample for the daily needs of most drivers. In fact, according to a recent AAA Foundation for Traffic Safety study, people in the U.S. drive an average of 29.2 miles per day, with the majority of trips for shopping and other daily errands.



The FUV has tandem seating for two passengers and also has storage capacity behind the seats. Its target base price of $11,900 likely makes the FUV among the first plug-in vehicles affordable for mass consumption for daily driving. An enclosure to protect against inclement weather adds an additional roughly $3,000 to the cost. The FUV can function in most ways that a standard automobile can, although its smaller dimensions and three wheels classify it as a motorcycle (a motor vehicle with three or fewer wheels). However, a bill has been presented to Congress for a new classification for three-wheeled, enclosed-compartment vehicles such as the FUV – autocycle.

Throughout the development process, the company has displayed a conservative commitment to minimizing its production and operation costs, we believe. Consistent with these efforts, its strategy is to utilize initial assembly-line production in Oregon that leverages local infrastructure and skilled labor and keeps overhead expenses low. There are several motor coach manufacturing facilities in Oregon – including Marathon Coach and Monaco Coach – and many have downsized, leaving skilled labor in search of employment. Management expects that its overall approach will enable it to scale production at a fraction of the cost that traditional auto manufacturers incur.

Advanced Technology Vehicles Manufacturing Loan Program
To help finance the development and manufacture of the FUV, the company intends to submit an application to the ATVMLP (Advanced Technology Vehicles Manufacturing Loan Program), a unit of the Department of Energy that supports the development of advanced technology vehicles (ATVs) that meet higher fuel efficiency standards. The ATVMLP provides low-cost loans that can be used for manufacturing facilities for such vehicles.

Arcimoto Development Time Line	
2007	Arcimoto founded by Mark Frohnmayer
2009	Began accepting pre-reservations online
2011	Introduced FUV prototype
2015	Introduced Generation 8 FUV alpha prototype
2018	Beta and pilot vehicles
2018	Debut in-market experience centers
2019	Target annual production of 10,000 vehicles

Source: Company reports

The company has delivered its latest generation FUV at what management believes is a fraction of the cost most other manufacturers incur to get to a similar stage of development. In part, this reflects Arcimoto's previously noted low cost structure. It also reflects lower safety testing expenses. As the FUV is not a traditional car, much of the FUV safety testing can be done through computer simulations. Arcimoto plans to construct a fleet of beta and pilot vehicles in the near-term, some of which will go to paying customers.

Specifically, the company recently announced that it completed the production of eight *Signature* Series FUVs, with six for customers who had pre-purchased them and two for internal use for marketing. The company has also commenced production of 15 Beta Series vehicles for fleet and rental operations.

ELECTRONIC VEHICLES: BACKGROUND

Electric vehicles have been around for a very long time, at least in concept. After many years and many setbacks, they are finally becoming a real - albeit small - part of the overall transport sector. Arcimoto is an emerging company seeking to be an early mover in the space.

Regulators and Detroit became interested in developing a commercially viable electric car in the 1970s, in response to skyrocketing oil prices, gasoline shortages and concerns about U.S. dependence on foreign oil, and the need to find alternative energy sources. Several automobile producers explored alternative fuel options including electric vehicles, according to the Department of Energy. As early as 1973, General Motors exhibited a prototype for an urban electric car at the Environmental Protection Agency's First Symposium on Low Pollution Power Systems Development. In 1975, the US Postal Service tested electric vehicles produced by the American Motor Company. In 1973, the Arab Oil Embargo occurred and in 1975, Congress passed CAFÉ (Corporate Average Fuel Economy) legislation that was intended to reverse a downward trend in gas MPG (mileage per gallon), which had fallen to 12.9

miles in 1974. The 1975 legislation mandated that cars reach 18 MPG by 1978, 27.5 by 1985 and 54.4 by 2025.

One year later, Congress passed the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976, which allowed the Department of Energy to support R&D on electric and hybrid vehicles. Passages of the 1990 Clean Air Act and the 1992 Energy Policy Act sparked renewed interest in EVs. New transportation emissions regulations issued by the California Air Resources Board requiring that 10% of cars sold in the state from 2003 to 2008 be zero-emission vehicles, including EVs or hybrids, had a similar impact.

Automobile manufacturers responded. GM introduced the EV1, which could achieve a range of 80 miles on a single charge and could accelerate from 0 to 50 miles per hour in seven seconds. However, the EV1's high production costs made it unprofitable. GM discontinued the model in 2001 and sued California, arguing that the hybrid provision in the state's clean air regulation violated federal law.

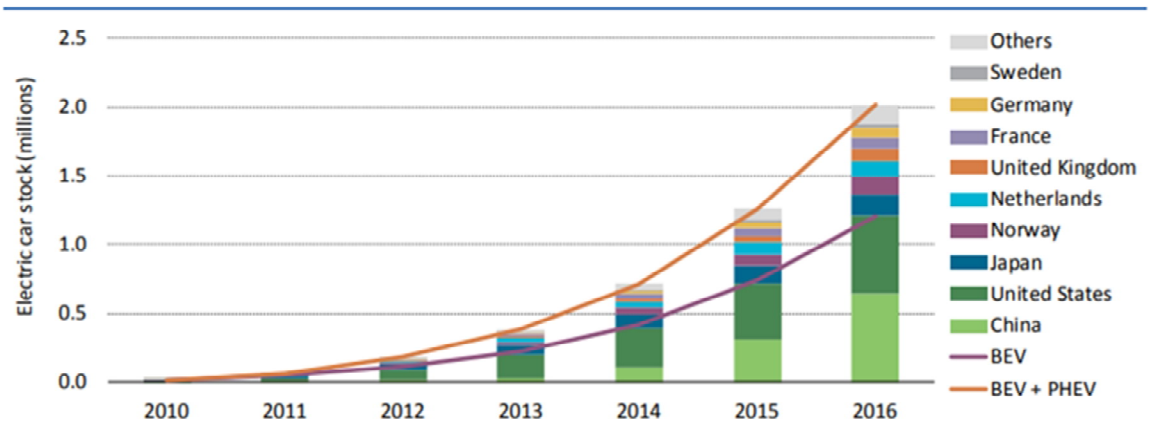
Toyota introduced the Prius in Japan in 1997 and it became the first mass-produced hybrid electric vehicle. Honda launched the Insight hybrid in 1999, and Toyota began commercial sales of the Prius globally in 2001. In 2006, Tesla Motors, then a Silicon Valley startup, announced that it would begin producing a luxury electric sports car that could attain 200 miles on a single charge.

The success of the Prius plus Tesla's announcement prompted many auto producers to renew their EV efforts. The Chevy Volt hybrid and the Nissan LEAF EV were released in the U.S. in 2010. The Fisker Karma began production in 2012, but had a short commercial life. Fisker Automotive's battery supplier, A123 Systems, declared Chapter 11, forcing Fisker itself to terminate production in July 2012. However, GM recently debuted the Bolt, which has a range of more than 235 miles.

EVs Have Gained a Toehold

Today there are several EVs or plug-in hybrids available, ranging from the Smart ED to the BMW i3 luxury SUV. However, at this early point, EVs and hybrids comprise a small fraction of the total number of cars sold in the world. According to most sources, despite significant increases in the number of EVs sold over the past decade, these vehicles still comprise less than 2% of the total vehicle installed base worldwide.

Evolution of Global EV Base, 2010-2016



Notes: The electric car stock shown here is primarily estimated on the basis of cumulative sales since 2005. When available, stock numbers from official national statistics have been used, provided good consistency with sales evolutions.

Sources: IEA analysis based on EVI country submissions, complemented by EAFO (2017a), IHS Polk (2016), MarkLines (2017), ACEA (2017a, 2017b) and EEA (2017).

Estimates about future EV adoption vary. For instance, according to Bloomberg, by 2040, long-range electric cars will cost less than $22,000 in current dollar terms and globally 35% of new cars will have a plug. This is in sharp contrast to OPEC forecasts that, "By 2040, only 6% of the passenger car stock and 5.3% of commercial vehicles will be running on non-oil fuels." Nevertheless, most industry experts agree that there are many advantages to EVs. In addition to satisfying consumer environmental interests as electric cars do not emit pollution, EVs hold other advantages compared to gas-powered cars, including eliminating the cost of gasoline and need to refill the gas tank. Another significant advantage is that fewer moving parts also is expected to result in lower maintenance cost and time for the FUV.

Advantages of Lower Cost FUV

The Arcimoto FUV is designed to address the two major problems that limit the commercial appeal of most traditional alternative vehicles: cost and range. The high cost of most EVs is a key factor constraining their commercial appeal. Another is lack of convenience, with the limited distance available per charge until recently. In fact, according to MIT Technology Review, "For all their attributes, electric cars still are haunted by two damning factors: high costs and less-than-optimal batteries." Despite initiatives aimed at making EVs a mainstream automotive choice, consumer adoption of electric vehicles has been slow. In 2008, President Obama set a target of achieving one million plug-in electric vehicles sold by 2015, but sales fell short. Moreover, domestic 2015 sales fell 6% year-over-year to about 115,000 vehicles. This was "largely due to the known timing of upgraded 2016 models coming late last year," according to Green Car Reports. When fuel pump prices are low, it also adversely impacts EV/PHEV purchases among U.S. consumers, according to international analytics company HIS Markit.

Moreover, the sticker price of most EVs is significantly higher than that of most traditional cars, making EVs unaffordable for mass market adoption. With the exception of a handful of cars priced in the mid $20 thousand range, most EVs are significantly more expensive. The Tesla Model S, the best-selling EV to-date, is a luxury vehicle targeted at the high-end consumer market. Furthermore, even though manufacturers including Tesla, GM, Chevy and Nissan plan to introduce long-range EVs that are more affordable over the next few years, the price points under consideration are still significantly higher than that of the Arcimoto FUV.

For example, the recently introduced Chevy Bolt mentioned earlier is priced at about $37,000 compared to the above-noted $11,900 for the FUV. The FUV's $11,900 base model price target represents roughly a third the price of the Bolt. Arcimoto management therefore believes it potentially can lower the up-front price barrier for EV adoption for many consumers.

FUV is Competitive on Range Capability

The FUV range per charge is ample for local driving. Its 70 to 130 miles per charge range, depending on battery, meets most drivers' daily needs. As noted earlier, people in the U.S. drive an average of 29.2 miles per day, according to the aforementioned AAA study. The FUV is also convenient to charge. It can use a standard outlet. It supports Level 1 charging, which is at a rate of about 9.8 miles per hour of charge. Level 1 can be done from a standard 120-volt power outlet. The FUV also supports 240-volt Level 2 charging, which is at a rate of 17.5 miles of range per hour of charge. Level 2 can be accomplished both at home and at public charging stations.

In addition, for FUV owners who do not have a garage, Arcimoto contemplates the production of a briefcase battery that could be removed from the FUV and charged within the home. Arcimoto has developed a new patented packaging architecture for lithium-ion battery cells to reduce the cost of EV batteries, as well as a patented dual-motor gearbox that forms the basis of Arcimoto's propulsion system. The FUV does not support DC Fast Charging, which charges at the rate of up to 90 miles in 30 minutes or 160 miles in an hour, but the FUV is designed primarily for local use. Management believes another advantage of the FUV is that it has fewer moving parts, which is expected to result in lower maintenance cost and time.

The FUV is designed primarily for local trips, as noted. For long distance travel, EVs in general do not provide the same convenience of traditional vehicles yet. This is because the nation's EV recharging infrastructure lags that of gasoline refueling. This is changing, however, through public and private investments. The DOE has invested more than $115 million to help build charging infrastructure, installing more than 18,000 chargers nationwide. Automakers and other private businesses have also installed chargers. Right now, the largest network of EV recharging stations is ChargePoint. ChargePoint, BMW, and VW recently announced the completion of EV fast-charging station corridors on both US coasts. The West Coast corridor extends from Portland to San Diego. The East Coast corridor goes from Boston to Washington, D.C. ChargePoint continues to add new stations.

The network of public EV chargers now reaches more than 8,000 different locations with more than 20,000 charging outlets and it continues to expand. Nevertheless, by comparison, there were 114,533 gas stations in the U.S. at the end of 2012, the last year for which data is available, according to the U.S. Census Bureau. We expect that gap to continue to narrow as more charging stations are built. Arcimoto recently formed a partnership with HULA Holdings to open a charging and EV demonstration facility in California.

TAX INCENTIVES

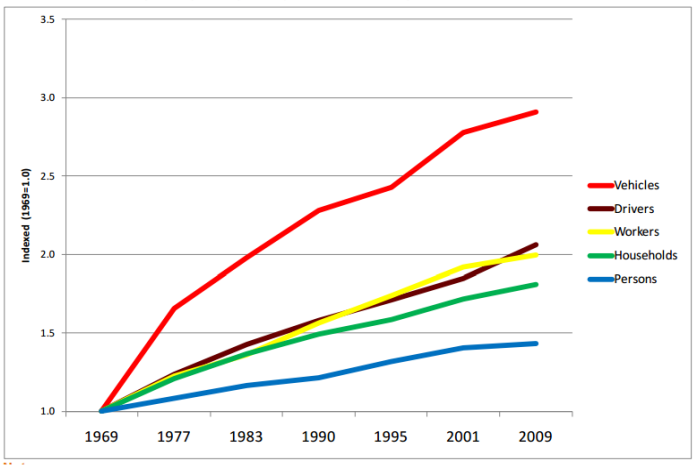
The U.S. government currently provides a federal subsidy of up to $7,500 towards the purchase of an EV. Once each individual EV manufacturer reaches 200,000 in cumulative unit sales, the incentive begins to decline for EVs produced by that manufacturer. It falls to $3,750 for two quarters, followed by two subsequent quarters at $1,875 and then the subsidy is eliminated. The FUV is currently one of the only EVs that does not qualify for a federal tax credit. Management has submitted a request to regulators to be included in the EV incentive program.

The tax incentive could have a positive impact on sales, we believe. For example, EV traction varies widely by state depending on incentives at the state level. Specifically, Georgia offered a Zero Emission Vehicle Tax Credit until June of 2015. Just two months after this credit was repealed, Nissan sold only 66 LEAFs in Georgia in August of 2015, a steep decline from 1,008 sold two months earlier while buyers scrambled to qualify for the tax credit.

THE THREE-WHEEL AND SPORTS CAR - AUTOCYCLE MARKET

The FUV can function in most ways a standard automobile can, but its smaller dimensions and three wheels versus four classify it as a motorcycle (a motor vehicle with three or fewer wheels), as noted. Nevertheless, with the FUV plus enclosure, drivers get more wind and weather protection, while its compact construction enables the use of small engines that can obtain motorcycle-like fuel economy. The FUV’s smaller dimensions compared to standard automobiles also means that it can help combat urban congestion, which is a growing problem for many U.S. cities. According to the U.S. Department of Transportation, the increase in workers and drivers has outpaced the increase in households and persons dramatically over the past four decades. This has contributed to greater highway and road congestion.

Growth of Cars has Outpaced Population / Household Expansion



Source: 2009 National Household Travel Survey

The National Highway Traffic Safety Administration (NHTSA) defines a motorcycle as “a motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground.” Motorcycle manufacturers must comply with a certain set of NHTSA Federal Motor Vehicle Safety Standards (FMVSS) regulatory requirements. In addition, because the vehicles are considered motorcycles, in many states drivers must wear a helmet and obtain a motorcycle endorsement, which might dissuade some potential owners from acquiring an FUV. However, Oregon, one of the states which Arcimoto targets for initial launch, does not require the use of helmets or endorsements for three wheeled motorcycles with roll cages such as the FUV.

Manufacturers of three-wheeled vehicles are seeking a new classification: autocycle. This classification would apply to three-wheeled, enclosed-compartment vehicles such as the FUV. A bill to define and license three-wheeled autocycles has been presented to regulators. The bill would change the classification and eliminate the requirements that drivers wear helmets and have motorcycle endorsements on their licenses. It would also eliminate the variances in how these vehicles are classified and regulated from one state to another.

Management believes a standard nationwide classification and regulations would make it easier to market the FUV on a national basis, as it would set a single standard for all three-wheeled road vehicles, thereby eliminating the different and sometimes conflicting laws regarding motorcycles that currently prevail from one state to another.

THREE-WHEEL VEHICLES: HISTORY AND OUTLOOK

Prior Three Vehicles Have Been Successful

Three-wheel vehicles have been commercially successful in the U.S. and internationally, as have compact two-seat sports cars. In the 1950s and 1960s, for example, there were several European manufacturers producing microcars and many were three-wheeled. Arcimoto has adapted the three-wheeler concept for an electrically powered vehicle. The success of several three-wheel auto brands provides proof of concept for the FUV, management believes. Prior three-wheeled vehicles that have had strong consumer adoption include the Isetta and the Messerschmitt KR200, among others.

The Isetta
The Italian Isetta is a three-wheel vehicle that was designed in 1952 by an Italian manufacturer named Iso. It became the first mass produced vehicle to achieve 78 MPG. In April 1955, BMW began mass production of the Isetta under a license agreement with the original manufacturer. The Isetta eventually added a fourth wheel, although production was discontinued in 1961.

Messerschmitt KR200
The German-designed Messerschmitt KR200 is a light-weight, three-wheel fully enclosed, tandem passenger vehicle propelled by a single rear-wheel drive. Between 1955 and 1960, approximately 40,000 KR200s were manufactured and sold. Production was discontinued in 1964.

The Slingshot
The Polaris Slingshot is a three-wheeled, two side-by-side seat vehicle that is in current production and which is also classified as a motorcycle. It is manufactured by Minnesota-based Polaris Industries (PII-not rated). Unlike the FUV, the Slingshot driver steers with the use of a wheel. There are four models with price points that range from $21,499 to $26,999.

Campagna T-Rex
Founded in 1988, Canada's Campagna Motors produced its first three-wheel side-by-side vehicle in 1995. The company manufactures two models: The Campagna T-Rex and the Campagna V13R. The flagship T-Rex is a two-seat, three wheeled vehicle that Campagna indicates can accelerate from 0 to 100 km/h in 3.9 seconds. Its price is significantly higher than that of the FUV, at $58,000 to $64,000.

Morgan 3 Wheeler
The Morgan Motor Company Ltd. was established in 1909 with the design of the Morgan three-wheeler. A four-wheeled model began production in 1936. Morgan currently produces more than 1,300 cars annually. The company relaunched the Morgan 3 Wheeler in 2011.

Outlook

According to market research firm Technavio, the global three-wheel passenger vehicle niche is poised to achieve a nearly 8% CAGR from 2015 to 2020. The market research firm attributes this expected growth to the low ownership and operational costs of these vehicles and rising purchasing power of consumers that fall within the target demographics, including increasing numbers of baby boomers seeking more stable vehicles than motorcycles. Technavio also expects advances in the vehicles themselves to boost sales. North America is the largest market, according to Technavio.

ARCIMOTO GO-TO-MARKET STRATEGY

- Target lower-end consumers, not the luxury car segment
  - Attractive for first time buyers
  - FUV potential as second, commuter vehicle, for households that already own a car for daily use for errands and shopping, etc.

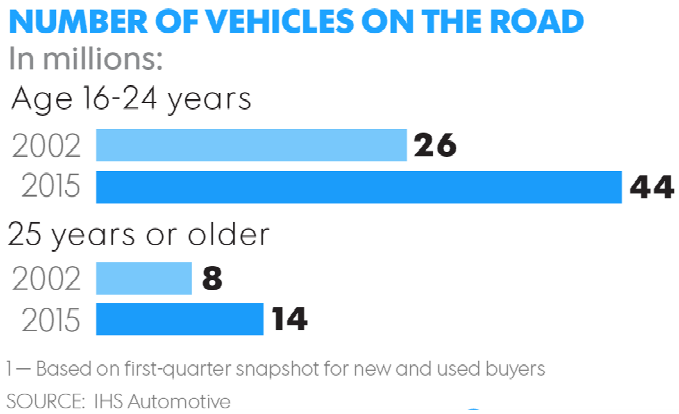
- Initial launch markets CA, WA and OR
  - States are closest to Arcimoto headquarters – keep costs low
  - Leverage local labor pool
  - CA and OR among highest in nation in terms of EV penetration

- Direct sales model blending Tesla and Dell strategies

FUV - Attractive as Affordable 2nd Household Vehicle

Rather than targeting the higher-end, more competitive luxury vehicle segment, Arcimoto is focused on the low-end segment and expects to be a market disruptor with its FUV that carries “an affordable target base model price of $11,900.” By comparison, Tesla is a leader in the high-end luxury segment of the EV market and its Model S outsells competitors. According to Hybridcars, "With its 50,366 sales for the calendar year [2015], the luxury performance S model was the number-one best-selling PEV eclipsing the second-place Nissan Leaf which accounted for about 43,000 global sales. The Model S is also the cumulative second-best seller with 107,148 sales since its mid-2012 launch - behind the Nissan Leaf which had a 1.5 year head start from Dec. 2010 and ahead of GM's Volt/Ampera also released Dec. 2010 and now credited with 106,000 sales."

The Tesla Model S has a sticker price of about $68,000 and Arcimoto management believes that many Tesla owners could be interested in an Arcimoto FUV as a second vehicle. In fact, reflecting its affordable price and high MPG, management believes the FUV could be an attractive second or even third vehicle generally. According to the 2009 National Household Travel Survey, more than 77.6 million households had one or two vehicles, accounting for 68.6% of all US households.



In addition, the FUV might also be a good replacement car for households that have an older, less efficient vehicle. Roughly 100 million vehicles in domestic use currently are six years old or older. In fact, according to IHS Markit, the average automobile in domestic use was a record-high 11.5 years old, as of 2015. There are roughly 14 million cars in use that are at least 25 years old, up from about 8 million in 2002, and roughly 44 million that are 16 to 24 years old, up from 26 million in 2002, according to IHS.

Attractive for Daily Commuter Use

Vehicle occupancy rates have been declining. According to the 2009 National Household Travel Survey conducted by the Federal Highway Administration of the US Department of Transportation, the average vehicle occupancy across all types of trips was 1.67, down from 1.90 in 1977. The average vehicle occupancy in the commute to work segment was lowest at 1.13. This statistic is supported by findings from a 2013 American Community Survey that 76.4% of Americans drive to work alone. According to ABC News, Americans drive 16 miles to work each way, on average, which is well within the range of the FUV.

Average Vehicle Occupancy for Selected Trip Purpose (Person Miles per Vehicle Mile)

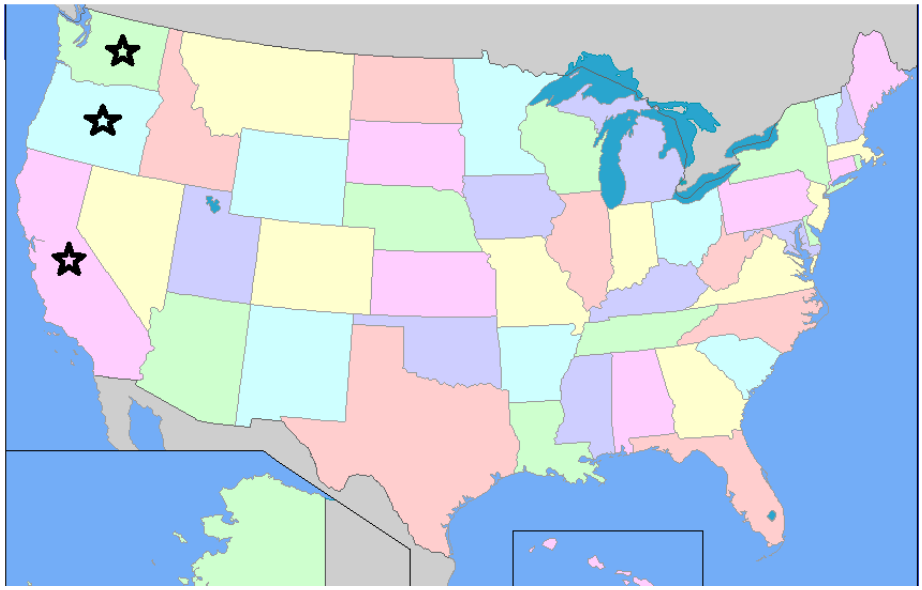
Trip Purpose	1977	1983	1990	1995	2001	2009
To or From Work	1.30	1.29	1.14	1.14	1.14	1.13
Shopping	2.10	1.79	1.71	1.74	1.79	1.78
Other Family/Persc	2.00	1.81	1.84	1.78	1.83	1.84
Social and Recreat	2.40	2.12	2.08	2.04	2.03	2.20
All Purposes	1.90	1.75	1.64	1.59	1.63	1.67

Source: NHTS

Initial Launch: States Closest to Headquarters

EV traction varies by state, with penetration generally highest in states that offer economic incentives. For example, the Clean Vehicle Rebate Project in California has encouraged EV sales, according to IHS Automotive. Arcimoto intends to deliver the first production FUVs to customers in the three west coast states of Washington, Oregon and California highlighted in the figure below. These states are closest to Arcimoto's Oregon headquarters. Moreover, they are also leading adopters for efficient transportation solutions, according to the company, with Oregon and California currently leading in EV adoption. An October 2012 Pike Research study indicates that PEV penetration is likely to be highest in New York City, Los Angeles, San Francisco, Seattle, and Portland. With the exception of New York City, these cities are within Arcimoto's initial target market.

Arcimoto Planned Initial Geographic Launch



Source: US Maps, Company reports Stars signify states of initial launch

Moreover, the company considers these three states to be what it terms "tastemaker" zones that could boost consumer awareness of the FUV through positive word of mouth based on actual driving. The target tristate zone includes the film and television hub, Silicon Valley, and the Pacific Northwest's centers of sustainability leadership.

Currently, California has stricter emission rules than many others. Therefore, it is not surprising that California is the country's largest EV market, according to trade publications, with nearly 50% of the country's electric and plug-in hybrid vehicles. Oregon, along with California, is also currently ahead of most other states in EV adoption. Ten states, including California, require that 15% of automobile sales be zero-emission vehicles by 2025. Targeting these three west coast states initially will also enable

Arcimoto to maximize its distribution efficiency and lower costs of early product service. Moreover, in California and Oregon, drivers will not be required to obtain a motorcycle license.

Rentail Economic Model

Arcimoto has exhibited prototypes of the FUV or hosted test drive events in all three target states, as well as in Maryland, New York, Michigan, and Nevada and at the annual Consumer Electronic Show. To enable prospective customers to test drive FUVs, the company intends to open in-market experience centers so that people can test drive the FUV. These centers are also expected to facilitate the company's rentail model.

The company expects to launch a rentail model that would enable customers in certain markets to rent the FUV on a daily basis from the in-market experience centers. This model is expected to be cash flow positive for Arcimoto and management anticipates forging partnerships with other companies to facilitate rentails. For example, the company has formed a partnership with HULA Holdings to introduce the EV Oasis charging, education, and rental center and anticipates additional in-market experience centers over time.

The rental concept has proven successful with other three-wheeled mini-vehicles such as the Renault Twizy, Panther ScootCoupe and Polaris Slingshot, as illustrated below. For the most part, the rental concept appears to be best suited to tourism and destination markets. For example, Panther Motors notes that it "originally built the ScootCoupes for the tourism rental market," although over time, the vehicles have also been adopted "for local and recreational use."

3-Wheeled Vehicle Rentals

Vehicle	Market	Daily Rental Rate
Renault Twizy	Bermuda	$99
Renault Twizy	Barcelona	€60
Scoot Coupe	Hawaii	$149
Scoot Coupe	Fort Lauderdale, Fl	$109
Scoot Coupe	Captiva & Sanibel, Fl	$199
Polaris Slingshot	Houston	$190
Polaris Slingshot	Las Vegas	$349

Sources: www.slingshot.rent, TripAdvisor & company reports, among others

The company expects to expand its rentail concept with various partners and franchisees on a revenue-share basis. Given the daily rental fees and fleet utilization rates – which managements estimates at above 60% -- the company believes this channel could prove to be an attractive source of cash flow that could also help drive sales.

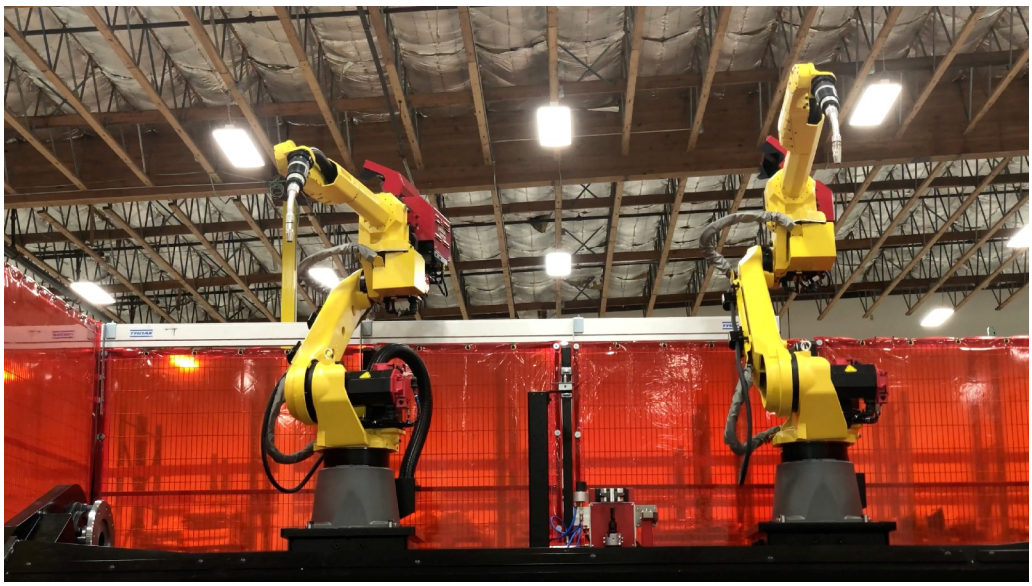
The company will seek an upfront fee from partners and then participate in the rental revenue through a revenue sharing agreement. Not surprisingly, the prices and gross margins on the vehicles sold to rentail partners are expected to be lower than on vehicles earmarked for the consumer market, with the company's share of the rental revenue contributing to ongoing cash flow.

Arcimoto's Distribution Strategy

- Complete design and testing of the FUV so that it is ready for serial production.
- Complete installation of production equipment to commence manufacturing.
- Expand the rentail model.

Source: Company reports

The company opened its manufacturing factory in Eugene, Oregon in November of 2017. Management expects the facility to employ up to 250 people. The company envisions four phases of production: initial production of the *Signature* vehicles noted earlier, followed by FUVs for beta testing and then pilots. The company expects to reach scale production levels by year-end 2018 and plans to automate the production process in order to reach breakeven, including the integrating the use of robotic welders.



Source: Company reports

POSSIBLE FUTURE INITIATIVES

Global Expansion Envisioned

The company is focused on getting the FUV market ready and launching it commercially in its initial three-state target market. Down the road, Arcimoto's ambitions include national and potentially international expansion for the FUV. Technavio estimates that North America accounts for roughly 61% of the total market share for these vehicles and will remain the single largest market for the foreseeable future.

Nevertheless, we believe the global opportunity could be substantial. McKinsey notes: "Carbon dioxide regulation is likely to continue to tighten, and not just in Europe. China, the US, and Japan have also enacted laws to reduce emissions. One immediate result will be higher costs. Because the easy things have already been done, the price of cutting future emissions is rising. In Europe, the 2020 target might be reached with the help of advanced conventional technologies, but to meet the overall fleet targets, more electrification could be necessary (especially for premium players). This will push OEMs to invest more in e-mobility, meaning electrical/hybrid powertrains, including batteries, as well as in lightweight and aerodynamic drag-reducing technologies."

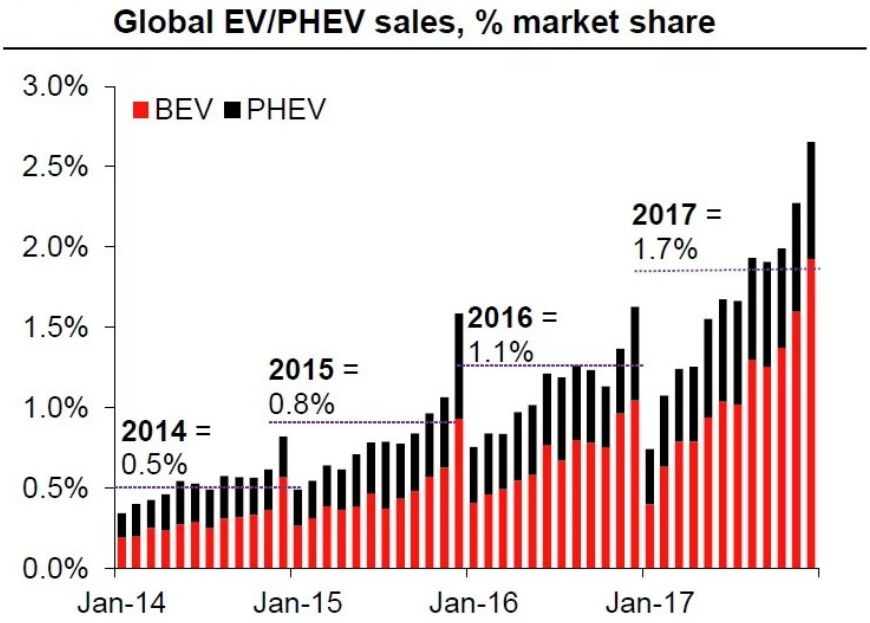
Global EV sales grew by about 60% in 2015 off a very low base, according to Bloomberg. Government incentives have helped drive customer adoption in several markets, according to IHS Automotive. For instance, Norway has led the global electric vehicle/plug-in hybrid vehicle (EV/PHEV) market. In 1Q15, Norway ranked first on the IHS Automotive Plug-in Electric Vehicle Index, with over 8,000 units. That represented a 40.5% year-over-year increase. There are no import taxes on EVs, which is one incentive. The Volkswagen e-Golf was the top-selling model in that market in 1Q15. Behind Norway was the Netherlands. 5,700 EVs were registered, which equated to 5.2% of the market.

IHS Automotive Plug-in Vehicle Index

Country	New EV/PHEVs Registered Q1 2015	Share of Total Registrations	New EV/PHEVs Registered Q1 2014	Share of Total Registrations	YoY % Change
Norway	8,112	22.9%	5,775	15.8%	40.5%
Netherlands	5,760	5.2%	3,306	3.1%	74.2%
United Kingdom	8,684	1.2%	1,764	0.3%	392.3%
USA	14,832	0.8%	14,799	0.8%	0.2%
France	3,626	0.8%	1,801	0.4%	101.3%
Germany	4,520	0.6%	2,286	0.3%	97.7%
Japan	7,750	0.6%	9,626	0.6%	-19.5%
China	12,555	0.3%	1,486	<0.1%	744.9%

Source: IHS Automotive

More recently, global EV sales have been robust. EV/PHEV sales reached 1.1% market share of total vehicle sales in 2016 and 1.7% in 2017, according to Business Insider. This translated into a 51% increase in vehicle unit sales.



Source: Business Insider based on data from CEIC, hybridcars.com, EAFO and other sources

Moreover, vehicle occupancy rates in many other countries are similar to those in the U.S. In the U.K., for example, average vehicle occupancy across all types of trips was 1.6 in 2015, which is in-line with 1.67 reported in the U.S. We believe this implies that the FUV could be suitable for daily use abroad, as well as domestically. Over the next four years, the company intends to ramp-up production to 100,000 vehicles per year to be sold globally.

Self-Driving Vehicles and Commercial Ridesharing Services

Arcimoto also intends to develop FUV models that incorporate self-driving technology. Auto accidents are occurring with greater frequency and leading to more fatalities, with driver distraction from cell phone usage a likely cause. The National Safety Council estimates that 38,300 people were killed on U.S. roads in 2015 and 4.4 million were seriously injured, the most lethal auto accidents since 2008. 2015 recorded an 8% Y/Y increase in deaths from automobile accidents, the biggest annual increase in 50 years. In

large part, this is being attributed to driver distractions - for instance drivers speaking on their cell phone or texting while driving. According to Alphabet, 94% of domestic accidents involve human error.

The government, automobile manufacturers and tech companies are looking to auto-driving technology as a solution to help reduce collisions and accident related injuries. The National Economic Council has said that with self-driving technology, "in the future, you can take your hands off the wheel, and your commute becomes restful or productive."

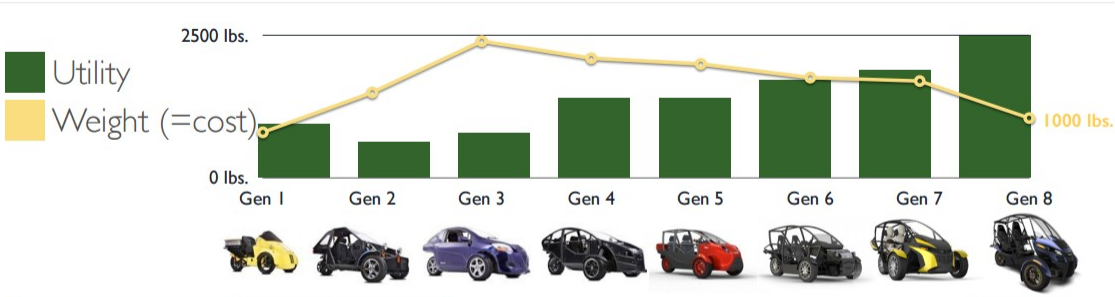
The Obama administration first issued definitions for driverless car safety technology in 2013. While he was in office, President Obama wrote an editorial about self-driving cars, "In the seven-and-a-half years of my presidency, self-driving cars have gone from sci-fi fantasy to an emerging reality with the potential to transform the way we live." President Obama proposed roughly $4 billion in federal funding for R&D on this technology over 10 years, indicating that driverless cars could save tens of thousands of lives annually.

Technology companies such as Alphabet and Apple, and automobile manufacturers including Ford, Volvo, Tesla and BMW, among others, are investing in autonomous driving technology. Ford has been developing and testing the technology for more than a decade and targets fully autonomous cars for ride sharing services by 2021. In April 2016, Ford, Google, Uber, Lyft, and Volvo formed the Self-Driving Coalition for Safer Streets, a lobbying group to advocate for autonomous driving.

Several states have passed legislation regarding autonomous driving and the Department of Transportation has issued guidelines outlining safety expectations for driverless vehicles and encouraging uniform rules across states. The guidelines cover a 15-point safety standard for the design and development of autonomous vehicles, including how driverless cars should react in the event of a technology failure, measures to safeguard passenger privacy, measures to protect passengers in the event of a crash and how cars can communicate with passengers and other road users.

Many ridesharing services also intend to incorporate self-driving technology. Management believes the low-cost FUV could have strong appeal for these services, as the preponderance of rides are local trips. Arcimoto intends to participate in the Uber Electric pilot initiative in Portland, Oregon. In October of 2017, the company co-hosted an event with Uber to exhibit the FUV to Uber drivers and riders in Portland.

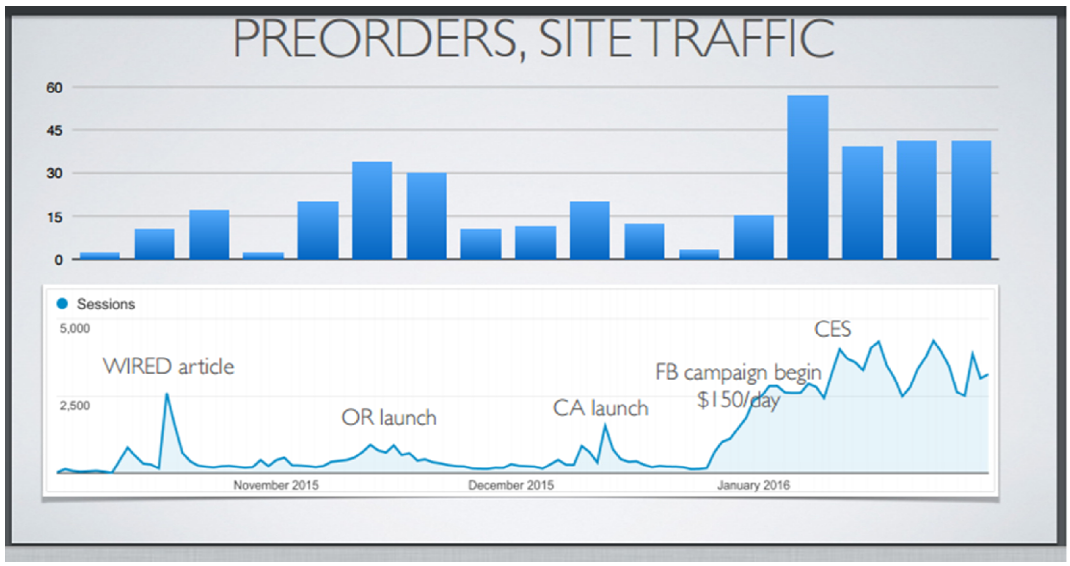
GROWING CONSUMER AWARENESS



Ultra Affordable	x	x						x
Reasonable Footprint	x							x
Ultra Fun				x	x	x	x	x
Freeway Capable			x	x	x	x	x	x
Rockstar Parking	x							x
No Range Anxiety						x	x	x
Low Maintenance / Fuel Cost	x	x	x	x	x	x	x	x
Front Wheel Drive				x	x	x	x	x
Dual Motor + Regen							x	x
Two occupant comfort				x	x	x	x	x
Easy Egress	x							x
Enclosure		x	x	x	x	x	x	x
Rollover Protection +			x	x	x	x	x	x
Sex Appeal				x		x	x	x
Delivery Capable Platform					x	x	x	x
Capital Efficient	x	x	x	x	x	x	x	x

Since it first launched in 2007, Arcimoto has taken its FUV through eight stages of development, improving the product with each sequential generation. In 2015, the company introduced the FUV Generation 8. With the Generation 8, Arcimoto was able to reduce the tooling cost and introduce features that are designed to make the vehicle attractive to a broader range of consumers.

The company has maintained a commitment to low costs and, since 2007, has spent minimally on marketing. Nevertheless, Arcimoto has shown the FUV prototypes publicly as part of its preorder sales campaign at the Consumer Electronics Show, the NY Auto Show, and at test drive events in Oregon, Washington, California, DC, Maryland, New York, Michigan, and Nevada. The FUV has more than 2,000 miles driven on alpha prototypes. Following the introduction of its generation 8 prototype, the company experienced a significant uptick in interest, as illustrated in the chart below.



Source: Company reports

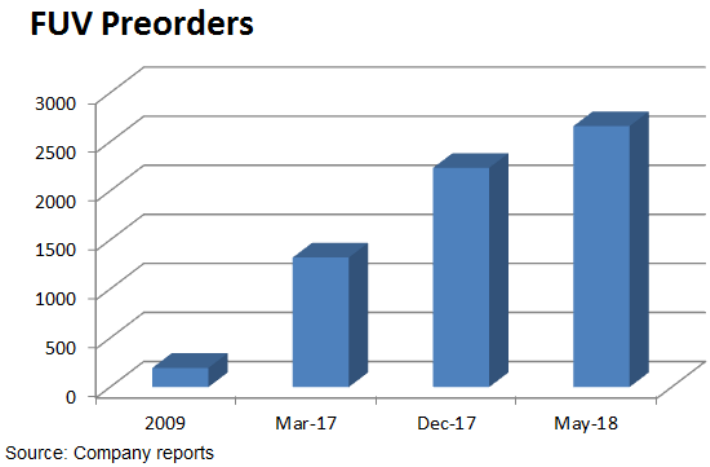
Target Customer Demographic

Management expects the FUV to appeal to people aged 30-49 who reside in cities with temperate climates and generally commute to work alone and want a vehicle that is green, but also looks *sexy*. Census data indicates that there are 45.1 million workers aged 30-49 earning $50,000 per annum or more. Of these, more than 50% reside in the top 49 metropolitan regions and 77% commute to work by themselves. Thus, the company estimates that there are more than 20 million people within its core target demographic group nationwide.

Outside of the core demo, Arcimoto expects interest from people age 25-60 who are car enthusiasts, retirees who would like a motorcycle experience but seek something safer and couples or families who need a second car. The company also intends to market the FUV for fleets and employee purchase plans for both private and public fleet markets, as well as rentals, as noted.

PREORDERS

In September 2009, the company started taking online advanced reservations for the FUV. Subsequently, the number of advanced orders has grown significantly, albeit off a low base. Specifically, through October of 2015, 161 potential customers made deposits to purchase an FUV when it becomes commercially available. Since the launch of the FUV Generation-8 in late 2015, the company experienced a greater-than 6-fold increase in the number of online advance reservations, acquiring 1,164 additional deposits. As of March 31, 2017, Arcimoto had 1,281 advance reservation deposits from third parties. This figure had reached 2,234 by December 31, 2017, and 2,660 by May of 2018. Management has indicated that these preorders represent roughly $41 million in future revenue if they are converted into actual sales.



Source: Company reports

Reservations represent people who have placed $100 deposits. Management believes this group represents strong leads to convert to actual FUV sales. Moreover, its pre-sale initiatives have helped reduce the direct advertising cost of preorder acquisition to below $50, according to the company.

COMPETITION AND COMPETITIVE ADVANTAGES

Arcimoto management believes that the Arcimoto FUV has a competitive advantage compared to other three-wheeled vehicles and microcars in terms of efficiency, urban maneuverability and parking (9'1"length), and on acceleration, as well as cost. In addition, the company believes its patent portfolio creates another competitive advantage. Arcimoto has been issued three utility patents and has a fourth one pending. Two patents cover aspects of the FUV vehicle architecture. These expire in 2031 and 2035. The third issued patent covers the company's dual-motor gearbox design. It expires in 2035. The fourth utility patent, which is pending, covers certain advances that Arcimoto has made to the current Generation 8 platform that were not covered under earlier patents issued. In addition, Arcimoto has filed another non-provisional utility patent application covering advances in the dual-motor gearbox. The company has also filed three utility patent applications related to the Arcimoto Battery System that are pending.

Elio
Perhaps the most direct competition for Arcimoto, Elio Motors, Inc. is a development stage company that is also developing a three- wheeled, two-person vehicle. Elio was incorporated in October 2009.

Renault Twizy
The Renault Twizy is a four-wheel vehicle, its compact size and electric charging make it somewhat of a competitor to the Arcimoto FUV. Management notes, however, that the Twizy is limited to 25 mph in the US.

C-1
Designed by LIT Motors, the C-1 is a two-wheeled enclosed stabilized motorcycle that is electronically charged. The vehicle is still in concept and no set date has been given for commercial launch.

Toyota iRoad
The Toyota iRoad is a compact three-wheeled electric-powered vehicle that Toyota describes as a personal mobility vehicle.

ZAP Alias
The Alias Roadster is a plug-in electric three-wheeled sports car that is being produced by Santa Rosa, California-based EV maker ZAP (Zero Air Pollution) and UK-based Lotus Engineering. ZAP Power Systems was formed in 1992 with the goal of designing, building and selling innovative electric vehicles. The ZAP Alias Roadster was originally scheduled to go into production in 2009.

ScootCoupe
The ScootCoupe is manufactured by Deerfield Beach, Florida-based Panther Motors, which was founded in 2004. It launched the ScootCoupe three-wheel, two person side-by-side seating vehicle in 2005. The ScootCoupe can achieve a top speed of up to 55 mph. The company's original focus was on the tourism and rental markets.

MANAGEMENT

Mark Frohnmayer, Chairman, President & Founder
Prior to founding Arcimoto, Mark Frohnmayer was the President and Founder of GarageGames, Inc. He is a former member of the Oregon Transportation Commission and currently is a member of the Oregon Governor's Transportation Vision Council. He has 20 years of experience in product design and technology development.

Douglas Campoli, Chief Financial Officer
Douglas Campoli has served as Arcimoto's CFO since June of 2015. Prior to joining the company, he founded a consulting firm, Strategic Financial Consulting, where he provided financial consulting services to startup and existing businesses from February of 2013 until June of 2015. From September 2012 to September 2013, he was the CFO of ManaFuel and of GarageGames.com from May 2007 until February of 2011.Prior to that, he was CFO of SeQuential Biofuels from 2004 to May 2007 and earlier held various financial positions at Genuity, GTE, and AT&T.

Terry Becker, Chief Operating Officer and Director
Terry Becker was an engineering manager with the Peterson Corp. He was formerly an engineering manager/Deputy Ops Directory at JBT AeroTech and has 27 years of experience in manufacturing and engineering

Thomas Thurston, Director
Thomas Thurston is a Managing Director at W.R. Hambrecht Ventures. He was founder and principal of Growth Sciences, Inc.

Jeff Curl, Director
Jeff Curl is an Oregon entrepreneur and early investor in Arcimoto.

INSIDE OWNERSHIP

Not surprisingly, over 60% of Arcimoto shares are closely held. Company insiders hold about 56% of the shares, which likely aligns their interests with those of other shareholders, we believe. The company's largest shareholder is its founder Mark Frohnmayer, who holds roughly 45% of the common shares. Separately, Hambrecht Ventures holds 6.8% of the common shares.

Insider Holdings

	Holdings (%)
Mark Frohnmayer	45.1%
Thomas Thurston	7.3%
Jeff Curl	3.4%
Terry Becker	1.3%
All directors and executive officers	56.3%
WR Hambrecht Ventures III, L.P.	6.8%

Source: Company reports

FINANCIAL OVERVIEW

Arcimoto has recorded minimal revenue to-date. The company generated $86,436 from product sales in 2017 and also recognized $40,580 from a grant awarded from the Oregon Best Commercialization Program in January 2014. In total, Arcimoto had revenue of $127,016 in 2017.

Arcimoto generated a net loss of ($3.3) million in 2017. One of the company's goals for 2018 is to lower production costs through automation and efficiencies. With growing scale once production and sales commence, Arcimoto expects to reduce its operating losses and move towards profitability. We believe the company's revenue could display a hockey stick ramp-up as Arcimoto initiates commercial sales of the FUV. Therefore, we present a range of revenue forecasts for 2019E, from $61.4 million to $77.4

million, depending on timing of reaching scale production, launching commercial sales and consumer adoption.

Management estimates that it has spent a cumulative roughly $14 million since the company was founded in 2007 to take the FUV from concept to the current Generation 8 prototype and launch the manufacturing plant. The company's current monthly cash burn rate is roughly $1.0 million, although management expects this to decline as Arcimoto completes the upgrades to its manufacturing facility and moves into actual FUV production. Moreover, with a sizable metal fabrication facility, Arcimoto has sufficient capacity to perform work for third-parties in order to generate incremental cash flow. The company had $1.4 million in cash and equivalents, and $9.7 million in Certificates of Deposit on its balance sheet at March 31, 2018. The company also hopes to obtain a loan from the ATVM loan program and to generate revenue and cash flow from its rentail strategy.

VALUATION

We believe Arcimoto shares represent an option on management's ability to execute its strategy in a cost effective way and capitalize on the expected consumer adoption of three-wheeled green vehicles. At this early stage of the company's development, it is difficult to compare Arcimoto to traditional automobile or motorcycle manufacturers, in our view. Specifically, we would expect Arcimoto to have a higher growth rate in these early years if the FUV launch is successful than many other players with longer histories. Thus, more established companies likely would not be direct benchmarks.

Arcimoto Peer Analysis

Company	Ticker	6/13/2018 Price	Revenue ($M) 2017A	2018E	2019E	EPS 2017A	2018E	2019E
BMW	BMWYY	33.60	116,306	-	-	15.46	-	-
Elio	ELIO	4.50	-	-	-	(0.83)	-	-
Ford	F	12.03	145,650	147,600	146,230	1.78	1.55	1.54
General Motors	GM	44.85	145,590	146,030	146,850	6.62	6.43	6.50
Harley-Davidson	HOG	42.77	4,920	4,960	5,060	3.43	3.41	3.95
Polaris Industries	PII	128.78	5,430	5,730	5,980	4.85	6.14	6.95
Tesla	TSLA	332.10	11,760	19,680	27,700	(8.66)	(6.86)	2.39
Arcimoto	FUV	2.67	0.1	4.6	61.4	($0.24)	($0.46)	$0.06

	52-Week High	Low	Mkt Cap ($M)	Price / Revenue 2017A	2018E	2019E	P/E 2017A	2018E	2019E
BMW	39.50	30.20	65,510	0.6x	na	na	2.2x	na	na
Elio	10.60	2.05	128	nm	na	na	-5.4x	na	na
Ford	13.48	10.14	47,037	0.3x	0.3x	0.3x	6.8x	7.8x	7.8x
General Motors	46.76	33.86	63,239	0.4x	0.4x	0.4x	6.8x	7.0x	6.9x
Harley-Davidson	56.95	39.34	7,050	1.4x	1.4x	1.4x	12.5x	12.5x	10.8x
Polaris Industries	137.66	85.82	8,131	1.5x	1.4x	1.4x	26.6x	21.0x	18.5x
Tesla	389.61	244.59	56,387	4.8x	2.9x	2.0x	-38.3x	-48.4x	139.0x
Arcimoto	6.35	2.50	42	334.2x	9.3x	0.7x	-10.9x	-5.8x	42.3x

Source: Company reports, Yahoo Finance, Thomson Reuters, Zacks

Respectively, the shares trade at 9.3x and 0.7x to 0.5x our 2018 and range of 2019 revenue projections. While the 2018 multiple is above the metrics at which shares of peers trade, the 2019 range is lower than the average. Moreover, 2018E and 2019E revenue do not fully reflect Arcimoto's medium-term potential, in our view, as the company will have just launched the FUV and initiated its rentail strategy, if it meets its timeline. If Arcimoto can achieve $61.4 million in revenue by 2019 as we forecast at the low end of our range, we would anticipate share price appreciation. In the next 18 months, if Arcimoto shares achieve a 1.3x multiple on prospective 2019 revenue (slightly below Polaris' multiple on one-year out revenue), it implies a share price of about $5.00 at that time, all else remaining equal.

We believe the risk / reward ratio could be attractive for investors who want exposure to the sector and have a higher than average risk tolerance and longer time horizon. Moreover, there are only a few ways for investors to gain exposure to the green automotive space and we believe Arcimoto represents one of the few pure plays. Interest from larger companies also underscores the market potential, in our view. For example, Polaris Industries has the Slingshot, as noted.

RISKS

We believe risks include those outlined below, among others.

- The biggest risk, in our view, is that the FUV achieves traction more slowly than the company expects, which leads to lower than anticipated sales.
- The company is under-capitalized and expects to incur costs associated with marketing, R&D and sales for new products and services it expects to launch.
- Arcimoto could fall behind schedule on its current go-to-market plan.
- The company faces potential regulatory risk. TSA is reviewing new safety regulations pertaining to three wheeled motor vehicles.
- The company faces litigation risk. Arcimoto was served with a class action lawsuit in March of 2018 with regard to the completion of its Reg A offering.

PROJECTED INCOME STATEMENT

Arcimoto Income Statement & Projections ($)

	1Q17	2Q17E	3Q17E	4Q17E	2017A	1Q18A	2Q18E	3Q18E	4Q18E	2018E	2019E Range estimated	
Grant revenue	40,580				40,580							
Product sales - related party	-			42,000	42,000	625	-	-	-	625.00		
Product sales	-	-	-	44,436	44,436	31	168,000	1,520,000	1,740,000	3,428,031	60,000,000	75,000,000
Rentail revenue	-	-	-	-	-	-	-	304,000	846,000	1,150,000	1,350,000	2,400,000
Total revenues	40,580	-	-	86,436	127,016	656	168,000	1,824,000	2,586,000	4,578,656	61,350,000	77,400,000
Cost of goods sold	-	-	-	78,439	78,439	-	164,640	1,474,400	1,687,800	3,326,840	51,000,000	60,000,000
Gross profit	40,580	-	-	7,997	48,577	656	3,360	349,600	898,200	1,251,816	10,350,000	17,400,000
Research and development	268,104	300,000	433,290	450,000	1,451,394	1,047,799	1,068,755	1,090,130	1,128,285	4,334,969	4,551,717	4,551,717
Sales and marketing	84,995	200,000	242,946	300,000	827,941	355,515	362,625	369,878	421,661	1,509,679	1,736,131	1,736,131
General and administrative	186,961	225,000	351,674	300,000	1,063,635	642,147	654,990	668,090	681,452	2,646,678	3,043,680	3,043,680
Total operating expenses	540,060	725,000	1,027,910	1,050,000	3,342,970	2,045,461	2,086,370	2,128,098	2,231,397	8,491,326	9,331,528	9,331,528
Income /(loss) from operations	(499,480)	(725,000)	(1,027,910)	(1,042,003)	(3,294,393)	(2,044,805)	(2,083,010)	(1,778,498)	(1,333,197)	(7,239,510)	1,018,472	8,068,472
Interest expense	(10,493)	(7,883)	(7,883)	(7,883)	(34,143)	(3,601)	(3,673)	(3,746)	(3,821)	(14,842)	(17,068)	(17,068)
Other income	12	4,399	4,399	4,399	13,209	334	341	347	354	1,377	1,390	1,390
Net income /(loss)	(509,961)	(728,484)	(1,031,394)	(1,045,487)	(3,315,327)	(2,048,072)	(2,086,343)	(1,781,897)	(1,336,664)	(7,252,975)	1,002,794	8,052,794
Per share data												
EPS/(LPS)	($0.04)	($0.06)	($0.07)	($0.07)	($0.24)	($0.13)	($0.13)	($0.11)	($0.08)	($0.46)	$0.06	$0.51
Avg shares out	12,369,017	12,369,517	12,370,017	12,962,150	13,554,282	15,896,575	15,896,675	15,896,775	15,896,875	15,896,725	15,898,725	15,898,725
Metrics												
Vehicle sales							4	80	116	200	4,000	5,000
ARPU							42,000	19,000	15,000	17,140	15,000	15,000

Source: Company reports and Zacks estimates

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BALANCE SHEET AND CASH FLOW STATEMENT

Arcimoto Balance Sheet ($)

	2014	2015	2016	2017	Mar-18
Cash & equivalents	$25,609	$1,000,665	$414,405	$7,824,109	$1,425,288
Certificates of deposit			-	6,246,850	9,746,490
Accounts receivable	14,728	8,172	583	500	595
Inventory			26,825	194,525	616,559
Other current assets	-	26,612	28,207	401,160	666,201
Total current assets	40,337	1,035,449	470,020	14,667,144	12,455,133
Property and equipment, net	2,019	16,755	8,805	2,434,026	3,407,427
Deferred offering cost	-	-	40,000	-	-
Total assets	**$42,356**	**$1,052,204**	**$518,825**	**$17,101,170**	**$15,862,560**
Accounts payable		9,229	81,045	663,773	375,404
Accrued liabilities	71,751	61,219	102,776	255,758	254,628
Customer deposits	186,124	204,628	386,035	399,967	431,864
Notes payable	138,203	-	250,000	-	149,956
Total current liabilities	396,078	275,076	819,856	1,319,498	1,211,852
Long-term convertible notes payable			275,000	-	
Long-term convertible notes payable rel	25,000		50,000	-	
Capital lease obligations	-	-	-	-	774,254
Total liabilities	**$421,078**	**$275,076**	**$1,144,856**	**$1,319,498**	**$1,986,106**
Total stockholders' equity (deficit)	**($378,722)**	**$777,128**	**$626,031**	**$15,781,672**	**$13,876,454**
Total liabilities & stockholder equity	**$42,356**	**$1,052,204**	**$518,825**	**$17,101,170**	**$15,862,560**

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Arcimoto Statement of Cash Flows ($)

	2014	2015	2016	2017	Mar-18
Net loss	(680,933)	(1,349,292)	(1,919,479)	(3,315,327)	(2,048,072)
D&A	27,575	5,756	7,951	20,107	73,524
Gain / (loss) on asset sale	(400)	(16,000)	-		19,000
Stock-based compensation		57,177	48,375	203,734	113,596
Changes in working capital	(7,799)	166	243,948	(252,951)	(945,685)
Net cash used in operating activities	**($661,557)**	**($1,302,193)**	**($1,619,205)**	**($3,344,437)**	**($2,787,637)**
Purchases of CDs				(6,246,850)	(5,000,000)
Redemption of CDs					1,500,000
Proceeds from asset sales	400	16,000			250
Purchases of property & equipment	(21,091)	(20,491)	-	(1,960,438)	(65,271)
Net cash used in investing activities	**($20,691)**	**($4,491)**	**$0**	**($8,207,288)**	**($3,565,021)**
Proceeds from sale of stock	265,011	2,419,943	467,945	20,372,271	
Proceeds from stock options exercise					29,259
Payment of offering costs			(10,000)	(1,285,842)	
Proceeds convertible notes related parties	50,000		50,000	175,000	
Proceeds from convertible notes payable			525,000	100,000	
Payment of capital lease obligations				-	(75,422)
Repayment of notes payable	-	(138,203)	-	(400,000)	-
Net cash from financing activities	**$315,011**	**$2,281,740**	**$1,032,945**	**$18,961,429**	**($46,163)**
Net cash increase (decrease)	**($367,237)**	**$975,056**	**($586,260)**	**$7,409,704**	**($6,398,821)**

Source: Company reports

HISTORICAL STOCK PRICE



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