



# CHARDAN

**Company Update**  
December 28, 2018  
Industrial & Consumer Technology

**Arcimoto, Inc. (FUV - \$2.01 - Buy)**

## COMPANY NOTE

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**Sales and trading** 7 a.m. to 7 p.m. ET, (646) 465-9090

**Sales and trading** 7 p.m. to 7 a.m. ET, (646) 465-9063

Stock Data	12/27/18
Price	\$2.01
52 Week Range	(\$1.55 - \$5.32)
Price Target	\$10.00
Market Cap (mil)	\$32.21
Shares out (mil)	16.03
3-Mo Avg Vol	38,890
Cash (mil)	\$4.6
Total Debt (mil)	\$1.9

Revenues (\$ millions)					
Yr Dec	2017A	2018E		2019E	
	Actual	Curr	Prev	Curr	Prev
Mar	0.0	0.0A	–	0.2	–
Jun	0.0	0.1A	–	0.3	–
Sep	0.0	0.0A	–	1.1	–
Dec	0.1	0.1	–	3.0	–
YEAR	0.1	0.2	–	4.7	–

EPS (\$)					
Yr Dec	2017A	2018E		2019E	
	Actual	Curr	Prev	Curr	Prev
Mar	(0.04)	(0.13)A	–	(0.24)	–
Jun	(0.05)	(0.14)A	–	(0.21)	–
Sep	(0.05)	(0.20)A	–	(0.18)	–
Dec	(0.10)	(0.19)	–	(0.16)	–
YEAR	(0.24)	(0.66)	–	(0.78)	–

### One year price history FUV



Created by BlueMatrix

## FUV: \$4.5 million capital raise and Florida Keys franchise agreement

Arcimoto announced a \$4.5 million capital raise with FOD Capital that will enable the company to ramp production of its fun utility vehicle next year.

The \$4.5 million consists of a \$1.5 million share purchase of 500,000 shares at the above-market price of \$3 per share. FOD will also receive franchise rights for the lower Florida Keys. We view some of the premium paid as in lieu of a standard franchise fee the company will be seeking from franchisee of stores looking to purchase vehicles, then rent to vacationers. FOD also received 2-year warrants to purchase 942,857 shares at \$3.50 per share. FOD also loaned \$3 million to the company, at a 10% interest rate. The note has a one-year maturity, has a first lien on the company's assets and is secured by the company's intellectual property.

The capital raise is positive news for the company as cash at the end of Q3 was about \$3 million and the company's operating cash flow loss in the past three quarters averaged \$3.3 million per quarter. In addition to funding the burn, the company needs capital to ramp production of the fun utility vehicle in 2019.

Also positive for the company is the securing of a franchise agreement in the Florida Keys. An important aspect of the company's distribution strategy is development of a franchise network that will be a source of demand for the company's vehicle as well as create low-cost consumer awareness that is expected to drive consumer purchases of the vehicles. The number of vehicles FOD has committed to was not disclosed, but we guess it was at least 20.

**Valuation:**

Our price target is based on capitalizing the mid-year 2019 estimated retail value of the reservations at 2.5x, or \$150 million.

**Risks to achievement of target price:**

Risks to achieving our price target include rising interest rates leading lower economic growth, greater competition, manufacturing issues, parts and labor shortages, and building distribution outlets.

## Arcimoto Income Statement

	31-Dec-17 FY2017	31-Mar-18 FQ12018	30-Jun-18 FQ22018	30-Sep-18 FQ32018	31-Dec-18 FQ42018E	31-Dec-18 FY2018E	31-Mar-19 FQ12019E	30-Jun-19 FQ22019E	30-Sep-19 FQ32019E	31-Dec-19 FQ42019E	31-Dec-19 FY2019E	31-Dec-20 FY2020E
Revenue	127	1	85	6	90	182	225	300	1,125	3,000	4,650	60,000
COGS	78	1,048	96	32	100	1,275	140	280	1,013	2,700	4,133	47,850
Gross Profit	49	(1,047)	(10)	(26)	(10)	(1,093)	85	20	113	300	518	12,150
R&D	1,451	1,048	364	779	800	2,991	1,000	1,000	1,000	1,000	4,000	6,000
Sales & Marketing	828	356	418	386	800	1,959	1,000	1,000	1,000	1,000	4,000	6,000
G&A	1,064	642	1,400	2,054	1,500	5,596	2,000	2,000	2,000	2,000	8,000	9,000
Opex	3,343	2,045	2,182	3,219	3,100	10,546	4,000	4,000	4,000	4,000	16,000	21,000
Operating Income	(3,294)	(2,045)	(2,192)	(3,245)	(3,110)	(11,640)	(3,915)	(3,980)	(3,888)	(3,700)	(15,483)	(8,850)
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	(34)	(4)	(17)	(37)	(37)	(94)	(37)	(37)	(37)	(37)	(148)	(148)
Other		0	40	36	36	112	36	36	36	36	143	143
Pretax Income	(3,315)	(2,048)	(2,169)	(3,246)	(3,111)	(10,574)	(3,916)	(3,981)	(3,889)	(3,701)	(15,487)	(8,855)
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	(3,315)	(2,048)	(2,169)	(3,246)	(3,111)	(10,574)	(3,916)	(3,981)	(3,889)	(3,701)	(15,487)	(8,855)
Basic Shares	13,554	15,897	15,919	15,974	16,275	16,016	18,673	20,885	23,096	25,308	21,990	32,621
Diluted Shares	13,554	15,897	15,919	15,974	16,275	16,016	18,673	20,885	23,096	25,308	21,990	32,621
Basic EPS	\$ (0.24)	\$ (0.13)	\$ (0.14)	\$ (0.20)	\$ (0.19)	\$ (0.66)	\$ (0.21)	\$ (0.19)	\$ (0.17)	\$ (0.15)	\$ (0.70)	\$ (0.27)
Diluted EPS	\$ (0.24)	\$ (0.13)	\$ (0.14)	\$ (0.20)	\$ (0.19)	\$ (0.66)	\$ (0.21)	\$ (0.19)	\$ (0.17)	\$ (0.15)	\$ (0.70)	\$ (0.27)
Operating Income	(3,294)	(2,045)	(2,192)	(3,245)	(3,110)	(10,592)	(3,915)	(3,980)	(3,888)	(3,700)	(15,483)	(8,850)
Depreciation	20	74	87	121	150	432	150	150	150	150	600	600
Stock Comp	204	114	52	216	250	631	250	250	250	250	1,000	1,000
EBITDA	(3,071)	(1,858)	(2,054)	(2,908)	(2,710)	(9,529)	(3,515)	(3,580)	(3,488)	(3,300)	(13,883)	(7,250)

## Arcimoto Balance Sheet &amp; Cash Flow Statement

	31-Dec-17 FY2017	31-Mar-18 FQ12018	30-Jun-18 FQ22018	30-Sep-18 FQ32018	31-Dec-18 FQ42018E	31-Dec-18 FY2018E	31-Dec-19 FY2019E	31-Dec-20 FY2020E
Cash	7,824	1,425	2,137	2,372	707	707	738	3,843
Certificates of Deposit	6,247	9,746	5,248	750	750	750	750	750
A/R	1	1	0	1	10	10	1,200	9,600
Inventory	195	617	1,291	1,908	2,500	2,500	3,000	13,000
Other	401	666	1,035	1,618	1,618	1,618	2,500	
<b>Current Assets</b>	<b>14,667</b>	<b>12,455</b>	<b>9,710</b>	<b>6,648</b>	<b>5,585</b>	<b>5,585</b>	<b>8,188</b>	<b>27,193</b>
PP&E	2,434	3,407	4,556	5,128	5,128	5,128	5,128	5,128
Other	0	0	39	39	39	39	39	39
<b>Total Assets</b>	<b>17,101</b>	<b>15,863</b>	<b>14,304</b>	<b>11,815</b>	<b>10,752</b>	<b>10,752</b>	<b>13,355</b>	<b>32,360</b>
A/P	664	375	30	98	150	150	180	780
Accrued Liabilities	256	255	471	627	750	750	900	3,900
Customer Deposits	400	432	371	395	425	425	545	545
STD	0	0	0	0	0	0	0	0
Capital Lease	0	150	297	368	368	368	368	368
Warranty Accrual				8	10	10	240	960
<b>Current Liabilities</b>	<b>1,320</b>	<b>1,212</b>	<b>1,169</b>	<b>1,497</b>	<b>1,703</b>	<b>1,703</b>	<b>2,233</b>	<b>6,553</b>
Capital Lease	0	774	1,376	1,573	1,723	1,723	2,323	2,923
Warranty Accrual				17	20	20	480	1,920
LTD	0	0	0	0	0	0	0	0
Equity	15,782	13,876	11,759	8,729	7,306	7,306	8,319	20,965
<b>Total Liabilities &amp; Equity</b>	<b>17,101</b>	<b>15,863</b>	<b>14,304</b>	<b>11,815</b>	<b>10,753</b>	<b>10,753</b>	<b>13,356</b>	<b>32,361</b>

	31-Dec-17 FY2017	31-Mar-18 FQ12018	30-Jun-18 FQ22018	30-Sep-18 FQ32018	31-Dec-18 FQ42018E	31-Dec-18 FY2018E	31-Dec-19 FY2019E	31-Dec-20 FY2020E
Net Income	(3,315)	(2,048)	(2,169)	(3,246)	(3,111)	(10,574)	(15,487)	(8,855)
Depreciation	20	74	87	121	150	432	600	600
Stock Comp	204	114	52	216	250	631	1,000	1,000
Working Capital	(253)	(946)	(1,078)	(1,108)	(392)	(3,523)	(1,582)	(10,140)
<b>Operating CF</b>	<b>(3,344)</b>	<b>(2,788)</b>	<b>(3,103)</b>	<b>(4,017)</b>	<b>(3,103)</b>	<b>(13,035)</b>	<b>(15,469)</b>	<b>(17,395)</b>
Certificates of Deposit	(6,247)	(3,500)	4,500	4,500	0	5,500	0	0
Capx	(1,960)	(65)	(644)	(169)	(150)	(1,028)	(600)	(600)
Other	0	0	(39)	0	0	(39)	0	0
<b>Investing Activities</b>	<b>(8,207)</b>	<b>(3,565)</b>	<b>3,817</b>	<b>4,331</b>	<b>(150)</b>	<b>4,433</b>	<b>(600)</b>	<b>(600)</b>
Equity	19,147	29	0	(0)	1,438	1,468	15,500	20,500
Debt	(125)	(75)	(3)	(80)	150	(8)	600	600
<b>Financing</b>	<b>18,961</b>	<b>(46)</b>	<b>(3)</b>	<b>(80)</b>	<b>1,588</b>	<b>1,460</b>	<b>16,100</b>	<b>21,100</b>
FX	0	0	0	0	0	0	0	0
<b>Change in Cash</b>	<b>7,410</b>	<b>(6,399)</b>	<b>712</b>	<b>235</b>	<b>(1,665)</b>	<b>(7,117)</b>	<b>31</b>	<b>3,105</b>

## Required Research Disclosures



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### Distribution of Ratings/IB Services Chardan Capital Markets

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [BUY]	64	68.82	20	31.25
HOLD [NEUTRAL]	21	22.58	0	0.00
SELL [SELL]	0	0.00	0	0.00
NOT RATED [NR]	8	8.60	0	0.00

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#### Arcimoto, Inc. (FUV - \$2.01 - Buy)

Price Target                \$10.00

#### VALUATION:

Our price target is based on capitalizing the mid- year 2019 estimated retail value of the reservations at 2.5x, or \$150 million.

#### RISKS TO ACHIEVEMENT OF TARGET PRICE:

Risks to achieving our price target include rising interest rates leading lower economic growth, greater competition, manufacturing issues, parts and labor shortages, and building distribution outlets.

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