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UPDATE REPORT

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Arcimoto, Inc. (NASDAQ: FUV)

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Neutral: Q4 Results. Maintain Neutral.

Q4 revenue was a bit lower than expected and we have adjusted our estimates this year to reflect the move into the company's new manufacturing facility. We remain on the sidelines for now due to financing risks and the likelihood of consensus estimate reductions.

Q4 revenue of $777 thousand was below our $1 million estimate, and consensus of $1.5 million. The company delivered 39 units in the quarter, and 192 for the year. Production for the year was 331, almost triple the 117 produced in 2020. The difference in production and deliveries was 139 units; 54 units were deployed into fixed assets, 59 into rental operations and 26 into inventory. Arcimoto is targeting production of 1,000 vehicles this year, but ramping up beginning this month, as Q1 production and deliveries were modest. Q1 production was impacted by the move into the company's new manufacturing facility.

Estimates (both our and consensus) for this year reflect a steep ramp beginning Q2. We still believe there is potential downside to consensus estimates for this year even though estimates have come down sharply recently. We continue to believe consensus estimates for 2023 are optimistic and likely to be lowered.

The company indicated cash needs, mostly for capital equipment, exceeds $100 million over the next 18 months. In our view, acquiring these funds at reasonable terms will be the most challenging issue Arcimoto faces in the coming quarters.

Cash at the end of 2021 was $17 million, and at the end of Q1 about $7 million, this after raising close to $4 million in Q1. This puts the Q1 burn at about $14 million, similar to the Q4 operating cash flow burn of $13.9 million, $16 million after $2.5 million of capital spending.

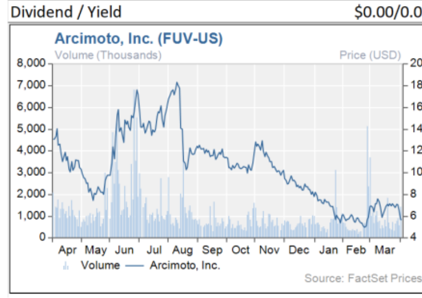
Valuation

There is a wide range of comparable valuations. Ayro and ElectraMeccanica trade at a negative enterprise value, while GreenPower Motor and Workhorse trade at an average enterprise value consistent with Arcimoto, but at a lower EV/Sales ratio than FUV. he average EV/pre-order ratio is $40,000 per unit pre-ordered, about where the shares are trading currently.

Risks

Risks for the company include the ability to access the capital markets on favorable terms changes in the transportation market driven by the reaction to the COVID-19 pandemic, ability to target the delivery and first responder markets, achieving efficiency and scale at the company's manufacturing plant, navigating state helmet laws and direct-to-consumer sales laws and overall economic conditions.

Current Price			**$5.70**
Price Target			**NA**
Estimates	F2021A	F2022E	F2023E
Revenues ($000s)	$ 4,386	$ 9,400 E	$ 29,450
1Q March	$ 1,394	$ 400 E	$ 5,225
2Q June	$ 717	$ 2,000 E	$ 6,650
3Q September	$ 1,498	$ 3,000 E	$ 8,075
4Q December	$ 777	$ 4,000 E	$ 9,500
	F2021A	F2022E	F2023E
EBITDA ($000s)	$ (38,842)	$(56,036)E	$ (53,014)
1Q March	$ (6,553)	$(14,268)E	$ (13,545)
2Q June	$ (8,086)	$(14,035)E	$ (13,350)
3Q September	$ (9,645)	$(13,922)E	$ (13,156)
4Q December	$ (14,557)	$(13,811)E	$ (12,963)
EV/Sales	NM	21.9 x	7.0 x
EV/EBITDA	NM	(3.7) x	(3.9) x
Stock Data			
52-Week Range	$4.51	-	$18.77
Shares Outstanding (mil.)			38.2
Market Capitalization (mil.)			$218
Enterprise Value (mil.)			$206
Debt to Capital			0%
Cash & Equivalents (mil.)			$7.2
Cash/Sh.			$0.19
Average Three Months Trading Volume (K)			1,022
Insider Ownership			23.6%
Institutional Ownership			26.2%
Short interest (mil.)			32.0%
Dividend / Yield			$0.00/0.0%



Q4 Results

Revenue was lower than we forecast as was gross profit. Fixed manufacturing costs increased to $5.1 million during the quarter, as the company was burdened with costs for two factories, neither of which are operating at or near capacity. Operating expenses were also higher than we forecast, and we expect these costs to remain high as the company endeavors to increase production, expand marketing and further product development.

The EBITDA loss of $14.6 million was below our estimate, and about equal to $13.9 million used in operating cash flow during the quarter.

Q4 21 ($ in 000's except per share)	Actual	Estimates
Revenue	**$ 777**	**$ 1,000**
COGS	5,800	3,301
Gross Profit	(5,023)	(2,301)
R&D	3,866	3,186
Sales & Marketing	2,462	1,984
G&A	4,879	3,062
Impairment	6,824	
Opex	18,032	8,232
Operating Income	(23,055)	(10,533)
Interest Income	0	0
Interest Expense	(65)	(52)
Other	61	132
Pretax Income	(23,060)	(10,453)
Taxes	5	0
Net Income	(23,065)	(10,453)
Diluted Shares (000's)	37,611	37,579
Diluted EPS	$ (0.61)	$ (0.28)
Operating Income	(23,055)	(10,533)
Depreciation	707	650
Stock Comp	968	1,322
Other	6,824	
EBITDA	**$ (14,557)**	**$ (8,561)**

Source: Arcimoto, Dawson James Securities estimates.

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Outlook

We project revenue in 2022 of $9.4 million, growing to $29.5 million in 2023. This assumes unit deliveries of about 470 in 2022 and 1,550 in 2023. Our estimates are below consensus. The company recently re-located its manufacturing operations to a larger facility in Eugene Oregon and we believe has capacity to produce about 5,000 units annually with the current equipment and multiple shifts. The company's goal is production capacity of 50,000 units annually, but we believe this requires substantially more equipment and capital. The company estimates its 18-month cash needs at $100 million, and the bulk of this amount for capital equipment.

We estimate current cash balances are not adequate to fund the company's plans. We have assumed capital raises in 2022 and 2023 to fund the company's operations and growth. We believe the need to raise capital will pressure the shares until that uncertainty is mitigated.

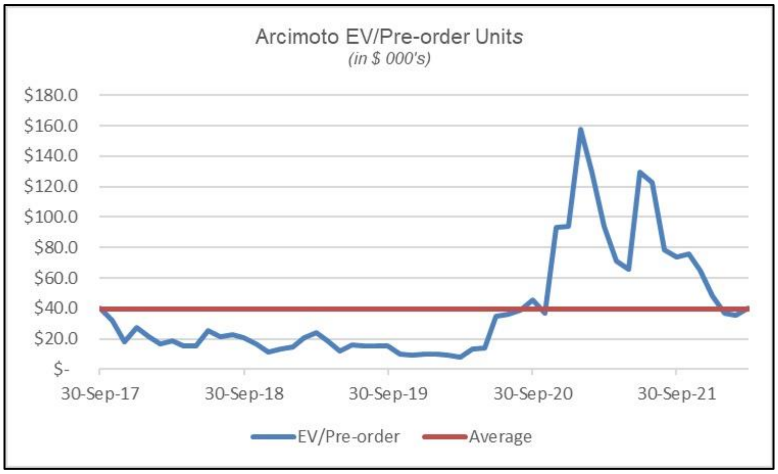
Valuation

There is a wide range of comparable valuations, reducing its efficacy as a valuation tool. Ayro and ElectraMeccanica, like Arcimoto, are producing electric vehicles, Ayro for the delivery market and ElectraMeccanica for the consumer market. Both trade close to enterprise value. Both GreenPower Motor, and Workhorse are producing electric vehicles for the bus and truck markets and trade at an average enterprise value consistent with Arcimoto.

		Price	FTM EPS	P/E	TEV (M)	FTM Sales (M)	EV/ Sales	FTM EBITDA	EV/ EBITDA
AYRO	AYRO, Inc.	$ 1.26	$ (0.56)	(2.3)	$ (23.8)	$ 7.1	(3.4)	$ (17.4)	1.4
SOLO	ElectraMeccanica Vehicles Corp.	2.20	(0.48)	(4.6)	25.7	12.5	2.1	(52.4)	(0.5)
GPV-CA	GreenPower Motor Company Inc.	8.01	(0.24)	(33.1)	182.2	39.9	4.6	(2.6)	(70.1)
WKHS	Workhorse Group Inc.	4.75	(0.48)	(9.9)	435.8	23.5	18.5	(62.0)	(7.0)
	Average						5.4		
FUV	Arcimoto, Inc.	$ 5.70	$ (1.16)	(4.9)	$ 185.3	$ 14.6	12.7	$ (39.0)	(4.8)

Source: FactSet and Dawson James Securities estimates

We believe the shares have been partly driven by the company's pre-order book, which has grown from about 1,100 units at the end of 2017 to 5,514 units at the end of Q4 2021. The following chart constructs the Enterprise Value/Pre-order ratio since late 2017. Over that time frame, the average EV/pre-order ratio is $40,000 per unit pre-ordered. This valuation is where the shares are currently trading.



Source: Arcimoto, FactSet, Dawson James Securities estimates.

Risks for the company include the ability to access the capital markets on favorable terms, changes in the transportation market driven by the reaction to the COVID-19 pandemic, ability to target the delivery and first responder markets, achieving efficiency and scale at the company's manufacturing plant, navigating state helmet laws and direct-to-consumer sales laws and overall economic conditions.

Exhibit 1. Income Statement

($ in 000's) (except per share data)	FY2019	FY2020	FY2021	Q1 22E	Q2 22E	Q3 22E	Q4 22E	FY2022E	FY2023E
Revenue	**$ 988**	**$ 2,176**	**$ 4,386**	**$ 400**	**$ 2,000**	**$ 3,000**	**$ 4,000**	**$ 9,400**	**$ 29,450**
COGS	2,911	8,251	17,149	5,499	6,779	7,579	8,379	28,235	44,275
Gross Profit	(1,924)	(6,075)	(12,763)	(5,099)	(4,779)	(4,579)	(4,379)	(18,835)	(14,825)
R&D	6,032	3,011	12,106	3,866	3,905	3,944	3,983	15,699	16,174
Sales & Marketing	1,005	2,239	7,000	2,462	2,487	2,512	2,537	9,998	10,301
G&A	5,494	6,091	12,948	4,500	4,545	4,590	4,636	18,272	18,825
Impairment			6,824					0	0
Opex	12,532	11,341	38,879	10,829	10,937	11,046	11,157	43,968	45,301
Operating Income	(14,455)	(17,416)	(51,642)	(15,927)	(15,716)	(15,625)	(15,535)	(62,803)	(60,125)
Interest Income	0	0	0	0	0	0	0	0	0
Interest Expense	(892)	(721)	(216)	(65)	(65)	(65)	(65)	(261)	(261)
Other	5	17	1,360	61	61	61	61	242	242
Pretax Income	(15,342)	(18,120)	(50,498)	(15,932)	(15,720)	(15,630)	(15,540)	(62,822)	(60,144)
Taxes	0	0	(2,934)	0	0	0	0	0	0
Net Income	**$ (15,342)**	**$ (18,120)**	**$ (47,564)**	**$ (15,932)**	**$ (15,720)**	**$ (15,630)**	**$ (15,540)**	**$ (62,822)**	**$ (60,144)**
Basic Shares	18,130	28,575	36,704	37,935	40,419	44,805	47,041	42,550	48,346
Basic EPS	$ (0.85)	$ (0.63)	$ (1.30)	$ (0.42)	$ (0.39)	$ (0.35)	$ (0.33)	$ (1.48)	$ (1.24)
Operating Income	(14,455)	(17,416)	(51,642)	(15,927)	(15,716)	(15,625)	(15,535)	(62,803)	(60,125)
Depreciation	710	930	2,348	692	713	735	756	2,897	3,241
Stock Comp	635	1,917	3,628	968	968	968	968	3,870	3,870
EBITDA	**$ (13,109)**	**$ (14,569)**	**$ (45,666)**	**$ (14,268)**	**$ (14,035)**	**$ (13,922)**	**$ (13,811)**	**$ (56,036)**	**$ (53,014)**

Source: Arcimoto, Inc. and Dawson James Securities estimates

Exhibit 2. Balance Sheet and Cash Flow Statement

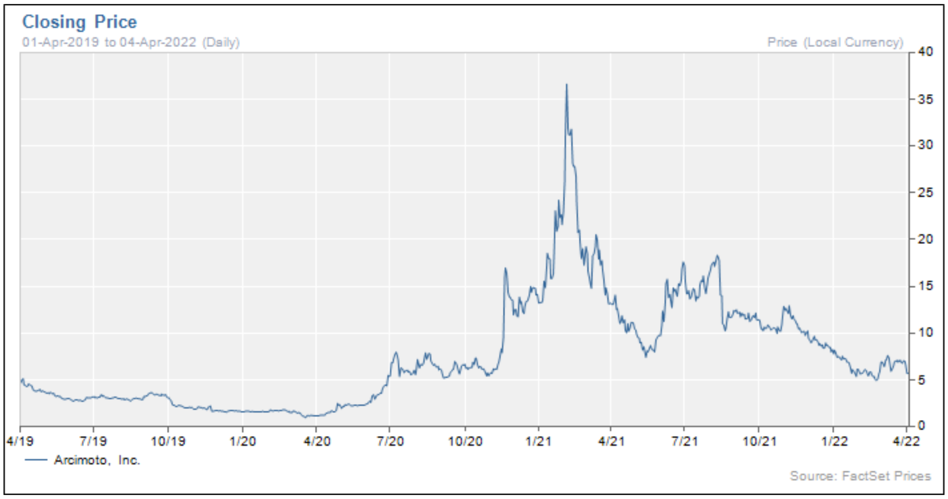
($ in 000's)	FY2019	FY2020	FY2021	FY2022E	FY2023E
Cash	5,832	39,451	16,971	10,720	11,997
A/R	244	17	128	3,200	7,600
Inventory	3,734	5,104	7,856	12,187	13,631
Prepaid Inventory	1,195	1,030	2,638	2,638	2,638
Other	665	901	2,440	12,568	29,848
Current Assets	11,671	46,503	30,033	41,313	65,713
PP&E	4,733	6,645	24,339	27,284	29,885
Intangible Assets	0	0	9,886	9,044	8,202
Goodwill	0	0	0	0	0
Other	42	102	141	141	141
Total Assets	**$ 16,446**	**$ 53,250**	**$ 64,399**	**$ 77,782**	**$ 103,942**
A/P	340	205	2,016	10,384	24,662
Accrued Liabilites	816	431	2,352	12,113	28,769
Customer Deposits	794	606	817	817	817
Capital Lease	434	247	352	352	352
Convertible NP-related Parties	1,151	0	0	0	0
Convertible NP (net of discount	838	0	0	0	0
NP (net of discount)	3,032	479	2,533	2,533	2,533
Other	121	289	544	544	544
Note Payable-Other	0	658	0	0	0
Current Liabilities	7,525	2,914	8,614	26,743	57,677
Capital Lease	1,180	535	713	713	713
Warranty Reserve	45	67	330	330	330
Deferred Revenue	86	50	9	9	9
Equity	7,610	47,684	53,548	48,802	44,028
Total Liabilities & Equity	**$ 16,446**	**$ 53,250**	**$ 64,399**	**$ 77,782**	**$ 103,942**

	FY2019	FY2020	FY2021	FY2022E	FY2023E
Net Income	(15,342)	(18,120)	(47,564)	(62,822)	(60,144)
Depreciation	710	930	2,348	2,897	3,241
Stock Comp	635	1,917	3,628	3,870	3,870
Other	1,186	310	2,807	0	0
Working Capital	(1,481)	(1,330)	(511)	598	7,809
Operating CF	**$ (14,291)**	**$ (16,294)**	**$ (39,291)**	**$ (55,457)**	**$ (45,224)**
Certificates of Deposit	0	0	0	0	0
Capx	(255)	(2,843)	(17,356)	(5,000)	(5,000)
Other	0	(60)	(16)	0	0
Investing Activities	**$ (255)**	**$ (2,903)**	**$ (19,126)**	**$ (5,000)**	**$ (5,000)**
Equity	14,213	54,677	36,540	54,205	51,500
Debt	1,262	(1,862)	(603)	0	0
Financing	**$ 15,475**	**$ 52,815**	**$ 35,937**	**$ 54,205**	**$ 51,500**
Change in Cash	**$ (256)**	**$ 33,619**	**$ (22,480)**	**$ (6,251)**	**$ 1,276**

Source: Arcimoto, Inc. and Dawson James Securities estimates

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:
Initiated – Neutral – March 15, 2022 – Price Target NA
Update – Neutral – April 4, 2022 – Price Target NA

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Current as of... 15-Mar-22

	Company Coverage		**Investment Banking**	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	31	74%	4	13%
Market Perform (Neutral)	11	26%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	42	100%	4	10%

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