UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 4, 2021

ARCIMOTO, INC.
(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of incorporation)

001-38213	26-1449404
(Commission File Number)	(IRS Employer Identification No.)

2034 West 2nd Avenue, Eugene, OR 97402
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (541) 683-6293

(Former name or former address, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, no par value	FUV	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company X

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

This Current Report on Form 8-K/A amends the Current Report on Form 8-K (the "Original 8-K") filed by Arcimoto, Inc. (the "Company") on February 4, 2021, reporting under Item 2.01 the completion of the asset purchase from Tilting Motor Works, Inc. ("TMW") This Current Report on Form 8-K/A amends and restates Item 9.01 of the Original Form 8-K to present certain financial statements of TMW and certain pro forma financial information, which are filed as exhibits hereto and are incorporated herein by reference. Except for this Explanatory Note, the filing of the financial statements and the pro forma financial information required by Item 9.01, and the consent of dbbmckennon, LLC filed herewith as Exhibit 23.1, there are no changes to the Original 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated financial statements of TMW for the years ended December 31, 2020 and 2019, as well as the accompanying notes thereto, are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The pro forma financial information required by Item 9.01 is filed as Exhibit 99.2 to this Current Report on Form 8-K/A and is incorporated herein by reference. The unaudited pro forma combined condensed consolidated balance sheet as of December 31, 2020, as if the business combination had been completed as of December 31, 2020, and the unaudited pro forma combined condensed consolidated statement of income for the year ended December 31, 2020, as if the business combination had been completed as of January 1, 2020. The unaudited pro forma combined condensed consolidated financial information is presented for illustrative purposes only and does not reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had TMW and the Company been combined during these periods.

(d) Exhibits

Exhibit No.	Description
99.1	Audited consolidated financial statements of Tilting Motor Works, Inc. for the years ended December 31, 2020 and 2019.
99.2	Unaudited pro forma combined condensed consolidated balance sheet as of December 31, 2020 and unaudited pro forma combined condensed consolidated statement of income for the year ended December 31, 2020.

SIGNATURES

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

ARCIMOTO, INC.

Date: April 20, 2021

By: /s/ Mark Frohnmayer
Mark Frohnmayer
Chief Executive Officer

dbbmckennon
Certified Public Accountants
Registered Firm - Public Company Accounting Oversight Board

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Tilting Motor Works Inc.

We have audited the accompanying financial statements of Tilting Motor Works Inc. (the "Company"), a Washington corporation, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tilting Motor Works Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

dbbmckennon

Newport Beach, CA
April 20, 2021

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Santa Monica Newport Beach San Diego

TILTING MOTOR WORKS INC.
BALANCE SHEETS

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 138,566	$ 15,800
Inventory	343,413	536,405
Other current assets	25,076	28,928
Total current assets	507,055	581,133
Property and equipment, net	4,349	8,191
Patents	24,330	24,330
Total assets	$ 535,734	$ 613,654
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 272,944	$ 412,769
Accrued liabilities	8,405	118,936
Customer deposits	68,978	30,910
Line of credit and demand notes, net of debt discount	972,074	948,876
Notes Payable to SBA	377,315	-

Total liabilities, current	1,699,716	1,511,491
Stockholders' deficit:		
Series A Preferred stock, no par value, 2,968,203 authorized, issued and outstanding	1,173,547	1,173,547
Series B Preferred Stock, no par value, 2,876,056 authorized, issued and outstanding	1,110,306	1,110,306
Common stock, no par value, 20,000,000 shares authorized; 7,545,307 shares issued and outstanding	567,100	567,100
Additional paid-in capital	808,402	806,913
Accumulated deficit	(4,823,337)	(4,555,703)
Total stockholders' deficit	(1,163,982)	897,837
Total liabilities and stockholders' deficit	$ 535,734	$ 613,654

See accompanying notes

TILTING MOTORWORKS INC.
STATEMENTS OF OPERATIONS

	For the year ended December 31, 2020	For the year ended December 31, 2019
Product sales	$ 618,496	$ 1,572,687
Cost of goods sold	421,796	1,007,468
Gross profit	196,700	565,219
Operating expenses		
Sales and marketing	64,026	40,540
General and administrative	398,737	981,447
Total operating expenses	462,763	1,021,987
Loss from operations	(266,063)	(456,768)
Other expense (income)		
Interest expense	134,943	453,626
Other (income), net	(133,372)	18,155
Net loss	$ (267,634)	$ (928,549)

See accompanying notes

TILTING MOTORWORKS INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019 and 2020

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional		Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-In Capital	Accumulated Deficit	Stockholders' Equity
Balance at December 31, 2018	2,968,203	$ 1,173,547		$	7,545,307	$ 567,100	$ 474,516	$ (3,627,154)	$ (1,411,991)
Issuance of Preferred stock for cash			1,026,272	473,547					473,547
Conversion of convertible notes to Preferred stock			1,849,784	636,759					636,759
Stock-based compensation							3,339		3,339
Debt discount on convertible notes							264,473		264,473
Debt discount for warrants issued with debt							64,585		64,585
Net loss								(928,549)	(928,549)
Balance at December 31, 2019	2,968,203	$ 1,173,547	2,876,056	$ 1,110,306	7,545,307	$ 567,100	$ 806,913	$ (4,555,703)	$ (897,837)
Stock-based compensation							1,489		1,489
Net loss								(267,634)	(267,634)

Balance at December 31, 2020	2,968,203	$	1,173,547	2,876,056	$	1,110,306	7,545,307	$	567,100	$	808,402	$	(4,823,337)	$	(1,163,982)

See accompanying notes

TILTING MOTORWORKS INC.
STATEMENTS OF CASH FLOWS

		For the year ended December 31, 2020		For the year ended December 31, 2019
OPERATING ACTIVITIES				
Net loss	$	(267,634)	$	(928,549)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		3,842		15,874
Stock-based compensation		1,489		3,339
Gain on settlement of deferred wages		(92,403)		-
Debt discount amortization		43,272		357,119
Changes in operating assets and liabilities:				
Inventory		192,992		(112,901)
Other current assets		3,850		(18,832)
Accounts payable		(139,825)		53,793
Accrued liabilities		(18,128)		8,500
Customer deposits		38,068		(172,446)
Net cash used in operating activities		(234,475)		(800,609)
INVESTING ACTIVITIES				
Purchases of property and equipment		-		(11,352)
Net cash (used in) provided by investing activities		-		(11,352)
FINANCING ACTIVITIES				
Line of credit and demand notes		(20,074)		(6,505)
Proceeds from notes payable to SBA		377,315		250,000
Proceeds from sale of stock, net		-		473,547
Net cash provided by financing activities		357,241		723,547
Net cash increase (decrease) for year		122,766		(88,414)
Cash and cash equivalents at beginning of year		15,800		104,214
Cash and cash equivalents at end of year	$	138,566	$	15,800
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for interest	$	94,205	$	106,736
Cash paid during the year for income taxes	$	-	$	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES				
Relative fair value of warrants issued with notes payable		-	$	64,585
Conversion of notes payable into preferred stock		-	$	636,759

See accompanying notes

TILTING MOTOR WORKS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS

Tilting Motor Works, Inc. (the “Company”) was incorporated in the State of Washington on January 4, 2008. The Company’s mission is to improve the safety and performance of existing motorcycles, by installing a kit on existing two wheeled motorcycles to convert them to three wheels while maintaining the capability to lean and counter steer. The company has two products; the TRiO a two wheeled kit which replaces the motorcycle’s front wheel and Tiltock which levels the bike and keeps it vertical when traveling at low speed or at a stop.

Risks and Uncertainties

TMW sold 128 units during 2019 and 47 units in 2020. The reason for the lower sales levels in 2020 is due to lack of available capital to finance sales, production and inventory. The Company was also shut down for 3 months due to the COVID 19 pandemic. There is continued uncertainty about the pandemic that may negatively impact future revenues.

TMW does not have a history of higher-scale production and may encounter delays or inefficiencies in its sales and manufacturing processes, which may prevent or delay achieving higher-scale production within anticipated timeliness. In order to achieve higher-scale production, the Company may need to raise additional capital, and there can be no assurance such capital will be available upon reasonable terms, if at all.

Additionally, the Company's business and operations are sensitive to governmental policies on importation and exportation, as well as the availability of vehicle components from suppliers, which themselves may be impacted by pandemics and such, as well as the ever-shifting general landscape of governmental policy related to cars and motorcycles.

The Company's industry is characterized by rapid changes in technology and customer demands. The Company's future success will depend on its ability to adapt to technological advances, its nimble reaction to customer demands, its development of well-considered new products and services, and the enhancement of its current products and services on a timely and cost-effective basis.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern Alleviated

The Company has incurred significant losses since inception and management expects losses to continue for the foreseeable future. On February 4, 2021, the Company entered into an agreement with Arcimoto, Inc to purchase the Company's operating assets and assume certain liabilities. The particulars of the transaction are described in Note 11 Subsequent events. The proceeds from the transaction are sufficient to pay all outstanding debts of the Company.

Basis of Presentation

The accounting and reporting policies of the Company conform with generally accepted accounting principles in the United States ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. As of December 31, 2020 and 2019, the Company held its balance of cash and cash equivalents in financial institutions, which, at times, exceeded the federally insured limits.

Inventory

Inventory is stated at the lower of cost (using the first-in, first-out method ("FIFO") or net realizable value. Inventories consist of component parts and sub-assemblies. The Company expensed all labor and overhead as period costs.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the double-declining method for financial statement purposes.

The estimated useful lives for significant property and equipment categories are five years for vehicles and seven years for all other assets.

Patents

Patents are amortized over the expected life. The Company ceased amortization during the years presented as the value is recovered from the sale to Arcimoto.

Customer Deposits

Revenue is not recognized on customer deposits until the deposit is applied to a completed sale where the vehicle manufacturing process is completed, the vehicle is picked up by or delivered to the customer and the appropriate revenue recognition criteria have been met per our policy below.

Notes Payable Issued with Warrants

Warrants to purchase common stock that are issued in conjunction with notes payable are separated, and valued on relative fair value basis. The resulting value allocated to the warrants is reported as a discount to the note and is amortized over the term of the agreements.

Warranties

The Company had not provided an estimated liability for future warranty expense as historical warranty expense is minimal as compared to overall operations.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers, in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The Company recognizes revenue when the earnings process is complete. This generally occurs when products are picked up by the customer or a common carrier, or when control of the vehicle passes to the customer. The Company's shipping terms are generally F.O.B. shipping point, where title is transferred, and revenue is recognized, when the products are shipped to or picked up by customers.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC 718, Compensation - Stock Compensation. Under the fair value recognition provisions of FASB ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the option or warrant vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and common stock warrants.

Advertising Costs

Advertising costs are recorded as an expense in the period in which we incur the costs or the first time advertising takes place. Advertising costs expensed were $59,805 and $29,528 for the years ended December 31, 2020 and 2019, respectively.

Research and Development

Costs relating to research and development are expensed as incurred. Costs primarily relate to engineering salaries and related benefits and material and equipment costs related to testing, product design and development.

Income Taxes

The Company accounts for income taxes under an asset and liability approach for financial accounting and reporting for income taxes. A valuation allowance is recorded for deferred tax assets when more likely than not the asset will not be deferred.

NOTE 3: CONCENTRATIONS

Payables

As of December 31, 2020 the Company had two vendors and December 31, 2019 one vendor that accounted for more than 10% of the Company's payables balances. The loss of these vendors would not have a significant impact on the Company's operations.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation, and consist of the following at December 31:

	2020	2019
Autos and Trucks	$ 12,554	$ 12,554
Tooling	39,571	39,571
Furniture and equipment	51,338	51,338
	103,463	103,463
Less accumulated depreciation	(99,114)	(95,272)
	$ 4,349	$ 8,191

Depreciation expense was $3,842 and $15,874 during the years ended December 31, 2020 and 2019, respectively.

NOTE 5: CUSTOMER DEPOSITS

The Company has received customer deposits ranging from $250 to $11,200 per kit. As of December 31, 2020 and 2019, the Company's balance of deposits received was $66,310 and $24,750, respectively. As of December 31, 2020 and 2019, $6,500 and $7,000, respectively, of these deposits were refundable upon demand. Deposits are included in current liabilities in the accompanying balance sheets. When a customer's order is ready to enter the production process, the customer is notified that if they would like to proceed with the purchase of a vehicle, their deposit will no longer be refundable and any additional deposit required must be paid prior to the start of the manufacturing process.

NOTE 6: NOTES PAYABLE

On May 8, 2020, the Company received a Paycheck Protection Program ("PPP") loan in the amount of $99,915, included with Notes Payable. The loan has an interest rate of 1% and monthly payments of $5,594 for 18 months beginning December 8, 2020. This loan is eligible for the limited loan forgiveness provisions of Section 1102 of the CARES Act, and the SBA Interim Final Rule dated April 2, 2020. As of December 31, 2020, the balance on the loan was $99,915. The Company was forgiven $79,466 of the note subsequent to year end.

On May 18, 2020, the Company received a loan from the U.S. Small Business Administration in the amount of $277,500 included with Notes Payable. The loan has an interest rate of 3.75% and monthly payments of $1,353 starting on May 18, 2021. The loan matures and any unpaid principal and interest is due on May 18, 2050. The loan is secured by the tangible and intangible assets of the Company. The loan was fully repaid subsequent to year end.

The Company entered into a SBA guaranteed revolving line of credit on February 2, 2017 with Northwest Bank to borrow up to $750,000. The outstanding balance has an interest rate of prime plus 2.25% per annum, payable monthly. Advances on the line of credit are limited to the lesser of $750,000 or the outstanding customer orders times the cost to produce the product. The outstanding balance owed at December 31, 2020 and 2019 was $622,073 and $642,147 respectively. The line of credit originally was scheduled to mature on February 2, 2027 before the Company defaulted on the credit facility. The line of credit is secured by all tangible and intangible assets of the Company and is personally guaranteed by the Robert Mighell, CEO. On September 14, 2020, the Company entered into a forbearance agreement with Northwest Bank. The Company was declared to be in default due to failure to comply with the Use of Proceeds and Conditions for Disbursement within the Original Note. Per the forbearance agreement the Bank agreed to accept installment payments at $11,500 per month plus $1,500 per month for every unit sold in excess of 10 per month until the Company is compliant with the terms of the Line of Credit. All other conditions of the line of credit remain in effect. The line of credit was fully repaid subsequent to December 31, 2020.

The Company on August 27, 2018 entered into a $350,000 note and warrant purchase agreement with four different individuals (collectively the "Lenders") who are also investors in the Company. Each lender agreed to lend up to $87,500 on a pro-rata basis. The notes have an interest rate of prime plus 1%, computed daily or 6% whichever is greater. Each lender was also granted warrants for 150,000 shares, each or 600,000 warrants in the aggregate exercisable immediately at $0.41 per share. The Company recorded the relative fair value of the warrants of $82,533, as a discount to the note. The notes initial maturity was on August 27, 2019; however, it was extended for an additional 12 months in exchange for an additional 110,000 warrants credited to each lender or 440,000 warrants in the aggregate, immediately exercisable at $0.487 per share. The Company recorded the relative fair value of these warrants of $64,585 as an additional discount to the note. The above discounts were amortized over one-year period. On August 27, 2020, the lenders and the Company agreed to amend the terms of the note to pay interest monthly at 6.5% per annum and the Company acknowledged the notes are payable upon demand. The notes are unsecured. The Company used an expected life of six years, risk free interest rate of 2.85%, no dividends and expected volatility of 102% based on comparable public companies. The exercise prices were determined based on sales of securities and was expected to approximate fair value at the date of issuance. Amortization of the debt discounts was $43,272 and $76,610 was recorded in 2020 and 2019, respectively. The notes were repaid subsequent to year end.

NOTE 7: INCOME TAXES

No federal tax provision has been provided for the years ended December 31, 2020 and 2019 due to the losses incurred during such periods.

As of December 31, 2020, the Company had net operating loss carry forwards of approximately $3,700,000. Approximately $2,400,000 of the net operating loss carryforwards will expire by 2037. The remainder of the net operating loss carryforwards generated in 2018 and later have indefinite carryforward periods. The Company's primary deferred tax asset consists of net operating losses of approximately $777,000; the Company provided a 100% valuation allowance as of each balance sheet date.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company policy is to record interest and penalties on uncertain tax positions as income tax expense.

The Company has identified the United States Federal tax returns as its "major" tax jurisdiction. The United States Federal return years 2016 through 2019 are still subject to tax examination by the United States Internal Revenue Service; however, we do not currently have any ongoing tax examinations.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Lease

The Company lease a facility under a month-to-month lease in Snohomish, Washington. Total rent expense for the years ended December 31, 2020 and 2019, amounted to $67,592 and $59,811, respectively.

Litigation

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company or any of its officers.

NOTE 9: RELATED PARTY TRANSACTIONS

On September 21, 2020, the Company entered into a Wage Debt Settlement Agreement with William Messing to discharge and fully satisfy outstanding balance owed to him of $92,403 through a one-time interest payment of $10,131 and a one-time wage payment of $2,650. This forgiveness of debt is included in other income.

$54,000 was paid to Odd Dog Media in 2020 for marketing services. The owners of are related to a director of Tilting Motor Works.

NOTE 10: STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 6,900,000 shares of preferred stock, no par value, of which 2,968,203 shares were designated as Series A Preferred Stock and 3,902,328 shares were designated as Series B Preferred Stock.

Preferred Stock is convertible at any time after issuance at the option of the holder into shares of common stock at the original issue price of the Series A or Series B Preferred Stock. The Preferred Stock is also subject to mandatory conversion provisions upon an initial public offering raising $20 million or more and is not redeemable. To prevent dilution, the conversion price of the Preferred Stock is to be adjusted for any issuance of securities, excluding exempt securities, which change the number of shares of common stock outstanding. The Preferred Stockholders are entitled to equal voting rights to common stockholders on an as-converted basis and receive preference to the common stockholders upon liquidation.

During the year ended December 31, 2019, the Company issued 1,026,272 shares of Series B preferred stock for $500,000, net of offering costs of $26,453 or $0.487 per share. In connection therewith, the Company issued warrants

Common Stock

The Company has reserved a total of 3,077,090 shares of its common stock pursuant to the 2013 equity incentive plans. The Company has 705,000 and 1,257,000 stock options outstanding under this plan as of December 31, 2020 and December 31, 2019, respectively.

A summary of activity under the 2013 Equity Incentive Plan is presented below:

	Number of Shares	Weighted Average Exercise Price	Weighted average remaining contractual life in years
Options outstanding as of January 1, 2019	2,112,000	$ 0.41	7.95
Granted			
Exercised			
Forfeited or expired	(855,000)	0.41	7.69
Options outstanding as of December 31, 2019	1,257,000	0.41	6.98

Granted				
Exercised				
Forfeited or expired	(552,000)		0.41	7.27
Options outstanding as of December 31, 2020	705,000	$	0.41	5.42

NOTE 11: SUBSEQUENT EVENTS

On February 4, 2021, the Company closed and completed the sale of all non-cash assets to Arcimoto, Inc. ("FUV"). Pursuant to the terms and conditions of the Agreement, FUV will pay aggregate consideration of $1,750,000 and 436,339 shares of Company common stock, valued at approximately $15,992,000 based on the closing price of $36.65 per share on the closing date, subject to certain conditions. The Company will deliver, transfer, assign and convey the company assets (as defined in the agreement). FUV will assume certain liabilities (as defined in the agreement). The assets include, but are not limited to all inventories, machinery and equipment, Intellectual Property (as defined in the Agreement), general intangibles; furniture and fixtures; office supplies and equipment, leasehold improvements, prepaid expenses, contract and lease rights, open purchase orders from customers, claims benefiting Seller with respect to the business, know-how, tradenames and trademarks, logos, operating data and records, internet domain names, accounting records and reports, and all of Seller's rights to the name "Tilting Motor Works." The Company continues to be responsible for any warranty claims arising from kits sold prior to consummation of the sale.

See Note – 6 for regarding the payoff and forgiveness of outstanding debt as of December 31, 2020.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information presents the unaudited pro forma condensed combined balance sheets and statement of operations based upon the combined historical financial statements of Arcimoto (the "Company"), and Tilting Motor Works, Inc. ("TMW") after giving effect to the business combination (the "Transaction") between Arcimoto and TMW and adjustments described in the accompanying notes.

The following unaudited pro forma condensed combined balance sheets of TMW and the Company, as of December 31, 2020, has been prepared to reflect the effects of the TMW acquisition as if it occurred on January 1, 2020. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2020 combines the historical results and operations of TMW and the Company giving effect to the Transaction as if it occurred on January 1, 2020.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- Arcimoto's audited consolidated financial statements and accompanying notes as of and for the year ending December 31, 2020, as contained in its Annual Report on Form 10-K filed on March 31, 2021 and amended on April 5, 2021 with the United States Securities and Exchange Commission (the "SEC").
- TMW's audited financial statements as of and for the years ended December 31, 2020, contained elsewhere in this filing.
- The other information contained in or incorporated by reference into this filing.

Additional information about the basis of presentation of this information is provided in Note 1 hereto.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the Transaction have been prepared in accordance with business combination accounting guidance as provided in Accounting Standards Codification 805 and reflect the preliminary allocation of the purchase price to the acquired assets and liabilities based upon the preliminary estimate of fair values, using the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the Transaction had been completed as of the dates set forth above, nor is it indicative of the future results or financial position of the combined company. In connection with the pro forma financial information, the Company allocated the purchase price using its best estimates of fair value. Accordingly, the pro forma acquisition price adjustments are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. The unaudited pro forma condensed combined financial information also does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the Transaction or any integration costs.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Description of Transaction

On January 23, 2021, Arcimoto, Inc. (the "Company") entered into an Asset Purchase Agreement dated to be effective January 22, 2021 (the "Agreement") with Tilting Motor Works, Inc., a Washington corporation (the "Seller") and Robert Mighell, in his individual capacity solely with respect to Section 11(I) of the Agreement. Pursuant to the terms and conditions of the Agreement, the Company paid consideration of $1,750,000 and 604,687 shares (number of shares subject to adjustment) of Company common stock, no par value, subject to certain conditions and adjustments. On February 4, 2021 the Company issued 436,399 common stock shares and paid the cash consideration and received inventories, machinery and equipment, Intellectual Property (as defined in the Agreement), general intangibles; furniture and fixtures; office supplies and equipment, leasehold improvements, prepaid expenses, contract and lease rights, open purchase orders from customers, claims benefitting Seller with respect to the business, know-how, tradenames and trademarks, logos, operating data and records, internet domain names, accounting records and reports, and all of Seller's rights to the name "Tilting Motor Works."

ARCIMOTO AND SUBSIDIARIES
PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 2020
(UNAUDITED)

	Arcimoto Note A	TMW Note B	Proforma Adjustments	Notes	Proforma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 39,451,401	$ 138,566	$ (1,888,566)	(b)	$ 37,701,401
Accounts receivable, net	17,117	-	-		17,117
Inventory	5,104,068	343,413			5,447,481
Prepaid Inventory	1,029,617	-			1,029,617
Deposits	-	-			-
Other current assets	900,827	25,076			925,903
Total current assets	46,503,030	507,055	(1,888,566)		45,121,519
Property and equipment, net	6,645,230	4,349	-		6,649,579
Goodwill	-	-	3,881,278	(d)	3,881,278
Intangible assets, net	-	24,330	9,779,268	(c)	9,803,598
Security deposits	101,688	-	-		101,688
			-		
Total assets	$ 53,249,948	$ 535,734	$ 11,771,980		$ 65,557,662
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities:					
Current liabilities:					
Accounts payable	$ 205,133	$ 272,944	$ (272,944)	(g)	$ 205,133

Accrued liabilities	431,166	8,405	-		439,571
Customer deposits	605,532	68,978	-		674,510
Current portion of capital lease obligations	246,524	-	-		246,524
Convertible notes payable, related parties	-	-	-		-
Convertible notes payable, net of discount	-	-	-		-
Notes payable, net of discount	478,928	972,074	(972,074)	(a)	478,928
Current portion of warranty reserve	161,607	-	-		161,607
Current portion of deferred revenue	127,219	-	-		127,219
Current portion of equipment financing note payable	237,069	-	-		237,069
Current portion of note payable to bank	421,076	377,315	(377,315)	(a)	421,076
Total current liabilities	2,914,254	1,699,716	(1,622,333)		2,991,637
Capital lease obligations, net of current portion	534,624		-		534,624
Warranty reserve	66,500		-		66,500
Long-term deferred revenue	50,000		-		50,000
Equipment financing note payable	1,352,930		-		1,352,930
Note payable to bank, net of current portion	647,610		-		647,610
Total long-term liabilities	2,651,664	-	-		2,651,664
Total liabilities	5,565,918	1,699,716	(1,622,333)		5,643,301
Commitments and contingencies					
Stockholders' equity:					
Series A-1 Preferred Stock, no par value, 1,500,000 authorized; none issued and outstanding as of December 31, 2020	-	-	-		-
Class C Preferred Stock, no par value, 2,000,000 authorized; none issued and outstanding as of December 31, 2020	-	-	-		-
Preferred Stock, no par value, 1,500,000 authorized, none issued and outstanding as of December 31, 2020	-	-	-		-
Common Stock, no par value, 60,000,000 shares authorized; 34,623,894 shares issued and outstanding as of December 31, 2020	100,236,178	-	13,038,355	(h)	113,274,533
Series A Preferred stock, no par value, 2,968,203 authorized, issued and outstanding	-	1,173,547	(1,173,547)	(e)	-
Series B Preferred Stock, no par value, 2,876,056 authorized, issued and outstanding	-	1,110,306	(1,110,306)	(e)	-
Common stock, no par value, 20,000,000 shares authorized; 7,545,307 shares issued and outstanding	-	567,100	(567,100)	(e)	-
Additional paid-in capital	3,876,503	808,402	(906,967)	(f)	3,777,938
Accumulated deficit	(56,428,651)	(4,823,337)	4,113,878	(f)	(57,138,110)
Total stockholders' equity	47,684,030	(1,163,982)	13,394,313		59,914,361
			-		
Total liabilities and stockholders' equity	$ 53,249,948	$ 535,734	$ 11,771,980		$ 65,557,662

ARCIMOTO AND SUBSIDIARIES
PRO FORMA CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Arcimoto Note A	TMW Note B	Proforma Adjustments	Notes	Proforma Combined
Revenue:					
Product sales	$ 2,040,470	$ 618,496	$ -		$ 2,658,966
Grant revenue	10,000		-		10,000
Other revenue	125,823		-		125,823
Total revenues	2,176,293	618,496	-		2,794,789
Cost of goods sold	8,250,956	421,796			8,672,752
Gross loss	(6,074,663)	196,700	-		(5,877,963)
Operating expenses:					
Research and development	3,011,024	-			3,011,024
Sales and marketing	2,238,890	64,026			2,302,916
General and administrative	6,091,306	398,737			6,490,043
Amortization of intangibles	-	-	844,402	(c)	844,402
Total operating expenses	11,341,220	462,763	844,402		12,648,385
Loss from operations	(17,415,883)	(266,063)	(844,402)		(18,526,348)
Other expense (income):					
Interest expense	721,466	134,943	(134,943)	(a)	721,466
Other income	(16,451)	(133,372)			(149,823)
Foreign exchange gain	(409)	-			(409)
Net loss	$ (18,120,489)	$ (267,634)	$ (709,459)		$ (19,097,582)
Weighted average common shares - basic and diluted	28,574,729		436,339		29,011,068
Net loss per common share - basic and diluted	$ (0.63)		$ (1.63)		$ (0.66)

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Please Note That All Monetary Amounts Other Than Per Share Information Are Presented in Thousands Unless Otherwise Indicated.

1. Basis of Presentation

The unaudited pro forma condensed combined financial information set forth herein is based upon the consolidated financial statements of Arcimoto and TMW. The unaudited pro forma condensed combined financial information is presented as if the Transaction had been completed on January 1, 2020 with respect to the unaudited pro forma condensed combined balance sheet as of December 31, 2020, as well as in respect to the unaudited pro forma condensed combined statements of operations for each for the year ended December 31, 2020.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations had the Transaction occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the completion of the Transaction.

We have accounted for the Transaction in this unaudited pro forma condensed combined financial information using the acquisition method of accounting, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805 "Business Combinations" ("ASC 805"). In accordance with ASC 805, we used our best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. Goodwill as of the acquisition date is measured as the excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired based on a preliminary allocation of the purchase price. The Company is continuing to review the preliminary purchase price allocation and evaluate whether any of the goodwill or other intangibles created in the transaction might be impaired given that the fair value of the common shares paid in the transaction was valued on the date the transaction closed (February 4, 2021) which was an all-time high for the Company's common shares.

Arcimoto's combined financial information is prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP") as issued by the FASBTMW's financial information has been historically prepared in accordance with GAAP.

Pro forma adjustments reflected in the pro forma condensed combined statements of operations are based on items that are factually supportable, directly attributable to the Transaction and expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the Transaction, including potential synergies that may be generated in future periods.

Unaudited Pro Forma Condensed Combined Balance Sheet – As of December 31, 2020

Note A: Derived from the balance sheet of Arcimoto and its subsidiaries as of December 31, 2020, as presented in the Company's annual 10-K filing.

Note B: Derived from the audited balance sheet of TMW as of December 31, 2020 included elsewhere within this filing.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Year Ended December 31, 2020

Note A: Derived from the audited statement of operations of Arcimoto for the year ended December 31, 2020, as presented in the Company's annual form 10-K filing.

Note B: Derived from the audited statement of operations of TMW for the year ended December 31, 2020 included elsewhere in this filing.

2. Consideration Transferred

In consideration of the interests, the Company delivered to the Seller $1,750,000 in cash, plus 436,339 shares of the Company for substantially all of the TMW assets and certain assumed liabilities.

The purchase price is calculated as follows:

Cash	$	1,750,000
Add: Fair value of shares issued		13,038,335
Total consideration	$	14,788,335

3. Preliminary Purchase Price Allocation

A summary of the preliminary purchase price allocation is as follows:

Description		**Fair Value**
Assets acquired:		
Inventory	$	342,394
Prepaid expenses and other current assets		4,083
Property, plant, and equipment		4,349
Tradename		2,052,000
Proprietary Technology		7,010,000
Customer Relationships		1,586,000
Goodwill		3,881,278
Total assets acquired	$	14,880,104
Liabilities assumed:		
Customer deposits		91,749
Total liabilities assumed		91,749

Estimated fair value of net assets acquired:	$ 14,788,335

4. Intangible Assets Acquired

The Purchaser acquired intangible assets from TMW as a result of the Transaction. The Tradename, Proprietary Technology, Customer Relationships, Agreement intangible assets are noted to have a finite life while Goodwill has an indefinite life span. The finite life intangible assets will be amortized using the straight-lined method of the respective lives of each asset, while the indefinite life intangible assets will not be amortized.

Based thereon, below are the acquired intangibles with their relative useful lives and method of amortization

Intangible Asset	Useful Life	Amortization Method
Tradename and trademarks	14 years	Straight-line
Proprietary Technology	13 Years	Straight-line
Customer Relationships	10 Years	Straight-line
Goodwill	Indefinite	N/A

The pro forma condensed combined statements of operations above for the year ending December 31, 2020 both include pro forma adjustments related to the amortization of the intangible assets acquired. For pro forma purposes, the finite life intangible assets are amortized on a straight-line basis beginning on January 1, 2020, as if the Transaction occurred on that date.

5. Income Tax Adjustments

The effective tax rate used by TMW for the year ending December 31, 2020 was 21%. Based on the Company's intent to avail itself of the business continuation requirements, the Company expects to be able to utilize the net operating loss carryovers. As a result, the Company would record a deferred tax asset for the estimated net operating loss as of the opening balance sheet date. The acquired intangible assets will result in a deferred tax liability (book basis with no corresponding tax basis). The amortization of those intangible assets represents a source of future taxable income such that the net operating losses up to that amount would be realizable. The net operating losses in excess of the intangible assets would require a valuation allowance unless other sources of future taxable income could be identified. The resulting combination of the deferred tax asset, deferred tax liability, and valuation allowance results in a net impact of zero on the consolidated financial statements of Arcimoto and its subsidiaries subsequent to the transaction.

For the periods presented, the pro forma pretax losses incurred by the Company received no corresponding tax benefit because the Company concluded that it is more likely than not that the Company will be unable to realize the value of any resulting deferred tax assets (see discussion above). In consideration of the facts previously stated, management has determined that there is no net tax impact of the Transaction on the pro forma financial statements for the year ending December 31, 2020.

6. Detailed Notes – Pro Forma Adjustments

(a) Adjustment to eliminate historical December 31, 2020 TMW notes payable that were no longer in place as of the date of the Transaction. As the notes were settled as part of the Transactions, management eliminated the $134,943 of related interest expense.

(b) Reflects the $1,750,000 paid at closing of the Transaction, adjust the historical cash balance of TMW to zero as TMW cash was not acquired in the Transaction on the Closing Date.

(c) Adjustments represent the preliminary fair market value related to the identifiable intangible assets acquired in the Transaction less amortization expense of approximately $844,402 for the year ended December 31, 2020.

(d) Adjustment reflects the preliminary estimated adjustment to goodwill as a result of the Transaction. Goodwill represents the excess of the consideration transferred over the preliminary fair value of the assets acquired and liabilities assumed. The goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment exists. In the event management determines that the value of goodwill has been impaired, the Company will incur an impairment charge during the period in which the determination is made. The goodwill is attributable primarily to strategic and synergistic opportunities.

(e) Adjustment to close out TMW's common stock and additional paid-in capital accounts in conjunction with the Transaction, as well as Net Working Capital changes to the date of closing.

(f) Adjustment to remove TMW's accumulated deficit, the elimination of intercompany loans no longer in place at the time of the Transaction, the elimination of intangible assets no longer in place as of the date of the Transaction, and the amortization expense associated with the intangible assets acquired in the Transaction. See below for details on adjustments to accumulated deficit.

(g) Adjust the accounts payable of TMW as accounts payable was not an assumed liability in the Transaction.

(h) Fair value of 436,339 Company common shares issued in the Transaction.