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Arcturus Ventures proposes business combination with OjO Electric to create a high-growth provider of safe, sustainable urban mobility solutions

Highlights:

- Resulting issuer to offer pure play access to today's rapidly expanding rideshare market.
- Electric scooter rideshare program committed to collaborating with local governments to reduce traffic congestion and carbon emissions.
- Built for the bike lane and streets, off sidewalks and away from pedestrians, the OjO scooter is a safe, structurally sound alternative to the kick-scooters in the market today, with superior, sustainable unit economics.
- Growth pipeline targets ten-fold increase in deployed rideshare fleet by end of 2019.

VANCOUVER, BRITISH COLUMBIA – July 9, 2019 – Arcturus Ventures Inc. ("**Arcturus**" or the "**Company**") (TSXV-NEX: AZN.H) is pleased to announce that it has entered into a letter agreement dated July 9, 2019 (the "**Letter Agreement**") with OjO Electric, LLC ("**OjO**"), a Light Electric Vehicle (LEV) mobility solutions company based out of Oxnard, California, to effect a business combination.

About OjO

OjO is a California limited liability company dedicated to providing safe, sustainable micro-mobility solutions in collaboration with municipal governments to reduce traffic congestion and carbon emissions. Micro-mobility ridesharing solutions — personal individual electric vehicles, such as e-scooters, rentable by-the-minute through a smartphone app can effectively replace most personal car and ride-hailing trips, as well as deliver first- and last-mile solutions for public transit, in congested metro areas. OjO is rapidly gaining market share in the global rideshare market. Goldman Sachs has estimated the global mobility market to be worth US$7.0 trillion, and projects the ride-hailing segment alone (Uber, Lyft, and others) to grow to between US$177 billion and US$492 billion by 2030, and still constitute just 4% of overall urban trip demand.[1]

OjO's patented, custom-engineered rideshare scooter is the culmination of four years of development. Its design differentiates OjO from the competition, which have almost exclusively deployed white-labelled commodity kick-scooters. In contrast, the OjO scooter has a seat, so riders can choose to stand or remain comfortably seated for their ride, as well as a number of safety-focused enhancements and a heavy-gauge aluminum chassis for optimal strength to withstand the demands of rideshare usage. Built for bike lanes and streets, away from sidewalks and pedestrians, the zero emission, fully-electric OjO scooter has two swappable 48-volt lithium ion batteries that allow it to go up to 50 miles on a full charge at bike-lane-legal top speeds of 20 mph. OjO customers

[1] Goldman Sachs Global Investment Research, *Rethinking Mobility*, May 23, 2017.

enjoy longer rides than typical kick-scooter riders, and increased mileage traveled and drive time reduces cars on the road and emissions.

OjO was founded in 2015 by a group of successful consumer goods entrepreneurs, inventors, and designers, including Donald Ratner, who is responsible for bringing over US$1 billion of famous toys, water guns, and licensed products to worldwide markets. OjO launched its rideshare business in January 2019 in Austin, Texas, with an initial deployment of 100 scooters. It has since expanded operations to Hoboken, New Jersey, and Dallas, Texas, for a total deployed fleet of approximately 250 scooters. By gaining access to public markets and new sources of capital in connection with the Transaction, OjO plans to significantly ramp up its expansion efforts. It is currently in advanced discussions with stakeholders in several additional U.S. municipalities, with plans to have a deployed fleet of approximately 2,500 or more scooters by the end of this year. Scooter rideshare services currently exist in more than 100 cities in North America alone.

Recent published studies on competitors' unit economics have found an average scooter lifespan of approximately one month, as compared to the nearly eight months required for them to break even.[2] OjO expects an average lifespan for its scooters of two years or more under rideshare usage. Under consumer usage, OjO scooters have lasted well over two years and 6,000 miles driven. Version 2.0 of OjO's rideshare scooter, which is currently in production and will be deployed throughout the balance of 2019, has several design enhancements to make it even sturdier than OjO's existing models. Based on actual, unaudited results from OjO's rideshare operations for June 2019, and an implied revenue per scooter per day of US$17.00,[3] OjO requires its scooters to last an average of just six months to break even.[4]

"The adoption curve for e-scooter rideshare is outpacing even that of ride-hailing services like Uber and Lyft, which is not all that surprising given an estimated 53% of all trips in a city travel fewer than 3 miles" said Max Smith, Chief Executive Officer of OjO. "But the early entrants in this space, such as Bird and Lime, have prioritized market share above all other considerations. We believe this 'blitzscaling' model is fundamentally broken, having been plagued by theft, vandalism, and heavy pushback from municipalities, and having created piles of scooter litter, blocked sidewalks, injuries, and even deaths – not to mention poor unit economics."

He continued, "That's why OjO has always worked hand-in-hand with municipal partners to thoughtfully deploy micro-mobility solutions that respect city planning and infrastructure, treat public safety as the top priority, and embrace a multi-modal vision for the future of urban transportation. The OjO scooter itself is a superior product than all of the kick-scooters in the market from a safety, quality, and comfort standpoint, but the real difference maker for city planners and customers alike is usage and range. While kick-scooters are used for short trips, OjO is providing a true alternative to cars in the micro-mobility space by also servicing longer trips."

For the fiscal year ended December 31, 2018, OjO had assets of US$1.1 million, liabilities of US$1.1 million, revenues of US$592,000, and a net loss of US$2.6 million.[5] The foregoing figures reflect unaudited results from operations of OjO prior to launching its rideshare business, which

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[2] https://qz.com/1561654/how-long-does-a-scooter-last-less-than-a-month-louisville-data-suggests/

[3] For the month of June 2019, OjO's rideshare operations earned average revenue per scooter per day of approximately US$17.50 (unaudited). This equates to an average of approximately three rides/day at an average duration of approximately 25 minutes/ride (rides are US$1.25 to start plus a per minute charge of between US$0.18 and US$0.25).

[4] Based on current manufacturing costs for version 2.0 of OjO's rideshare scooter of US$1,176, and taking into account all operating costs (including payments to fleet management partners, daily maintenance, permits, credit card transaction fees, and data fees).

[5] Non-final, estimated figures; remain subject to audit.

commenced in January 2019. These results are therefore not reflective of the current business of OjO, which has been growing and gaining traction throughout 2019.

The Transaction

The Letter Agreement sets out the principal terms and conditions upon which Arcturus and OjO have agreed to complete a business combination (the "**Transaction**") pursuant to which Arcturus will acquire OjO via a share exchange transaction that will result in a reverse take-over of Arcturus by OjO. The Transaction will be effected on a pre-money valuation of the combined entity (the "**Resulting Issuer**") of approximately US$32 million, with existing securityholders of OjO receiving, in aggregate, approximately 37.4 million common shares of the Resulting Issuer ("**Resulting Issuer CS**").[6] Transaction fees of approximately 1.2 million Resulting Issuer CS will be payable on the completion of the Transaction, in addition to customary transaction fees and expenses payable in cash.

The precise form and structure of the Transaction, including the security exchange mechanics and the terms of the securities of Arcturus issuable to OjO securityholders, will be determined having regard to advice from tax and securities law advisors of the parties. Among other things, the final Transaction structure is expected to involve certain key OjO securityholders, who will collectively hold approximately 30% of Resulting Issuer CS immediately following the closing of the Transaction (calculated on a fully-diluted and as-converted basis), exchanging a *de minimis* number of their OjO membership units for multiple voting shares of Arcturus ("**Resulting Issuer MVS**") providing them with approximately 80% of the outstanding voting rights of the Resulting Issuer. Resulting Issuer MVS will: (i) have 1,000 votes each; (ii) be convertible into Resulting Issuer CS on a 1:1 basis in certain circumstances, including automatic conversion into Resulting Issuer CS upon holders of Resulting Issuer MVS collectively owning less than 20% of the outstanding Resulting Issuer shares (calculated on a fully-diluted and as-converted basis); (iii) not entitle the holders to any greater economic interest per share than the Resulting Issuer CS; (iv) not entitle the holders to change the rights and restrictions attached to any class of shares of the Resulting Issuer without a vote of all Resulting Issuer shareholders with the Resulting Issuer MVS having just one vote each; and (v) not have any anti-dilution rights. The Resulting Issuer CS holders will be provided with customary coattail rights.

The Transaction is subject to a number of conditions, including completion of the Financing (defined below), receipt of applicable third party consents and regulatory approvals, including , TSX Venture Exchange ("**TSX-V**") approval, receipt of applicable corporate and securityholder approvals, completion of satisfactory due diligence by OjO on Arcturus and Finco, and the execution of a definitive agreement in respect of the Transaction. The Transaction does not need to be approved by Arcturus shareholders under TSX-V Policy 5.2, as the Company is inactive and in good standing, the Transaction is not a "Related Party Transaction", and no other circumstances exist which may compromise the independence of the Company or other interested parties. However, Arcturus shareholders will be required to approve components of the Transaction, including authorizing the creation of the Resulting Issuer MVS. The Company intends to seek a waiver from the TSX-V to exempt the Transaction from the sponsorship requirements of TSX-V Policy 2.2.

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[6] On a fully converted basis in the event securities convertible into, or exchangeable for, shares of the Resulting Issuer , including Resulting Issuer MVS, are issued in the Transaction (hereinafter referred to as "on a fully-diluted and as-converted basis").

Subject to such conditions being satisfied or, if applicable, waived, the Transaction is anticipated to close in September 2019.

Trading in the common shares of the Company has been halted in accordance with the policies of the TSX-V and will remain halted until such time as all required documentation has been filed with and accepted by the TSX-V and permission to resume trading has been obtained from the TSX-V.

The Financing

A newly incorporated special purpose British Columbia corporation ("**Finco**"), will complete a brokered private placement financing (the "**Financing**") of 9,000,000 subscription receipts ("**Subscription Receipts**") at a price of C$0.76 per Subscription Receipt for aggregate gross proceeds of C$6,840,000. In connection with the completion of the Transaction, (i) each Subscription Receipt will be convertible into one common share of Finco, (ii) each Finco common share so issued will ultimately be exchanged for one common share of the Resulting Issuer and (iii) the proceeds of the Financing will be released to the Resulting Issuer. If the Transaction is completed, the Resulting Issuer will use the gross proceeds from the Financing for the manufacture and deployment of scooters in cities in OjO's pipeline, for general corporate and working capital purposes and to pay for the expenses of the Financing and the Transaction. A cash commission of up to 6% of the gross proceeds of the Financing may be paid to the agents.

If the Transaction is not completed prior to October 31, 2019 or the definitive agreement in respect of the Transaction is terminated at any earlier date, the Financing proceeds, together with any interest, will be returned to the holders of the Subscription Receipts.

About the Resulting Issuer

In connection with the Transaction, the Resulting Issuer will, among other things, have changed its name to "OjO Electric Corp." or such other name to be determined by OjO, and will also apply to change its stock symbol. The Resulting Issuer is expected to continue to exist under the *Business Corporations Act* (B.C.) and will operate the business of OjO.

Immediately following the closing of the Transaction, the Resulting Issuer will have a board of directors consisting of seven members, six of whom will be nominated by OjO, with one such nominee being in consultation with Arcturus, and 1 of whom will be nominated by Arcturus. Each of the five members of the current board of directors of OjO – namely, Maxwell Smith (Chief Executive Officer of OjO), Donald Ratner (co-founder and former Chief Executive Officer of OjO), Alan Shapiro (co-founder and former President of OjO), Gerald Jacob, and Roger Goddu – are expected to continue on to serve on the board of directors of the Resulting Issuer. In addition, the Resulting Issuer will appoint an experienced management team on closing, led by Chief Executive Officer, Maxwell Smith, who has successfully raised capital and drove business growth through eight exits over the course of his career.

For illustrative purposes, it is anticipated that, immediately following the closing of the Transaction, there will be approximately 65.8 million Resulting Issuer CS outstanding, with Subscription Receipt holders holding approximately 13.7% of the Resulting Issuer CS (calculated on a fully-diluted and as-converted basis and assuming the sale of 9 million Subscription Receipts).

It is anticipated that a portion of the issued and outstanding shares of the Resulting Issuer will be subject to the escrow requirements of the TSX-V. Also, approximately 42.9 million shares of the

Resulting Issuer (inclusive of securities convertible into, or exchangeable for, shares of the Resulting Issuer, including the Resulting Issuer MVS, on a fully converted basis) will be subject to a voluntary pooling agreement with releases over a two-year period from closing of the Transaction.

About Arcturus

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Cautionary Statement Regarding Forward-Looking Information

This news release includes certain “forward-looking statements” and “forward-looking information” under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements with respect to: the structure, terms and conditions of the proposed Transaction; OjO and OjO’s business and prospects; the Company’s objectives, goals or future plans; the receipt of the terms and conditions of the Financing; the requisite approvals with respect to the Transaction; the issuance of the Resulting Issuer MVS and the terms thereof; and the name, business, operations, management and capitalization of the Resulting Issuer. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in Arcturus’ public documents filed on SEDAR at www.sedar.com; and other matters discussed in this news release. Accordingly, the forward-looking statements discussed in this release, including the completion of the Transaction and the Financing, may not occur and could differ materially as a result of these known and unknown risk factors and uncertainties affecting the companies. Although Arcturus believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, Arcturus disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Reader Advisory

Completion of the Transaction is subject to a number of conditions, including but not limited to TSX-V acceptance. The Transaction cannot close until these conditions are satisfied or, if applicable, waived. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Arcturus should be considered highly speculative.

The TSX-V has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility of the adequacy or accuracy of this release.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities under the Financing in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*