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SECURITIES & EXCHANGE COMMISSION EDGAR FILING

ADOMANI, INC.

Form: 10-Q

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-38078

ADOMANI, INC.

(Exact name of registrant as specified in its charter)

Delaware	**46-0774222**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4740 Green River Road, Suite 106
Corona, CA 92880
(Address of principal executive offices, including zip code)

(951) 407-9860
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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, par value $.00001 per share	ADOM	NASDAQ Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

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. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of July 26, 2019 was 72,893,251.

ADOMANI, INC. AND SUBSIDIARIES
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains "forward-looking statements" that involve substantial risks and uncertainties. Forward-looking statements relate to future events or our future financial performance or condition and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would" or the negatives of these terms or other comparable terminology.

You should not place undue reliance on forward-looking statements. The cautionary statements set forth in this Quarterly Report, including in "Risk Factors" and elsewhere, identify important factors which you should consider in evaluating our forward-looking statements. These factors include, among other things:

- Our ability to generate demand for our zero-emission or hybrid drivetrain systems, re-power conversion kits, and zero-emission or hybrid commercial fleet vehicles in order to generate revenue;
- Our dependence upon external sources for the financing of our operations;
- Our ability to effectively execute our business plan;
- Our ability and our suppliers' ability to scale our zero-emission drivetrain system manufacturing, assembling and converting processes effectively and quickly from low volume production to high volume production;
- Our ability to manage our expansion, growth and operating expenses and reduce and adequately control the costs and expenses associated with operating our business;
- Our ability to obtain, retain and grow our customers;
- Our ability to enter into, sustain and renew strategic relationships on favorable terms;
- Our ability to achieve and sustain profitability;
- Our ability to evaluate and measure our current business and future prospects;
- Our ability to compete and succeed in a highly competitive and evolving industry;
- Our ability to respond and adapt to changes in electric or hybrid drivetrain technology; and
- Our ability to protect our intellectual property and to develop, maintain and enhance a strong brand.

You should read this Quarterly Report and the documents that we reference elsewhere in this Quarterly Report completely and with the understanding that our actual results may differ materially from what we expect as expressed or implied by our forward-looking statements. Factors that may cause or contribute to such differences include, but are not limited to, those discussed in greater detail, particularly in Part I, Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and in Part II, Item 1A (Risk Factors) of this Quarterly Report. In light of the significant risks and uncertainties to which our forward-looking statements are subject, you should not place undue reliance on or regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. These forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report regardless of the time of delivery of this Quarterly Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Quarterly Report.

Unless expressly indicated or the context requires otherwise, references in this Quarterly Report to "ADOMANI," the "Company," "we," "our," and "us" refer to ADOMANI, Inc. and our consolidated subsidiaries, unless the context indicates otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADOMANI, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,797	$ 3,759
Marketable securities	5,055	3,949
Accounts receivable	2,667	997
Notes receivable, net	331	300
Other current assets	1,763	1,175
Total current assets	12,613	10,180
Property and equipment, net	145	150
Other non-current assets	468	503
Total assets	$ 13,226	$ 10,833
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,467	$ 342
Accrued liabilities	855	968
Line of credit	4,300	1,700
Total current liabilities	7,622	3,010
Long-term liabilities		
Other non-current liabilities	183	219
Total liabilities	7,805	3,229
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, 5,000,000 authorized $0.00001 par value, none issued and outstanding as of June 30, 2019 and December 31, 2018	—	—
Common stock, 350,000,000 authorized $0.00001 par value, 72,876,186 and 72,732,292 issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	1	1
Additional paid-in capital	62,188	61,628
Accumulated deficit	(56,768)	(54,025)
Total stockholders' equity	5,421	7,604
Total liabilities and stockholders' equity	$ 13,226	$ 10,833

See Accompanying Notes to Unaudited Consolidated Financial Statements.

ADOMANI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except shares and per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Sales	$ 4,388	$ 744	$ 4,808	$ 1,208
Cost of sales	4,063	722	4,454	1,201
Gross profit	325	22	354	7
Operating expenses				
General and administrative	1,461	3,869	2,858	7,787
Consulting	77	48	154	95
Research and development	103	440	148	596
Total operating expenses, net	1,641	4,357	3,160	8,478
Loss from operations	(1,316)	(4,335)	(2,806)	(8,471)
Other income:				
Interest income, net	2	52	28	105
Other income	20	99	35	108
Total other income	22	151	63	213
Loss before income taxes	(1,294)	(4,184)	(2,743)	(8,258)
Income tax expense	—	—	—	(3)
Net loss	$ (1,294)	$ (4,184)	$ (2,743)	$ (8,261)
Net loss per share to common stockholders:				
Basic and diluted	$ (0.02)	$ (0.06)	$ (0.04)	$ (0.12)
Weighted shares used in the computation of net loss per share:				
Basic and diluted	72,860,560	72,009,958	72,829,372	71,692,209

See Accompanying Notes to Unaudited Consolidated Financial Statements.

ADOMANI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except shares and per share data)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount			
Balance, March 31, 2018	71,737,597	$ 1	$ 58,083	$ (47,054)	$ 11,030
Stock based compensation		—	2,780	—	2,780
Common stock issued for stock options exercised	765,779	—	77	—	77
Net loss		—	—	(4,184)	(4,184)
Balance, June 30, 2018	72,503,376	$ 1	$ 60,940	$ (51,238)	$ 9,703
Stock based compensation		—	317	—	317
Common stock issued for stock options exercised	228,916	—	22	—	22
Net loss		—	—	(1,481)	(1,481)
Balance, September 30, 2018	72,732,292	$ 1	$ 61,279	$ (52,719)	$ 8,561
Stock based compensation		—	349	—	349
Net loss		—	—	(1,306)	(1,306)
Balance, December 31, 2018	72,732,292	$ 1	$ 61,628	$ (54,025)	$ 7,604
Common stock issued for services	30,161	—	10	—	10
Stock based compensation		—	253	—	253
Common stock issued for stock options exercised	71,084	—	7	—	7
Net loss		—	—	(1,449)	(1,449)
Balance, March 31, 2019	72,833,537	$ 1	$ 61,898	$ (55,474)	$ 6,425
Common stock issued for services	42,649	—	15	—	15
Stock based compensation			275		275
Net loss		—	—	(1,294)	(1,294)
Balance, June 30, 2019	72,876,186	$ 1	$ 62,188	$ (56,768)	$ 5,421

See Accompanying Notes to Unaudited Consolidated Financial Statements.

ADOMANI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended	
	June 30, 2019	June 30, 2018
Cash flows from operating activities:		
Net loss	$ (2,743)	$ (8,261)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	23	16
Stock based compensation expense	528	5,744
Common stock issued for services	25	—
Loss on write-down of property and equipment	—	385
Write-down of inventory	—	15
Changes in assets and liabilities:		
Inventory	—	210
Accounts receivable	(1,670)	(1,199)
Other current assets	(587)	(2,094)
Other non-current assets	35	36
Accounts payable	2,124	577
Accrued liabilities	(114)	290
Other non-current liabilities	(35)	(35)
Net cash used in operating activities	(2,414)	(4,316)
Cash flows from investing activities:		
Purchase of property and equipment, net	(11)	(67)
Investment in note receivable, net	(38)	—
Investment in marketable securities, net	(1,106)	—
Net cash used in investing activities	(1,155)	(67)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	11,000
Principal repayments of debt	—	(2,149)
Advances on line of credit	3,400	1,800
Principal repayments on line of credit	(800)	—
Proceeds from exercise of stock options	7	77
Payments for deferred offering costs	—	(1,121)
Net cash provided by financing activities	2,607	9,607
Net change in cash and cash equivalents	(962)	5,224
Cash and cash equivalents at the beginning of the period	3,759	2,446
Cash and cash equivalents at the end of the period	$ 2,797	$ 7,670
Supplemental cash flow disclosures:		
Cash paid for interest expense	$ 51	$ 8
Cash paid for income taxes	$ —	$ —
Non-cash transactions:		
Equipment transferred against note receivable	$ 7	$
Deferred offering costs reclassified to equity	$ —	$ 76

See Accompanying Notes to Unaudited Consolidated Financial Statements.

1. Organization and Operations

ADOMANI, Inc. ("we", "us", "our" or the "Company") designs and causes to be designed advanced zero-emission electric and hybrid drivetrain systems for integration in new school buses and medium to heavy-duty commercial fleet vehicles. The Company also designs and causes to be designed re-power conversion kits to replace conventional drivetrain systems for combustion powered vehicles with zero-emission electric or hybrid drivetrain systems. The Company is also a provider of new zero-emission electric and hybrid vehicles focused on total cost of ownership. The Company's drivetrain systems and vehicles are designed to help fleet operators unlock the benefits of green technology and address the challenges of local, state and federal regulatory compliance and traditional-fuel price cost instability.

2. Summary of Significant Accounting Policies

Basis of Presentation—The consolidated financial statements and related disclosures as of June 30, 2019 and for the fiscal periods ended June 30, 2019 and 2018 are unaudited, pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations. In our opinion, these unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair statement of the results for the interim periods. These unaudited financial statements should be read in conjunction with our audited financial statements for the years ended December 31, 2018 and 2017 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. The results of operations for the fiscal periods ended June 30, 2019 are not necessarily indicative of the results to be expected for the full year.

Principles of Consolidation—The accompanying financial statements reflect the consolidation of the individual financial statements of ADOMANI, Inc., ADOMANI California, Inc., Adomani (Nantong) Automotive Technology Co. Ltd., School Bus Sales of California, Inc., and Zero Emission Truck and Bus Sales of Arizona, Inc. All significant intercompany accounts and transactions have been eliminated.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments—The carrying values of our financial instruments, including cash, notes receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 820, "Fair Value Measurement" defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs that are supported by little or no market data and that require the reporting entity to develop its own assumptions.

The Company does not have any assets or liabilities that are required to be measured and recorded at fair value on a recurring basis.

Revenue Recognition—The Company recognizes revenue from the sales of advanced zero-emission electric drivetrain systems for fleet vehicles and from contracting to provide related engineering services. In May 2014, the FASB issued new accounting guidance, ASC Topic 606, "Revenue from Contracts with Customers", to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP. The amendments in this guidance state that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new guidance requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized.

In applying ASC Topic 606, the Company is required to (1) identify any contracts with customers, (2) determine if multiple performance obligations exist, (3) determine the transaction price, (4) allocate the transaction price to the respective obligation, and (5) recognize the revenue as the obligation is satisfied. Contracts under the Blue Bird supply agreement, which was terminated effective as of May 31, 2019, and work performed for Blue Bird Corporation under a U.S. Department of Energy ("DOE") grant awarded to Blue Bird Corporation, were single-performance obligations and, therefore, required no allocation of the transaction price. The Company's participation in the DOE grant ended on May 31, 2019. Prior to such termination, the Company recognized revenue when product is shipped or is billed by its third-party supplier for work performed under the DOE grant. Additionally, the Company recorded revenue for these sales at gross, rather than net, as the Company was the principal obligor to Blue Bird Corporation for both the supply agreement and the statement of work for the DOE grant, and, prior to the termination of such agreements, assumed the risk for non-performance, or non-compliance, related to any work performed by its subcontractor.

Cash and Cash Equivalents— The Company considers all highly liquid investments purchased with an original or remaining maturity of three months or less to be cash equivalents.

Marketable Securities—The Company invests in short-term, highly liquid, marketable securities, such as U.S. Treasury notes, U.S. Treasury bonds, and other government-backed securities. The Company classifies these marketable securities as held-to-maturity, as the intent is not to liquidate them prior to the respective stated maturity date.

Accounts Receivable and Allowance for Doubtful Accounts—The Company establishes an allowance for bad debts through a review of several factors including historical collection experience, current aging status of the customer accounts, and financial condition of its customers. The Company does not generally require collateral for its accounts receivable. The Company had trade accounts receivable of $2,666,841 and $996,621 as of June 30, 2019 and December 31, 2018, respectively. As the entire trade accounts receivable balance relates to one customer, which the Company believes to be credit-worthy and, consequently, there is very little chance of default, no allowance has been recorded relative to the trade receivable balance as of June 30, 2019. The Company also had other receivables of $314,340 and $143,734 as of June 30, 2019 and December 31, 2018, respectively. The Company provided an allowance for other receivables of $20,000 and $70,000 as of June 30, 2019 and December 31, 2018, respectively. $50,000 of other receivables was written off against the allowance for the six months ended June 30, 2019, as it was determined to be uncollectable.

Inventory Deposits—The Company records all inventory deposits as prepaid assets. Upon completion of production, and acceptance by the Company, deposits are reclassified to either inventory or cost of goods, depending on whether a sale of the product has occurred. The Company had inventory deposits of $988,956 and $882,050 as of June 30, 2019 and December 31, 2018, respectively.

Net Loss Per Share—Basic net loss per share is calculated by dividing the Company's net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is calculated by dividing the Company's net loss applicable to common stockholders by the diluted weighted average number of shares of common stock outstanding during the period. The diluted weighted average number of shares of common stock outstanding is the basic weighted number of shares of common stock adjusted for any potentially dilutive debt or equity securities.

Concentration of Credit Risk—The Company has credit risks related to cash and cash equivalents on deposit with a federally insured bank, as at times it exceeds the $250,000 maximum amount insured by the Federal Deposit Insurance Corporation.

Impairment of Long-Lived Assets—Long-lived assets, including property and equipment, are reviewed for impairment whenever events or change s in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates these assets to determine potential impairment by comparing the carrying amount to the undiscounted estimated future cash flows of the related assets. If the estimated undiscounted cash flows are less than the carrying value of the assets, the assets are written down to their fair value. There was no impairment of long-lived assets, or property and equipment, as of June 30, 2019 and December 31, 20 18, respectively.

Research and Development—Costs incurred in connection with the development of new products and manufacturing methods are charged to operating expenses as incurred. Research and development costs were $102,656 and $440,433 for the three months ended June 30, 2019 and 2018, respectively, and $147,656 and $596,367 for the six months ended June 30, 2019 and 2018, respectively.

Stock-Based Compensation—The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, "Compensation-Stock Compensation", which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered. Additionally, in June 2018 the FASB issued Accounting Standards Update ("ASU") No. 2018-07, which simplified several aspects of accounting for nonemployee share-based payment transactions by expanding the scope of ASC Topic 718. The guidance is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2018. The Company has implemented this change beginning in 2019, although it has minimal impact on its financial statements.

Property and Equipment— Property and equipment are stated at cost, less accumulated depreciation and amortization. The Company provides for depreciation using the straight-line method over the estimated useful lives of the assets, which range from three to five years, except leasehold improvements, which are being amortized over the life of the lease term. Property and equipment qualify for capitalization if the purchase price exceeds $2,000. Major repairs and replacements, which extend the useful lives of equipment, are capitalized and depreciated over the estimated useful lives of the property. All other maintenance and repairs are expensed as incurred.

Recent Accounting Pronouncements— Management has considered all recent accounting pronouncements issued, but not effective, and does not believe that they will have a significant impact on the Company's financial statements.

3. Property and Equipment, Net

In June 2019, Ebus, Inc., or Ebus, transferred property, with an estimated fair-market value of approximately $7,000, to the Company in exchange for a corresponding reduction of the amounts due and payable under the terms of a promissory note issued to the Company (see Note 4). The property transferred to the Company has been recorded as "Vehicles" on the schedule below.

Components of property and equipment, net, consist of the following as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Furniture and fixtures	$ 41,799	$ 41,799
Leasehold improvements	23,338	23,338
Computers	58,082	53,704
Vehicles	74,299	67,299
Test/Demo vehicles	38,332	31,728
Total property and equipment	$ 235,850	$ 217,868
Less accumulated depreciation	(91,131)	(67,777)
Net property and equipment	$ 144,719	$ 150,091

Depreciation expense was $11,678 and $8,236 for the three months ended June 30, 2019 and 2018, respectively, and $23,354 and $16,473 for the six months ended June 30, 2019 and 2018, respectively.

4. Notes Receivable

On June 29, 2017, the Company loaned $500,000 to Ebus, an unaffiliated third party with engineering expertise in the electric bus technology industry, with whom the Company, at that time, expected it might seek an alliance at some future date, in order to provide it with working capital. The stated interest rate is 9% per annum, with interest payments due monthly beginning on July 31, 2017. The note is secured by the assets of the borrower and was scheduled to mature on December 31, 2017. In February 2018, the parties amended the note to extend the maturity date of the note to June 30, 2018, and in June 2018, the parties agreed to further amend the note to extend the maturity date of the note until September 30, 2018. The note, as amended, is subject to an extension fee of $35,000, which was due no later than the September 30, 2018 maturity date. In addition, per the terms of the note, as amended, the borrower was obligated to make past due interest payments in the aggregate amount of $18,750 on or before July 6, 2018. The Company received such past due interest payments on July 6, 2018. All subsequent interest payments prior to the September 30, 2018 maturity were made. Ebus failed to pay the $500,000 along with an unpaid extension fee of $35,000, by the September 30, 2018 maturity date, and the Company considers the note to be in default. The Company notified the borrower in writing of such default on October 1, 2018. The Company recorded a $200,000 allowance as bad debt expense against the note based on preliminary determination of recoverability from the assets owned by Ebus. In October 2018, the Company accrued an additional fee of $15,000 and late fees on the extension fee in the amount of $1,750. The Company accrued interest at the default rate, which is the stated rate of interest plus 2%, in accordance with the note, through March 31, 2019. Total interest accrued for the six months ended June 30, 2019 was $13,749. In May 2019, the Company entered into a facility-sharing agreement with Ebus (see Note 9). In June 2019, Ebus transferred vehicles, with an estimated fair market value of approximately $7,000, to the Company in exchange for a corresponding reduction in the amount due on the note (see Note 3).

The Company loaned $200,000 pursuant to a secured promissory note to an unaffiliated third party in the energy storage technology industry in September 2018. The stated interest rate under the note is 9% per annum and any unpaid interest will become part of the principal balance after one year and will compound accordingly. The amount outstanding under the note will automatically convert into preferred stock of the borrower in connection with a financing that results in aggregate gross proceeds to the borrower of at least $500,000. Additionally, the Company may optionally convert into preferred stock of the borrower any or all of the amount outstanding under the note at any time. The note is secured by substantially all of the assets of the borrower and is scheduled to mature on December 31, 2020 unless conversion of the note occurs prior to that date. The note is included as a non-current asset on the consolidated balance sheet as of June 30, 2019. In May 2019, the Company loaned an additional $38,000 pursuant to a secured promissory note to the same unaffiliated third party. The note carries the same terms and conditions as the initial note, but is scheduled to mature on March 31, 2020. The note is reported as a current asset on the consolidated balance sheet as of June 30, 2019.

5. Debt

Effective May 2, 2018, the Company secured a line of credit from Morgan Stanley Private Bank, National Association ("Morgan Stanley"). Borrowings under the line of credit bear interest at 30-day LIBOR plus 2.0%. There is no maturity date for the line, but Morgan Stanley may at any time, in its sole discretion and without cause, demand the Company immediately repay any and all outstanding obligations under the line of credit in whole or in part. The line is secured by the cash and cash equivalents maintained by the Company in its Morgan Stanley accounts, which was approximately $7.7 million as of June 30, 2019, of which $2.6 million is classified on our balance sheet as cash and cash equivalents, and $5.1 million as marketable securities as of June 30, 2019. Borrowings under the line may not exceed 95% of such cash, cash equivalents, and marketable securities balances, subject to a maximum of $7 million. Such borrowing threshold, however, is subject to change at Morgan Stanley's discretion and depends upon the holdings in the Company's accounts, the maturity dates of the securities in the accounts and the credit quality of the underlying insurers. As of June 30, 2019, the principal amount outstanding under this line of credit was approximately $4.3 million, and the undrawn borrowing availability was $2.7 million.

6. Common Stock

On January 9, 2018, the Company consummated the closing of a follow-on offering of units, each consisting of one share of common stock and a warrant to purchase 1.5 shares of common stock at an exercise price of $4.50. The Company sold an aggregate of 3,666,667 units for aggregate gross proceeds of approximately $11.0 million. Net proceeds received after deducting commissions, expenses and fees of approximately $1.2 million amounted to approximately $9.8 million. Under the terms of the underwriting agreement executed in connection with the follow-on offering, the Company issued to Boustead Securities, LLC and Roth Capital Partners, LLC warrants to purchase an aggregate of 256,667 shares of common stock. The warrants to purchase 256,667 shares of common stock were valued using the Black-Scholes option-pricing model, resulting in a fair market value of $598,737. The assumptions used in the valuation of the warrants issued to Boustead Securities, LLC and Roth Capital Partners, LLC included the term of five years, the exercise price of $3.75 per share, volatility of 92.20% and a risk-free interest rate of 2.13%. The fair value of these warrants was recorded as offering costs and netted against additional paid-in capital during the three months ended March 31, 2018.

During January and February 2019, certain non-employees exercised options to purchase an aggregate of 71,084 shares of common stock, for which the Company received aggregate gross proceeds of $7,108 (see Note 8).

Effective February 1, 2019, the Company hired a consultant to provide sales and marketing expertise. The consultant is to be paid $7,500 per month, consisting of $2,500 in cash and $5,000 of common stock. The number of shares of common stock to be issued is determined by the Company's closing stock price on the last market day of the respective preceding month. As of June 30, 2019, the Company had issued 72,810 shares of common stock to the consultant.

7. Stock Warrants

As of June 30, 2019, the Company has issued warrants to purchase an aggregate of 7,556,323 shares of common stock. The Company's stock warrant activity for the six months ended June 30, 2019 is summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding at December 31, 2018	7,556,323	$ 4.45	3.8
Granted		$ —	
Forfeited			
Outstanding at June 30, 2019	7,556,323	$ 4.45	3.3
Exercisable at June 30, 2019	7,556,323	$ 4.45	3.3

As of June 30, 2019, the outstanding warrants have no intrinsic value.

8. Stock-Based Compensation

On March 6, 2018, Edward R. Monfort ceased serving as the Company's Chief Technology Officer. Upon Mr. Monfort's separation from service, the Company's board of directors suspended Mr. Monfort's outstanding options. Although such options remain outstanding, they were unexercisable as of June 30, 2019 and through the date of this Quarterly Report. As of June 30, 2019, outstanding options to purchase an aggregate of 14,297,902 shares of common stock are attributable to Mr. Monfort.

During January and February 2019, certain non-employees exercised options to purchase an aggregate of 71,084 shares of common stock, for which the Company received aggregate gross proceeds of $7,108 (see Note 6).

Effective February 1, 2019, the Company engaged a consultant to provide sales and marketing expertise. The Company agreed to pay such consultant $7,500 per month, consisting of $2,500 in cash and $5,000 of common stock. As of June 30, 2019, the Company had issued 72,810 shares of common stock to the consultant (see Note 6).

In April 2019, the Company's board of directors granted to certain employees and directors options to purchase an aggregate of 1,095,000 shares of common stock pursuant to the Company's 2017 Equity Incentive Plan. The options are for a contractual term of 10 years, vest over a three-year period, with one-third of the options vesting on the one-year anniversary of the grant date and the remainder vesting in equal monthly installments thereafter, subject to a grantee's continuous service to the Company through each such vesting date. The exercise price for these options is $0.45 per share. The options were valued using the Black-Scholes option-pricing model, resulting in a fair market value of $205,118. The assumptions used in the valuation included an expected term of 5.75 years, volatility of 58.68% and a risk-free interest rate of 2.41%.

Stock option activity for the six months ended June 30, 2019 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding at December 31, 2018	24,728,422	$ 0.15	2.6
Granted	1,095,000	$ 0.45	
Exercised	(71,084)	$ 0.10	
Canceled/Forfeited	(135,000)	$ 1.31	
Outstanding at June 30, 2019	25,617,338	$ 0.16	2.4
Exercisable at June 30, 2019	9,735,291	$ 0.13	2.6

Stock-based compensation expense was approximately $274,646 and $2.8 million for the three months ended June 30, 2019 and 2018 respectively, and approximately $527,542 and $5.7 million for the six months ended June 30, 2019 and 2018, respectively, and is included in general and administrative expense in the accompanying unaudited consolidated statements of operations. As of June 30, 2019, the Company expects to recognize approximately $501,323 of stock-based compensation expense for the non-vested portion of outstanding options over a weighted-average period of 1.7 years.

As of June 30, 2019, the Company's outstanding options have an intrinsic value of approximately $4.6 million, which includes the suspended options to purchase an aggregate of 14,297,902 shares of common stock that are attributable to Mr. Monfort. Intrinsic value is approximately $2.8 million if the options to purchase shares of common stock attributable to Mr. Monfort are excluded from the calculation.

9. Commitments

Operating Leases— In 2016, the Company signed a lease for office space in Los Altos, California, to serve as office space for its Northern California operations. The lease expired on February 28, 2018 and the Company executed a new 10-month lease in March 2018. The total amount due under the lease was $4,730 and the lease period was from March 1, 2018 through December 31, 2018. The Company has signed a one-year lease renewal, expiring on December 31, 2019. The total amount due under the renewal is $5,676.

In February 2017, the Company signed a lease for storage space in Stockton, California to serve as a location to store vehicles and other equipment utilized for marketing and trade-show purposes. The lease is on a month-to-month basis and can be terminated by either party with 30-days' notice. The total amount due monthly is $1,000.

In October 2017, the Company signed a non-cancellable lease for its corporate office space in Corona, California, to serve as its corporate headquarters. The lease is for a period of 65 months, terminating February 28, 2023. The base rent for the term of the lease is $568,912. The total amount due monthly is $7,600 at commencement and will escalate to $10,560 by its conclusion. Additionally, the lease includes five months in which no rent payment is due.

In May 2019, the Company entered into a facility-sharing arrangement with Ebus for its premises in Downey, California. The agreement requires the Company to reimburse Ebus monthly facility costs of approximately $10,600 in exchange for shared use of the site. The additional space will be used to conduct research and development activity, stage materials, assemble and/or manufacture vehicles, perform pre-delivery inspections, test demo vehicles, and securely store vehicles, equipment and finished inventory. The agreement is on a month-to-month basis and is cancelable by either party with 10-days' notice.

Other Agreements— In 2015, the Company entered into a contract with THINKP3 to provide services with the goal of securing federal grant assistance for development of the Company's zero-emission and hybrid transportation solutions for school bus, commercial, government and utility fleets. The initial term of this contract was December 1, 2015 through November 30, 2016. On November 21, 2016, the parties renewed the agreement through November 30, 2017. On November 7, 2017, the Company renewed the agreement through November 30, 2018. On November 30, 2018, the Company renewed the agreement through November 30, 2019. Fees for these services are $8,000 per month. The contract can be terminated by either party with 30-days' advance notice.

The following table summarizes the Company's future minimum payments under contractual commitments, excluding debt, as of June 30, 2019:

	Payments due by period				
	Total	Less than one year	1 - 3 years	4 - 5 years	More than 5 years
Operating lease obligations	$ 444,426	$ 119,466	$ 241,344	$ 83,616	$ —
Employment contracts	546,000	246,000	300,000	—	—
Total	$ 990,426	$ 365,466	$ 541,344	$ 83,616	$ —

10. Contingencies

On August 2, 2018, Edward R. Monfort, our former Chief Technology Officer and former director, filed a complaint, captioned Edward R. Monfort v. ADOMANI, Inc., et al., Case No.: 18CV332757, in the Superior Court of the State of California for the County of Santa Clara, against us and certain of our executive officers, alleging that we and the other defendants (i) breached the terms of certain common stock subscription agreements to which Mr. Monfort is a party, (ii) fraudulently deprived Mr. Monfort of certain purported equity in the Company and (iii) fraudulently induced Mr. Monfort to execute a release of claims in connection with his June 2016 employment agreement. Mr. Monfort seeks unspecified monetary damages, declaratory relief regarding the extent of his equity ownership in the Company and other relief. On August 24, 2018, we filed a notice of removal pursuant to which we removed the case to the United States District Court for the Northern District of California. On September 24, 2018, Mr. Monfort filed a motion for remand, seeking to remand the proceeding from the United States District Court for the Northern District of California back to the Superior Court of the State of California for the County of Santa Clara. On January 8, 2019, the United States District Court for the Northern District of California denied the motion for remand. On February 7, 2019, we answered Mr. Monfort's complaint and filed counterclaims against Mr. Monfort alleging counterclaims for: (i) breach of contract; (ii) declaratory judgment; (iii) breach of fiduciary duty; (iv) wrongful dilution; and (v) conversion. On March 26, 2019, Mr. Monfort filed an amended complaint, which was substantially similar, but which added as an additional defendant Dennis R. Di Ricco and corrected certain non-substantive typographical errors. We filed a substantially similar answer with the same counterclaims and, pursuant to a contractual indemnification arrangement, we have assumed the Defense of Mr. Di Ricco. We believe that Mr. Monfort's lawsuit is without merit and intend to vigorously defend the action.

On August 23, 2018, a purported class action lawsuit captioned M.D. Ariful Mollik v. ADOMANI, Inc. et al., Case No. RIC 1817493, was filed in the Superior Court of the State of California for the County of Riverside against us, certain of our executive officers, and the two underwriters of our offering of common stock under Regulation A in June 2017. This complaint alleges that documents related to our offering of common stock under Regulation A in June 2017 contained materially false and misleading statements and that all defendants violated Section 12(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and that we and the individual defendants violated Section 15 of the Securities Act, in connection therewith. The plaintiff seeks on behalf of himself and all class members: (i) certification of a class under California substantive law and procedure; (ii) compensatory damages and interest in an amount to be proven at trial; (iii) reasonable costs and expenses incurred in this action, including counsel fees and expert fees; (iv) awarding of rescission or rescissionary damages; and (v) equitable relief at the discretion of the Court. On November 9, 2018, in response to a demurrer filed by defendant Network 1 Financial Securities, Plaintiff filed a first amended complaint, which was substantially similar to the original complaint but refined certain allegations regarding the alleged material omissions that form the basis of the complaint. Defendants demurred to the first amended complaint. The court heard defendants' demurrers to the first amended complaint on January 30, 2019. At this hearing the court granted plaintiff leave to file a second amended complaint. Plaintiff filed a second amended complaint on January 31, 2019. The second amended complaint attempts to substitute in two putative class plaintiffs. Defendants jointly demurred to the second amended complaint on March 4, 2019. On May 7, 2019, the Court held a hearing and tentatively issued a ruling indicating that the Second Amended Complaint should be dismissed, without prejudice. A subsequent written order confirmed the dismissal, without prejudice. On June 29, 2019, Plaintiffs filed their Third Amended Complaint, seeking to address the issues raised in the Court's oral ruling. Defendants will be filing a Joint demurrer on July 29, 2019, and a hearing on that demurrer is scheduled for August 29, 2019. We believe that the purported class action lawsuit is without merit and intend to vigorously defend the action.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and the results of operations should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q ("Quarterly Report"). This discussion contains forward-looking statements that are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. These risks, uncertainties, and other factors include, among others, those identified under the "Cautionary Statement Regarding Forward-Looking Statements" above, and elsewhere in this Quarterly Report, particularly in Part II, Item 1A "Risk Factors," below.

Overview

We design and cause to be designed advanced zero-emission electric and hybrid drivetrain systems for integration in new school buses and medium to heavy-duty commercial fleet vehicles. We also design and cause to be designed re-power conversion kits to replace conventional drivetrain systems for combustion powered vehicles with zero-emission electric or hybrid drivetrain systems. We expect to expand our product offerings to include the sale of zero-emission systems in vehicles manufactured by outside, original equipment manufacturer ("OEM") partners located in China, Malaysia and the Philippines, that can be marketed, sold, warrantied and serviced through our developing distribution and service network.

Our drivetrain systems can include options for telemetrics for remote monitoring, electric power-export and various levels of grid-connectivity. Our zero-emission systems may also grow to include automated charging infrastructure and "intelligent" stationary energy storage that enables fast vehicle charging, emergency back-up facility power, and access to the developing, grid-connected opportunities for the aggregate power available from groups of large battery packs.

In addition to providing the zero-emission electric and hybrid drivetrain systems and re-power conversion kits mentioned above, we are also a provider of new zero-emission electric and hybrid vehicles focused on total cost of ownership. Our drivetrain systems and vehicles are designed to help fleet operators unlock the benefits of green technology and address the challenges of local, state and federal regulatory compliance and traditional-fuel price cost instability.

For the three months ended June 30, 2019 and 2018, our net losses were $1.3 million and $4.2 million, respectively, and $2.7 million and $8.3 million for the six months ended June 30, 2019 and 2018, respectively.

Factors Affecting Our Performance

We believe that the growth and future success of our business depend on various opportunities, challenges and other factors, including the following:

New customers. We are competing with other companies and technologies to help fleet managers and their districts/companies more efficiently and cost-effectively manage their fleet operations. Once these fleet managers have decided they want to buy from us, we still face challenges helping them obtain financing options to reduce the cost barriers to purchasing. We may also encounter customers with inadequate electrical services at their facilities that may delay their ability to purchase from us.

Investment in growth. We plan to continue to invest for long-term growth. We anticipate that our operating expenses will increase in the foreseeable future as we invest in research and development to enhance our zero-emission systems; design, develop and manufacture our drivetrain systems and commercial fleet vehicles and their components; increase our sales and marketing to acquire new customers; and increase our general and administrative functions to support our growing operations. We believe that these investments will contribute to our long-term growth, although they will adversely affect our results of operations in the near term. In addition, the timing of these investments can result in fluctuations in our annual and quarterly operating results .

Zero-emission electric and hybrid drivetrain experience. Our dealer and service network is not currently established, although we do have certain agreements in place. One issue they may have, and we may encounter, is finding appropriately trained technicians with zero-emission electric and hybrid drivetrain systems and electric fleet vehicle experience. Our performance will depend on having a robust dealer and service network, which will require appropriately trained technicians to be successful. Because vehicles that utilize our technology are based on a different technology platform than traditional internal combustion engines, individuals with sufficient training in zero-emission electric and hybrid vehicles may not be available to hire, and we may need to expend significant time and expense training the employees we do hire. If we are not able to attract, assimilate, train or retain additional highly qualified personnel in the future, or do so cost-effectively, our performance would be significantly and adversely affected.

Market growth. We believe the market for all-electric and hybrid solutions for alternative fuel technology, specifically all-electric and hybrid vehicles, will continue to grow as more purchases of new zero-emission vehicles and as more conversions of existing fleet vehicles to zero-emission vehicles are made. However, unless the costs to produce such vehicles decrease dramatically, purchases of our products will continue to depend in large part on financing subsidies from government agencies. We cannot be assured of the continued availability or the amounts of such assistance to our customers.

Sales revenue growth from additional products. We seek to add to our product offerings additional zero-emission vehicles of all sizes manufactured by outside OEM partners, to be marketed, sold, warrantied and serviced through our developing distribution and service network, as well as add other ancillary products discussed elsewhere in this report.

Sales revenue growth from additional geographic markets. We believe that growth opportunities for our products exist internationally, as well. Our future performance will depend in part upon the growth of these additional markets. Accordingly, our business and operating results will be significantly affected by our ability to timely enter and effectively address these emerging markets and the speed with which and extent to which demand for our products in these markets grows.

Components of Results of Operations

Sales

Sales are recognized from the sales of advanced zero-emission electric and hybrid drivetrain systems for fleet vehicles, from the sale of new, purpose-built zero-emission electric or hybrid vehicles, and from contracting to provide engineering services. Sales are recognized in accordance with ASC Topic 606, as discussed in Note 2 to our unaudited consolidated financial statements included in this Quarterly Report.

Cost of Sales

Cost of sales includes those costs related to the development, manufacture, and distribution of our products. Specifically, we include in cost of sales each of the following: material costs (including commodity costs); freight costs; labor and other costs related to the development and manufacture of our products; and other associated costs. Cost of sales for long-term contracts are recognized proportionate to the prescribed gross profit of each contract. Cost of sales also includes costs related to the valuation of inventory due to impairment, obsolescence, or shrinkage.

General and Administrative Expenses

Selling, general and administrative expenses include all corporate and administrative functions that support our company, including personnel-related expense and stock-based compensation costs; costs related to investor relations activities; warranty costs, including product recall and customer satisfaction program costs; consulting costs; marketing-related expenses; and other expenses that cannot be included in cost of sales.

Consulting and Research and Development Costs

These expenses are related to our consulting and research and development activity.

Other Income/Expenses, Net

Other income/expenses include non-operating income and expenses, including interest income and expense.

Provision for Income Taxes

We account for income taxes in accordance with FASB ASC Topic 740 “Income Taxes,” which requires the recognition of deferred income tax assets and liabilities for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC Topic 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that we will not realize tax assets through future operations. Because we have incurred only losses to this point, no provision for income taxes has been made.

Results of Operations

The following discussion compares operating data for the three and six months ended June 30, 2019 to June 30, 2018:

Sales

Sales were $4.4 million and $744,450 for the three months ended June 30, 2019 and 2018, respectively, and $4.8 million and $1.2 million for the six months ended June 30, 2019 and 2018, respectively. Sales for the three and six months ended June 30, 2019 consisted of products and services sold to Blue Bird Corporation and work performed under a DOE grant awarded to Blue Bird Corporation for which we were selected to provide products and services. Effective as of May 30, 2019, the three-year supply agreement we entered into with EDI, a subsidiary of Cummins, in October 2017, pursuant to which EDI agreed to build for us, on an exclusive basis, zero-emission electric drivetrain systems for sale to Blue Bird Corporation for installation in its Type C and D school bus product lines, was terminated by Cummins. In light of the termination of the supply agreement with EDI, the Company and Blue Bird Corporation mutually agreed to terminate the Company’s supply agreement with Blue Bird Corporation, effective as of May 31, 2019, and, as a result, the Company’s participation in the DOE grant ended on May 31, 2019.

Cost of Sales

Cost of sales were $4.1 million and $722,450 for the three months ended June 30, 2019 and 2018, respectively, and $4.5 million and $1.2 million for the six months ended June 30, 2019 and 2018, respectively. Cost of sales for the three and six months ended June 30, 2019 consisted of costs related to products and services sold to Blue Bird Corporation, and work performed under the DOE grant discussed in “Sales” above.

General and Administrative Expenses

General and administrative expenses were $1.5 million and $3.9 million for the three months ended June 30, 2019 and June 30, 2018, respectively. This $2.4 million decrease was primarily related to a $2.5 million decrease in non-cash stock-based compensation expense in 2019 related to items previously disclosed in 2018. This decrease was partially offset by increases in legal, professional and insurance expenses. The second quarter 2019 general and administrative expenses include approximately $301,000 in non-cash charges, including $275,000 in stock-based compensation expense.

General and administrative expenses were $2.9 million and $7.8 million for the six months ended June 30, 201 9 and June 30, 2018, respectively . This $4.9 million decrease was primarily related to a $5.2 million decrease in non-cash stock-based compensation expense in 2019 related to items previously disclosed in 2018. This decrease was partially offset by increases in legal, professional and insurance expenses. The six month 2019 general and administrative expenses include approximately $576,000 in non-cash charges, including $528,000 in stock-based compensation expense.

Consulting Expenses

Consulting expenses were $77,491 and $47,817 for the three months ended June 30, 2019 and 2018, respectively, and $154,128 and $94,998 for the six months ended June 30, 2019 and 2018, respectively. This increase is due to an increase in sales and marketing consulting-related activity in the current-year period.

Research and Development Expenses

Research and development expenses were $102,656 and $440,433 for the three months ended June 30, 2019 and 2018, respectively, and $147,656 and $596,367 for the six months ended June 30, 2019 and 2018, respectively. These decreases are primarily due to the timing of certain expenditures for research and development activity.

Liquidity and Capital Resources

From our incorporation in 2012 until the completion of our offerings of common stock under Regulation A in June 2017 and units in January 2018, we financed our operations and capital expenditures through issuing equity capital, convertible notes and notes payable.

As of June 30, 2019, we had cash and cash equivalents of $2.8 million, and short-term liquid marketable securities of $5.1 million. We believe that our existing cash and cash equivalents will be sufficient to fund our operations for the next 12 months and beyond. However, if we do not successfully execute our business plan, we may need additional capital to continue our operations and support the increased working capital requirements associated with the fulfillment of purchase orders. As of June 30, 2019, we had a backlog of 3 zero-emission electric school buses, 38 drivetrain systems and related battery packs and spare parts, 4 zero-emission cargo vans and 10 e-trikes, which consists of unfilled firm orders for products under signed contracts with customers.

The sale of additional equity securities in the future could result in additional dilution to our stockholders and those securities may have rights senior to those of our common stock. The incurrence of additional indebtedness in the future would result in increased debt service obligations and could result in operating and financial covenants that would restrict our operations. Such capital, if required, may not be available on terms that are favorable to us or at all. We are currently incurring operating deficits that are expected to continue for the foreseeable future, and as we begin to execute our marketing plan, we expect our operating deficit will continue to grow until we begin to generate a sufficient level of sales revenue from our sales and marketing efforts.

Follow-On Public Offering

On January 9, 2018, we completed a public offering of 3,666,667 units for net proceeds, after deducting commissions, expenses, and fees of approximately $1.2 million, of approximately $9.8 million. Each unit sold in the offering consisted of one share of our common stock and a warrant to purchase 1.5 shares of our common stock at an exercise price of $4.50.

Options to Purchase Common Stock

As of June 30, 2019, we had outstanding options to purchase 25,617,338 shares of common stock, net of exercises, cancellations, and forfeitures, as discussed below. As of June 30, 2019, 9,735,291 shares of common stock were issuable upon the exercise of options vested at such date. Options to purchase 9,527,481 were issuable upon exercise at a price of $0.10 per share, and 207,810 were issuable upon exercise at a price of $1.31 per share. If all vested options to purchase common stock were exercised, we would receive proceeds of $1,224,979 and we would be

required to issue 9,735,291 shares of common stock. There can be no assurance, however, that any such options will be exercised .

On March 6, 2018, Edward R. Monfort ceased serving as our Chief Technology Officer. Upon Mr. Monfort's separation from service, our board of directors suspended Mr. Monfort's outstanding options. Although such options remain outstanding, they were unexercisable as of June 30, 2019 and through the date of this Quarterly Report. As of June 30, 2019, outstanding options to purchase an aggregate of 14,297,902 shares of common stock are attributable to Mr. Monfort.

During January and February 2019, certain non-employees exercised options to purchase an aggregate of 71,084 shares of common stock, for which the Company received aggregate gross proceeds of $7,108.

Credit Facilities

Effective May 2, 2018, we secured a line of credit from Morgan Stanley. Borrowings under the line of credit bear interest at 30-day LIBOR plus 2.0%. There is no maturity date for the line, but Morgan Stanley may at any time, in its sole discretion and without cause, demand that we immediately repay any and all outstanding obligations under the line of credit in whole or in part. The line is secured by cash and cash equivalents maintained by us in our Morgan Stanley accounts, which was approximately $7.7 million at June 30, 2019, and borrowings under the line may not exceed 95% of our cash and cash equivalent balances, subject to a maximum of $7 million. Such borrowing threshold, however, is subject to change at Morgan Stanley's discretion and depends upon the holdings in our accounts, the maturity dates of the securities in the accounts and the credit quality of the underlying insurers. As of June 30, 2019, the principal amount outstanding under this line of credit was $4.3 million, and the undrawn borrowing availability was $2.7 million.

Capital Expenditures

We do not have any contractual obligations for ongoing capital expenditures at this time. We do, however, purchase equipment necessary to conduct our operations on an as needed basis.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the six months ended June 30, 2019 and 2018.

	Six Months Ended	
	June 30, 2019	June 30, 2018
Consolidated Statements of Cash Flow Data:		
Net cash used in operating activities	$ (2,414)	$ (4,316)
Net cash used in investing activities	(1,155)	(67)
Net cash provided by financing activities	2,607	9,607
Net change in cash and cash equivalents	$ (962)	$ 5,224

Operating Activities

Cash used in operating activities is primarily the result of our operating losses, reduced by the impact of non-cash expenses, including stock-based compensation amounts.

For the six months ended June 30, 2019, net cash used in operating activities was 2.4 million, and consisted of a net loss of $2.7 million, non-cash items of $575,894, and a net use from the change in operating assets and liabilities of $246,168. Changes in operating assets and liabilities were due to increases in trade accounts receivable and other current assets of $2.3 million, and decreases in accrued liabilities and other non-current liabilities of $148,628, offset by an increase in trade accounts payable of $2.1 million and a decrease in other non-current assets of $35,320.

For the six months ended June 30, 2018, net cash used in operating activities was $4.3 million, and consisted of a net loss of $8.3 million, non-cash items of $6.2 million, and a net use from the change in operating assets and liabilities of $2.2 million. Changes in operating assets and liabilities were due to increases in trade accounts receivable and

other current assets of $3.3 million, and a decrease in other non-current liabilities of $35,320, offset by increases in trad e accounts payable and accrued liabilities of $867,329, and decreases in inventory and other non-current assets of $245,727.

We expect cash used in operating activities to fluctuate significantly in future periods as a result of a number of factors, some of which are outside of our control, including, among others: the success we achieve in generating revenue; the success we have in helping our customers obtain financing to subsidize their purchases of our products; our ability to efficiently develop our dealer and service network; the costs of batteries and other materials utilized to make our products; the extent to which we need to invest additional funds in research and development; and the amount of expense we incur to satisfy future warranty claims.

Investing Activities

Net cash used in investing activities during the six months ended June 30, 2019 increased by $1.1 million to $1.2 million, as compared to cash used in investing activities of $67,359 during the six months ended June 30, 2018. The increase in net cash used in investing activities during the six months ended June 30, 2019 is primarily due to the replacement purchase of liquid marketable securities that matured and issuing a note to a third party , whereas net cash used in investing activities during the six months ended June 30, 2018 was due to the acquisition of property and equipment.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2019 decreased by $7.0 million to $2.6 million, as compared to $9.6 million during the six months ended June 30, 2018. Net cash provided by financing activities during the six months ended June 30, 2019 consisted of $2.6 million in net proceeds received under our line of credit with Morgan Stanley and $7,108 in proceeds received from the exercise of stock options.

Net cash provided by financing activities during the six months ended June 30, 2018 consisted of net proceeds of $9.8 million from the closing of our follow-on offering on January 9, 2018, $1.8 million in proceeds received under our line of credit with Morgan Stanley and $76,578 in proceeds received from the exercise of stock options, offset by a $2.1 million repayment of notes payable principal and related accrued and unpaid interest.

Contractual Obligations

Except as set forth below, during the six months ended June 30, 2019, there were no material changes in our contractual obligations and commitments, as described in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

In connection with the termination of our supply agreement with Blue Bird Corporation, Blue Bird agreed to assume all warranty liabilities with respect to the drivetrains systems we sold under that agreement prior to its termination on May 31, 2019.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to us, but which will only be resolved when one or more future events occur or fail to occur. Our management, in consultation with our legal counsel as appropriate, assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, we, in consultation with our legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in our financial statements. If the assessment indicates a potentially material loss contingency is not

probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Stock-Based Compensation

We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date and is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. The fair value of our common stock was estimated by management based on observations of the cash sales prices of its common shares. Awards granted to directors are treated on the same basis as awards granted to employees.

Fair Value Measurement

The carrying values of our financial instruments, including cash, notes receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. FASB ASC Topic 820, “Fair Value Measurement” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, and which require the reporting entity to develop its own assumptions.

We do not have any assets or liabilities that are required to be measured and recorded at fair value on a recurring basis.

Jumpstart Our Business Startups Act of 2012 (“JOBS Act”)

We are an “emerging growth company,” as defined in the JOBS Act. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for emerging growth companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We have chosen to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an emerging growth company we are not required to, among other things, (i) being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure, (ii) not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting, (iii) not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements, (iv) reduced disclosure obligations regarding executive compensation or (v) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We will retain our emerging growth company status until the first to occur of: (i) the end of the fiscal year in which the fifth anniversary of the completion of our initial public offering occurs, (ii) the end of the fiscal year in which our annual revenues exceed $1.07 billion, (iii) the date on which we issue more than $1 billion in non-convertible debt during any three-year period or (iv) the date on which we qualify as a “large accelerated filer.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. We do not currently face material market risks.

Interest Rate Risk

We are currently subject to interest rate risk in connection with borrowings under our line of credit with Morgan Stanley, which bears interest at variable rates. As of June 30, 2019, the principal amount outstanding under this line of credit was approximately $4.3 million, and the undrawn borrowing availability was $2.7 million. Based on the amounts outstanding under the line of credit at June 30, 2019, a hypothetical 10% adverse movement in 30-day LIBOR would increase our annual interest expense by approximately $430,000. To the extent that we incur additional indebtedness, we may increase our exposure to risk from interest rate fluctuations. We currently do not engage in any interest rate hedging activity and we have no intention to do so in the foreseeable future.

Our cash and cash equivalents include cash in readily available checking and money market accounts. These investments are not dependent on interest rate fluctuations that may cause the principal amount of these investments to fluctuate, and we do not expect such fluctuation will have a material impact on our financial conditions.

Foreign Currency Exchange Rate Risk

The majority of our expenses are denominated in the U.S. dollar. As we continue our commercialization efforts internationally, we may generate revenue and incur expenses denominated in currencies other than the U.S. dollar, a majority of which we expect to be denominated in Chinese Yuan. As a result, if and when the operations of ADOMANI China expand in the future, our revenue may be significantly impacted by fluctuations in foreign currency exchange rates. We may face risks associated with the costs of raw materials, primarily batteries, if and when we enter production. To the extent these and other risks materialize, they could have a material effect on our operating results or financial condition. We currently anticipate that our international selling, marketing and administrative costs related to foreign sales will be largely denominated in the same foreign currency, which may mitigate our foreign currency exchange risk exposure.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures (a) were effective to ensure that information that we are required to disclose in reports that we file or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the six months ended June 30, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, cannot provide absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except as set forth below, we know of no material, existing or pending, legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

On August 2, 2018, Edward R. Monfort, our former Chief Technology Officer and former director, filed a complaint, captioned Edward R. Monfort v. ADOMANI, Inc., et al., Case No.: 18CV332757, in the Superior Court of the State of California for the County of Santa Clara, against us and certain of our executive officers, alleging that we and the other defendants (i) breached the terms of certain common stock subscription agreements to which Mr. Monfort is a party, (ii) fraudulently deprived Mr. Monfort of certain purported equity in the Company and (iii) fraudulently induced Mr. Monfort to execute a release of claims in connection with his June 2016 employment agreement. Mr. Monfort seeks unspecified monetary damages, declaratory relief regarding the extent of his equity ownership in the Company and other relief. On August 24, 2018, we filed a notice of removal pursuant to which we removed the case to the United States District Court for the Northern District of California. On September 24, 2018, Mr. Monfort filed a motion for remand, seeking to remand the proceeding from the United States District Court for the Northern District of California back to the Superior Court of the State of California for the County of Santa Clara. On January 8, 2019, the United States District Court for the Northern District of California denied the motion for remand. On February 7, 2019, we answered Mr. Monfort's complaint and filed counterclaims against Mr. Monfort alleging counterclaims for: (i) breach of contract; (ii) declaratory judgment; (iii) breach of fiduciary duty; (iv) wrongful dilution; and (v) conversion. On March 26, 2019, Mr. Monfort filed an amended complaint, which was substantially similar, but which added as an additional defendant Dennis R. Di Ricco and corrected certain non-substantive typographical errors. We filed a substantially similar answer with the same counterclaims and, pursuant to a contractual indemnification arrangement, we have assumed the Defense of Mr. Di Ricco. We believe that Mr. Monfort's lawsuit is without merit and intend to vigorously defend the action.

On August 23, 2018, a purported class action lawsuit captioned M.D. Ariful Mollik v. ADOMANI, Inc. et al., Case No. RIC 1817493, was filed in the Superior Court of the State of California for the County of Riverside against us, certain of our executive officers, and the two underwriters of our offering of common stock under Regulation A in June 2017. This complaint alleges that documents related to our offering of common stock under Regulation A in June 2017 contained materially false and misleading statements and that all defendants violated Section 12(a)(2) of the Securities Act, and that we and the individual defendants violated Section 15 of the Securities Act, in connection therewith. The plaintiff seeks on behalf of himself and all class members: (i) certification of a class under California substantive law and procedure; (ii) compensatory damages and interest in an amount to be proven at trial; (iii) reasonable costs and expenses incurred in this action, including counsel fees and expert fees; (iv) awarding of rescission or rescissionary damages; and (v) equitable relief at the discretion of the Court. On November 9, 2018, in response to a demurrer filed by defendant Network 1 Financial Securities, Plaintiff filed a first amended complaint, which was substantially similar to the original complaint but refined certain allegations regarding the alleged material omissions that form the basis of the complaint. Defendants demurred to the first amended complaint. The court heard defendants' demurrers to the first amended complaint on January 30, 2019. At this hearing the court granted plaintiff leave to file a second amended complaint. Plaintiff filed a second amended complaint on January 31, 2019. The second amended complaint attempts to substitute in two putative class plaintiffs. Defendants jointly demurred to the second amended complaint on March 4, 2019. On May 7, 2019, the Court held a hearing and tentatively issued a ruling indicating that the Second Amended Complaint should be dismissed, without prejudice. A subsequent written order confirmed the dismissal, without prejudice. On June 29, 2019, Plaintiffs filed their Third Amended Complaint, seeking to address the issues raised in the Court's oral ruling. Defendants will be filing a Joint demurrer on July 29, 2019, and a hearing on that demurrer is scheduled for August 29, 2019. We believe that the purported class action lawsuit is without merit and intend to vigorously defend the action.

ITEM 1A. RISK FACTORS

Except as set forth below, there were no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 19, 2019.

NASDAQ may delist our common stock from trading on its exchange, which could limit stockholders' ability to trade our common stock.

As a listed company on NASDAQ, we are required to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our common stock. If we fail to meet these continued listing requirements, our common stock may be subject to delisting. If we fail to meet these continued listing requirements, our common stock may be subject to delisting. As previously reported, on August 16, 2018, we received a letter from the staff of the Listing Qualifications Department of Nasdaq ("Staff") notifying us that, for the previous 30 consecutive business days, the bid price for our common stock had closed below the minimum $1.00 per share requirement for continued listing on The NASDAQ Capital Market under Nasdaq's Listing Rule 5550(a)(2), which requires a minimum bid price of $1.00 per share (the "Minimum Bid Price Requirement"). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were automatically afforded an initial "compliance period" of 180 calendar days following the date of the notification, or until February 12, 2019, to regain compliance with the Minimum Bid Price Requirement. Although we did not regain compliance with the Minimum Bid Price Requirement by February 12, 2019, we received a letter from the Staff on February 13, 2019 notifying us that, pursuant to Listing Rule 5810(c)(3)(A), we were eligible for an additional "compliance period" of 180 calendar days, or until August 12, 2019, to regain compliance with the Minimum Bid Price Requirement. The Staff's determination in the February 13, 2019 notification letter was based on us meeting, as of the last day of the initial "compliance period", the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The NASDAQ Capital Market with the exception of the Minimum Bid Price Requirement, and our written notice to NASDAQ of our intention to regain compliance by effecting a reverse stock split, if necessary.

At our annual meeting on May 8, 2019, our stockholders voted against authorizing our Board of Directors to implement a reverse stock split. As a result, we could not proceed with that plan to regain compliance with the NASDAQ listing requirements. As of the date of this filing, our stock price remains below the minimum $1.00 per share requirement.

If we do not regain compliance by August 12, 2019, the Staff indicated that it will provide written notification to us that our common stock will be delisted. At that time, we may appeal the Staff's delisting determination to a NASDAQ Hearings Panel ("Panel"). Our common stock would remain listed pending the Panel's decision. There can be no assurance that, if we do appeal any delisting determination by the Staff to the Panel, that such appeal would be successful. If our common stock is delisted and we are not able to list our common stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our common stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

A list of exhibits is set forth at the end of this Quarterly Report on Form 10-Q for the information required by this item.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer					X
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer					X
32.1#	18 U.S.C. Section 1350 Certification of Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2#	18 U.S.C. Section 1350 Certification of Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document*					X
101.SCH	XBRL Taxonomy Extension Schema Document*					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*					X
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document*					X

The information in Exhibits 32.1 and 32.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act (including this report), unless the Registrant specifically incorporates the foregoing information into those documents by reference.

* In accordance with Rule 402 of Regulation S-T, this interactive data file is deemed not filed or part of this Quarterly Report for purposes of Sections 11 or 12 of the Securities Act or Section 18 of the Exchange Act and otherwise is not subject to liability under these sections.

SIGNATURES

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

ADOMANI, INC.

Date: July 29, 2019

By: /s/ James L. Reynolds
James L. Reynolds
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2019

By: /s/ Michael K. Menerey
Michael K. Menerey
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification Pursuant to
Rules 13a-14(a) and 15d-14(a) of the
Securities Exchange Act of 1934

I, James L. Reynolds, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ADOMANI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2019

By: /s/ James L. Reynolds
James L. Reynolds
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, Michael K. Menerey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ADOMANI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 29, 2019

By: /s/ Michael K. Menerey
Michael K. Menerey
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of ADOMANI, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James L. Reynolds, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2019

By: /s/ James L. Reynolds
Name: James L. Reynolds
Title: Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This certification will not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of ADOMANI, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael K. Menerey, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2019

By: /s/ Michael K. Menerey
Michael K. Menerey
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This certification will not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.