Beam Global

Third Quarter 2024 Operating Results

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CORPORATE PARTICIPANTS

Lisa Potok - Chief Financial Officer

Desmond Wheatley- Chairman, President and Chief Executive Officer

PRESENTATION

Operator

Hello, and welcome to the Beam Global Third Quarter 2024 Operating Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your telephone keypad. To withdraw from the queue, you may then press star, then two. As a reminder, this conference is being recorded.

I would now like to hand the call to Lisa Potok, Chief Financial Officer. Please go ahead.

Lisa Potok

Hi. Good afternoon, and thank you for participating in Beam Global's third quarter '24 operating results conference call. We appreciate you joining us today to hear an update on our business.

Joining me is Desmond Wheatley, the President, CEO and Chairman of Beam. Desmond will be providing an update on recent activities at Beam followed by a question-and-answer session. But first, I'd like to communicate to you that, during this call, management will be making forward-looking statements, including statements that address Beam's expectations for future performance or operational results.

Forward-looking statements involve risks and other factors that may cause actual results to differ materially from those statements. For more information about these risks, please refer to the risk factors described in Beam's most recently filed 10-Q and other periodic -- I'm sorry -- 10-K and other periodic reports filed with the SEC.

The content of this call contains time-sensitive information that is accurate only as of today, November 15, 2024. Except as required by law, Beam disclaims any obligations to publicly update or revised any information to reflect events or circumstances that occur after this call.

Next, I would like to provide an overview of our financial results for Beam's third quarter of 2024. Our third quarter revenues are \$11.5 million. This is the second highest third quarter revenues in the history of the company. 47.9% of our revenue in third quarter was derived from commercial customers. This is an increase of 80% over quarter three of 2023. For the nine months ended September 30th of '24, our revenues for \$41 million. We have grown our pipeline of prospective customers to over \$200 million, although we cannot be sure of when or if those prospective orders will turn into actual sales.

Our backlog is \$7 million for the USA and an additional \$3.6 million for Europe for a total of \$10.6 million as of November 7th. We generated GAAP gross margin of 10.7% compared to 1.7% in 2023, so we have an improvement of 9 percentage points compared to Q3 of '23. Our gross profits non-GAAP included \$800,000 for non-cash depreciation and intangible amortization, which negatively impacts our profits. Net of these non-cash items, our gross margin would've been 17.6%; this is non-GAAP.

For the nine months in its September 30th of '24, our gross profit was 12% of sales, which included a negative impact of the \$2.8 million for the non-cash depreciation and intangible amortization. Our nine month non-GAAP gross profits net of these non-cash items was 18.3%. The continued improvement in gross margin is primarily because we are able to recognize the engineering

design changes to our EV ARC that resulted in cost reductions to our bill of materials and labor efficiencies.

Additionally, there were reductions in material costs as a result of purchasing discounts as well as an operational improvement and positive margins generated from the acquisition of Amiga. Additionally, our engineering and operation teams continue to identify further cost reductions and efficiencies, which along with support from Beam Europe facilities, we believe will improve our gross margin in future quarters.

Our operating expenses for Q3 of '24 was a credit of \$50,000 due to the reversal of the fair value of the contingent consideration for the Amiga acquisition. To be able to compare Q3 of '24 to Q3 of '23, if we back out the non-cash items, which is non-GAAP, we would back out the \$6.1 million related to the non-cash change in the fair value of the contingent consideration for the Amiga acquisition. We offset this by \$200,000 for the non-cash warrant amortization and \$200,000 for the stock compensation related to the timing of the board grant. We issued those in July of '24 this year.

This results in a \$1.7 million increase in operating expenses quarter-over-quarter, and these are mainly related to we have \$1.2 million in operating expenses for Beam Europe, we have \$300,000 in customer service accommodation costs, and we have \$100,000 in our facility expansion costs, and then we have \$100,000 for consulting for government relations and engineering.

Our operating expenses for the nine months ending Q3 '24 was \$11.6 million. When you remove the \$4.5 million non-cash decrease in fair value of contingent consideration for the Amiga acquisition in '24 and then in '23, we had a \$300,000 increase in the fair value of contingent consideration for the All Cell acquisition, the net change in the fair value of the contingent consideration is \$4.3 million.

This is offset by non-cash increases in warrants and warrants amortization expense of \$300,000, stock compensation of \$300,000 and a bad debt allowance of \$400,000, resulting in \$3.3 million increase in operating expenses. So these increases in operating expenses of \$3.3 million year-over-year is \$2.1 million for Beam Europe, \$400,000 in the facility expansion costs, \$300,000 in commissions due to earned at time of customer payment -- so commissions are paid to our salespeople when the customer actually pays. We have \$300,000 in customer service accommodation costs and \$300,000 related to acquisition costs. The resulting net income was \$1.3 million for the third quarter of '24 compared to a net loss of \$3.6 million for the same period in '23. Net income included the non-cash \$6.1 million for contingent consideration, depreciation, intellectual amortization and the allowance for bad debt.

The net loss for the nine months ending September of '24 was \$6.7 million. When we back out the non-cash expense items related to depreciation, intellectual property, amortization, the non-cash compensation expense and the allowance for bad debt and the fair value of the contingent consideration, the adjusted non-GAAP net loss was \$5.8 million, 14.2% of revenue, compared to 2023 non-cash adjusted net loss of \$8 million, which is 16.9% of revenue and almost 3 percentage points better.

Our cash balance at Q3 of '24 was \$4.9 million compared to \$10.4 million at the end of Q4 of '23. The cash decrease included our onetime cash outlay for the second tranche payment for the acquisition of Amiga of \$2.7 million in early Q1 of '24 and our net outlay of cash for the acquisition of Telecom in Q3 of '24, which was approximately \$300,000.

Our net cash used for operating activities for the nine months ending September 30, '24 was \$3.1 million compared to \$13.8 million for the same period in '23. We continue to be debt free other than our small auto leases, and we still have our \$100 million line of credit readily available.

After adjusting for non-cash contingent consideration, which was a current liability, our Q3 working capital decreased by \$3.5 million, 17% from Q2. That is expected to rebound over the following quarters as our sales increase, our margins continue to increase and we continue to manage our expenses.

I will now turn this over to Desmond to provide a business update.

Desmond Wheatley

Thanks, Lisa. (Inaudible) joining us for the third quarter 2024 Beam Global earnings call and business update. Just before I get into my comments, there was several mentions of warrants in Lisa's comments there. I just want to be clear and remind everybody that the warrants that we issued as part of our 2019 listing to NASDAQ have all either exercised or (inaudible).

I'm speaking to you tonight from Oman and Jordan where it's heading towards 1 o'clock in the morning. I'm in Oman as part of a much more extensive trip to Europe, Africa and the Middle East promoting Beam Global's products and business. I'll give you more information on this trip later in the call, but first, I want to talk about our third quarter results and describe some of the exciting progress we're making.

Just in case I drop off this call, which is always possible when I'm in the Middle East or, you know, these distant parts, chat amongst yourselves; I'll dial back in as quickly as I can.

Q3 paradoxically has been one of the most expansive for Beam Global in our history because, of course, I'm speaking of expansion during a quarter when we've just announced a reduction in revenues from the same period prior year. But the fact is that we've grown our geographic coverage very significantly, and we've released a whole suite of new products as a result of our best customers' demands. And we saw growth actually in our battery business during the period.

Geographic expansion and the addition of new products puts us in a position to capitalize on much larger and much more varied sets of opportunities both in the United States and internationally. This is especially relevant because of that third quarter revenue, which came in at about \$11.5 million (inaudible) in the same period last year.

The question is why and what does this mean for our future? Is it an indication of some sort of fundamental decline or is it simply a bump in the road and symptomatic of the lumpiness in our order cadence, which I predicted in previous earnings calls?

Well, I'm very confident that the answer to that question is the second of those two possibilities, not the first. The electrification of transportation is accelerating globally and so is the requirement for increased renewable energy to power that transition and all the other new demands that are coming like datacenters, AI and electrification of industry.

My international travels are making it very clear to me that (inaudible) the direction of travel in the U.S. in the short-term, there's no question that our products are becoming more relevant every day. That perhaps explains why our pipeline is over \$200 million today, an all-time high. We're not losing interest. We're simply seeing delays in the decision to issue a purchase order amongst certain customers in the (inaudible). This I believe temporary decline in our revenues can be

explained by three or four contributing factors. I'm going to describe them to you. I'm also going to tell you what we're doing about them.

Firstly, as I said, we've seen some slowing down of orders from our federal customers. We can't be entirely sure about all of this, but without doubt, the reason is actually a great deal of uncertainty and I'm bound to say that uncertainty still exists today while we wait for the new administration.

Donald Trump has made some conflicting statement about electric vehicles and sustainable energy sources, but in balance, what he said has been negative, and that's had an effect on federal purchasers who are not sure what policy will look like in 2025. Nobody has canceled orders, but they have moved them right while they wait to see what will happen. This federal uncertainty seems to have spread to a few state and even municipal customers.

When combined with the general and unfounded negativity on EVs in the press, we've seen this contribute to a slowing of order cadence in the United States. In fact, the drop in our revenues year-over-year can be explained by this alone because decline in federal revenue from Q3 2023 is actually more than the full quarterly decline that I just described. We believe it's only moved right. As I say, no one's canceled anything, and that we'll get it back in 2025.

The next factor is that we've seen some evolution in the regulatory environment, especially in our case where UL certification of energy storage solutions is concerned. Over the years, we've produced which comply with whatever requirements the regulators had at the time we produced them, and we've seen those change as batteries become more commonplace (inaudible) capabilities and potential risks.

During the last year, we've seen increasing certification requests and then requirements among certain of the purchasing authorities we deal with. As a result of this, we're going through a recertification process with UL, which will result in us being issued with the most up to date certification. We have some purchase orders which are on hold awaiting this latest level of certification.

Two factors are worthy of note here. The first is that UL has inspected our products and has not ever suggested that they are in any way unsafe. UL has never actually -- and the second is that because of the unique and innovative nature of our products, UL has never actually certified anything like them with these new standards.

Our engineering teams are working directly with UL, and I must say it's a learning journey for both teams, ours and theirs. This inevitably causes delays. And so the UL certification that I thought would happen this year looks more likely to take place at the end of the first year. At that time, we should be able to take advantage of the pent-up demand from those customers who are unwilling or unable to issue purchase orders until we're able to provide this new UL certification.

In the meantime, we continue to sell to others who are less sensitive on this matter because, as I already said, the lack of certification is not (inaudible) or efficacy. We have a lot of certification in the products; just not these newest ones. The good news is that, once we get this latest certification, it should break (inaudible) several opportunities and will also enhance our product and make it easier to manufacture and sell both in the U.S. and Europe.

Thirdly, we're still very susceptible to large swings in revenue as a result of order timing or order sizing or a combination of both. During the last several years, we've seen very significant growth

in EV ARC sales, particularly to government customers, especially since COVID. The Beam team has done a magnificent job of delivering that growth that's come along with these orders.

Our revenues were \$6 million in 2020, \$9 million in 2021, \$22 million in 2022, and just under \$70 million in 2023. We're about flat in the first half of 2024. Even with this year's relatively flat growth, our five year CAGR (inaudible) fantastic rate of growth. But it's almost all come from one product and with a high degree of customer concentration.

Naturally, with concentration, comes risk from timing and other externalities, and we believe that we've seen some of that over the last couple of quarters. We're still confident that, just as the pendulum (inaudible) it will swing back to growth again in 2025. In spite of what may be going on at the federal level with the new administration, there's a great deal of investment in this transition, which is very unlikely to be impacted in a negative way, and there will still need to be a lot of spending on infrastructure outside of U.S. Federal budgets.

But to be clear, I think those federal budgets come back, too, because fleet managers know that electrification is upon them, and they cannot lose four years of preparation for it.

So what are we doing about these factors? We have the following strategies to grow our business and immunize against any reduction in U.S. Federal spending on EV ARC products.

Our geographic (inaudible) which are in no way related to U.S. Budget cycles. Our new product offerings deliver value, which while many of them are based upon the EV ARC engineered platform, they do not seek investment from the same customers or fulfill the same functions. And as such, they create a whole new set of opportunities for us, but without creating a whole new set of cost centers or complexity in our production lines.

Our focus on corporate as well as government sales is paying off, as evidenced by the fact that around 50% of our Q3 revenues came from non-government customers - so much for us being a government only-shop.

We've added a new VP of Sales (inaudible) Europe. What both of these individuals have in common is a solid history of engaging distributors, resellers and agents. This is another crucial part of our strategy to broaden our funnel of opportunities.

Historically, all of our sales have been made by a small team of in house sales people. They've done a fantastic job. \$70 million of sales in a year made by five people is nothing to sniff at. But they are necessarily limited in how many prospects they can engage with. They're efficient, and we have a solid tech stack for improving the efficiency of our sales process, but the universe of interested prospects is larger than a team of that size could ever hope to reach.

With that, we're now working on a force multiplication strategy to get a lot more people out there describing our products and the value they bring to a far larger audience. It's already starting to work for us. Though it's early days, we already have a European distributor on a contract who brought us a purchase order within the first month of being on board.

I've just been in Ethiopia with a new agent team that we've contracted to address this market and other opportunities in Africa. Now I'm in Oman, Jordan where we have another well connected reseller working with us to expand our Middle Eastern opportunities. And in the US, we have several new resellers under contract or in the process of working through our agreements with us.

All of these new reselling -- or these selling resources are paid on success only. That means they do not add to our SG&A burden or add operating costs to the business. They get paid only when they bring us new customers and those new customers pay us.

The point of all these strategies, new geographies, new products, expanded sales resources and focus on broader verticals is to reduce our susceptibility to revenue shifts caused by single order timing and products and customer concentration and to create lots of opportunities for growth in markets and with products which we've not had before.

Our European (inaudible) to this effort and provide an excellent example already of the strategy working. A \$1 million in EV ARC sales to the British Army in Cyprus, other POs delivered in Europe and the supporting of our efforts in Africa and the Middle East are clear examples of opportunities that we would not have had had we not moved into this market. I'm confident that we're only just getting started here and we're also benefiting from both legacy businesses -- from both legacy businesses we acquired, which are solid and growing.

We are not just working to reduce lumpiness in our current U.S. Business. This is much more -- about much more than that. Everything we've done today has come from more or less a single (inaudible) product to market. We're now expanding into much larger niches with multiple products and in very much larger geographies and markets.

So while I talk about these strategies and its means to defend against negative revenue impacts, they're really much more about Beam Global's continued long-term dramatic growth. It's about maintaining and improving on that 70% five year CAGR.

While I'm speaking of our European operations, I have to spend a couple of minutes on the news we announced earlier this week, our first sponsorship deal. This fantastic piece of news describes the first establishment of a business model which I've been working on for many years. In fact, it's the only thing I've told everyone Beam would do that we have done until now.

Through an agreement with VINCI Group, one of the largest airport management companies in the world, we now have permission to deploy EV ARC systems at Belgrade International Airport. We don't pay for this right because of the fantastic amenity which we're providing in their premium parking facilities, the ability to charge EVs for free while waiting at the airport.

We get our revenue not from charging cars, which is a model I don't like, but from charging for branding all over the EV ARCs, which is a model I love. The sponsor is Globos, the fastest growing insurance company in the Balkans. What they get is the highest visibility (inaudible) recent marketing I've ever seen.

When you first arrive at Belgrade and you're walking towards baggage claim, look out the window and you'll see Globos branded EV ARCs. After you get your bags, as soon as you exit the main airport building, you'll see Globos branded EV ARCs. When you go to your car or pick up your ride, you'll see Globos branded EV ARCs. And if you're arriving at the airport by car, you guessed it, you'll see Globos branded EV ARCs. Tens of millions of eyeballs a year attached to people with money and property to ensure will see Globos Insurance branded EV ARCs even if they've never even thought about buying an EV.

Globos is delighted, and Beam Global is delighted because we now we have a scale of new business to add to our other sources of income. VINCI Airports is delighted because they're

working hard to reduce their carbon footprint and because they knew they'd have to install EV charging, but didn't know how they were going to get electricity to the parking spaces without huge cost and disruption. EV ARC solved it for everyone.

In fact, VINCI is so happy that we will repeat this across other airports for them. They operate 70 major airports globally including some in the USA. I encourage you to look at the press release we just put about this.

I'm delighted by this evolution for our business, and not just because it allows me to say that we've now done everything we've ever claimed we would do, but one deployment like this having proved the business model will lead to many others and not just to airports. This sponsor driving on Sunshine model can work anywhere that's highly visible, and as EV adoption increases, so too I believe will large corporations be inclined to sponsor it.

Moving back to our results for a minute and to gross margins, they are again paradoxically another good news story for us in the quarter because, although we're reporting a slightly lower percentage than in Q2, that's all to do with volume. Because our volumes were down in the quarter, the overhead allocations ate into our gross profits, but the unit economics are another story. Our gross profit for EV product level is up, and in fact, we had unit economics averaging in the 40% to 50% gross ranges, net of overhead allocation of course.

These unit economics have improved steadily over the year as we've made improvements to our purchasing, engineering and operations and also in part due to the price increase announced last year. In Q3, approximately 50% of EV ARC sales carried the new price, so that helped, but much more importantly, so too did the improvements we made in manufacturing the product. Unit economics are crucial, because as we return to higher volumes, we'll see more and more of those higher product gross margins impact our GAAP gross because of the reduced per product cost.

I've often said that I'm targeting 50% gross margins, and when you see that we're reaching that at the unit level already, you can see why I'm confident that we'll get there even with overhead burdens in the future as volumes increase.

A lot of help for this has come again from our European operations. We're now manufacturing certain components of EV ARCs in Serbia and shipping them to our facilities in San Diego for assembly because we save money doing that. I've mentioned before that this is because, A, the cost structure is better in Serbia, and B, we're able to self-perform so much more in our Serbian facilities than we do in San Diego.

The simple fact is (inaudible) Serbia and ship it to a customer in the U.S. cheaper than we can make it and ship it from San Diego. You might ask why we don't move entirely to that model, and the answer is because we have so many government customers who require buy American qualifications. It's important for us to maintain our U. S. manufacturing because, as I've already stated, we still believe that there will be a lot of growth from U.S. government purchases.

Buy American requirements will, if anything, get tougher. We may have to do even more in the U.S. and source components here, which cost more than those which we're buying elsewhere. This will inevitably push our costs up, but we intend to make this an opportunity, not a liability. It's possible likely (inaudible) perhaps for SKUs for made in the U.S. It will cost more, but the government entities that insist upon it will understand that. And it will not impact us competitively because everyone else will face the same restrictions and cost increases.

We still have unique products and very good IP protection and will still be cheaper than digging trenches and doing the electric work that grid tied chargers require.

Beam Europe is going to be even more impactful in the coming months years as a result of our acquisition of Telecom, a power electronics engineering and manufacturing company. We'll increasingly replace third party power electronics in our products with our own specially designed and manufactured components.

This will make (inaudible) cost because we won't be paying margins to others, increase buyback for the competition, and lastly and importantly, reduce our warranty and service costs. A great majority of problems we experience with our products come from the failure of third party electronics. We intend to eliminate or at least greatly reduce those failures. Warranty and service costs impact our margins, and so this will be another positive evolution for Beam.

The Telecom acquisition was another excellent deal for us, combination of cash and stock which resulted in us having more cash and working capital after the transaction than we had before it. I encourage you to read the filings on this one, and if you have questions, get in touch with me directly. Suffice it to say, we ended up with an excellent team of talented engineers and manufacturing experts, a top tier group of new customers and another new set of opportunities for growth, and we paid a very, very good price for it.

It was, like our other transactions, a win-win deal, and the principles at Telecom are all staying on and are now working as part of our Beam Europe team and also closely with our U.S. Based engineers. I'm delighted to have them and thrilled by the contribution they're making already.

Our efforts to improve gross margins are matched by our efforts to control and even reduce operating costs. Any increase in operating expenses we reported are simply as a result of our acquisitions, which of course bring the (inaudible) reduce corporate overhead and made our operations more efficient at the same time. Returning to growth in revenues, as I'm sure we will, we really shine a light on our ability to run a very lean operation.

Now I want to spend a few minutes describing the incredible pace of new products we've released over the last couple of months and why. (Inaudible) BeamSpot which was formerly known as EV standard. BeamSpot is our streetlight replacement product which makes charging at the curbside possible in a way that nothing else on the market can. I've been it showing off in Europe, Africa and the Middle East, and everyone loves it. Charging on the curb is important because, contrary to popular belief, most people will not be able to charge at home in the future. And most of the world does not have big flat parking lots like we're used to, particularly in the Western United States. The only option is to charge on street at the curb when parked. But it's very difficult to get electricity to the curb. You have to identify the nearest point of connection and then go through the leases, easements, construction and electrical work to deliver it to the curb.

It's so onerous as to be economically and practically impossible in most cases, and yet, it's essential. Some companies have put EV chargers onto existing streetlights, and that's a great idea, but a typical streetlight only has enough power to run a light bulb, not fill up a car. BeamSpot is a streetlight, but it's (inaudible) existing streetlight put a BeamSpot in its place.

We use the streetlight circuit, but we also have sun tracking solar array and a light wind generator making more electricity, all of which is combined in our proprietary onboard batteries. Because we're combining three circuits, we can get much more power to the EV charger, and BeamSpot

will continue to provide lighting and EV charging during a blackout, something that's increasingly common and increasingly important.

We just launched BeamSpot a couple of months ago, and we already have our first purchase order for it. I believe that this product may end up being our biggest seller, and we'll get really good at making them because Beam Europe is, amongst other things, one of Europe's (inaudible).

BeamBike is the next product we announced. Based on the EV ARC platform, this is a grid independent electric bike charging station, also very popular when I describe it on my travels. Electric bike adoption is growing all over the world. I've just spent a few days in London, Paris and Belgrade, and in all three cities, the demand for e-bikes and the infrastructure to charge them is growing rapidly.

But actually, the impetus for this product came from one of our large U.S. Municipal customers where there are a lot of e-bikes in use, largely for food delivery. People are buying these bikes and using them to earn a living, and they're charging them in their apartments. Cheaper bikes (inaudible) and there have been tragically several fatalities from these sorts of (inaudible).

So cities won't start to provide outdoor charging facilities which will reduce those sorts of risks. The EV ARC platform is a perfect place to start, so we developed what in my mind is the perfect solution. But we won't just deploy in those cases. Resort, beach towns, campuses, corporate facilities and even military bases are all fertile ground for the BeamBike solution. This is a great way for us to leverage our existing engineering, IP, patents and manufacturing to create a whole new set of opportunities.

After BeamBike came BeamWell, another (inaudible). This one really makes the (inaudible) stands up, and it's very important during my trips in the Middle East. It's designed for disaster and war zones, and of course, sadly, there are no shortage of those at the moment. We developed BeamWell in direct response to the requirement of NGOs and donor organizations operating in Gaza. That's why I'm here.

They're trying to feed people and get medicine to them, but they have no electricity, no water and no means of delivering the food, water and medications. BeamWell is equipped with an integrated desalination plant, which enables it to convert salt, brackish or dirty water into clean water for cooking and drinking. (Inaudible) emergency power electricity for cooking and refrigeration and we've integrated four Benzina Zero rugged emo pits equipped with delivery packages onto the bundle. Hence, BeamWell solves all the problems faced by the NGOs. It makes water, it makes electricity, and it keeps medical supplies refrigerated.

It provides the means to deliver the food, water, and medicine to people who need it, all in one bundle. Like all of our EV ARC products, it's delivered in a 20 foot shipping container and deployed rapidly without the requirement for any on-site construction or development. I'm sure you can imagine how important that is in Gaza. We just put it next to the sea or ponds and let it go to work. I'm in Aman, as I said, just in the project planning and funding for the first of these BeamWell systems. We intend to make them available to the UN, militaries, emergency agencies and anyone else who is in the business of dealing with wars or disasters.

Our recent press from EV ARC systems continuing to operate in eight feet of storm surge to Helene gives ample proof of the ruggedness and disaster surviving capabilities of our products. If you haven't seen that picture, look it up; it's unbelievable. BeamWell is designed to go into these sorts of regions post hurricane, during or after a war and provide the essentials for life while

people wait for the rebuilding. I'm very proud of it and see great opportunities for sales (inaudible) our excellent set of products.

Incidentally, we intend to do a lot more with Benzina Zero and their lineup of rugged emo beds and e-bikes. I'm actually meeting with them in (inaudible) because they have European operations. But they're actually an Australian company, and they see endless opportunities for our products, both alone and bundled with theirs in the Australian market. They supply pizza delivery and postal services already in the Outback and other remote locations. Charging is a real challenge, and they've recognized that we can solve that. I look forward to getting more engaged with them and creating more force multiplying opportunities through them. The products are also an excellent fit in Ethiopia and Africa in general. (Inaudible) lead to significantly increased sales for both of us.

Just this past Tuesday, we launched BeamPatrol, again based on EV ARC, but this time set up and bundled with four Zero (sp) motorcycle law enforcement liberate electric motorcycles. Not to be confused with Benzina Zero, Zero motorcycles is a U.S. company with a fantastic lineup of electric motorcycles. I own one now, and I've owned several of them. They're having great success selling to law enforcement and other responders globally.

Electric motorcycles are fast, cheap to maintain, require no gasoline and are very quiet, allowing law enforcement to get to a suspect without them knowing the good guys (inaudible). They're used by police, border patrol, military, park service and a whole host of others internationally. BeamPatrol will give them an opportunity to purchase the motorcycles, the charging infrastructure and all the fuel they'll ever need under one purchase order through being Beam Global. These agencies often like bundles because they don't have to integrate anything and because the contract was (inaudible) one PO, one invoice, or will financing -- finance them using our line of credit.

Charging infrastructure is always a challenge, and we've learned from existing customers and other prospects that a bundled product, which has the bikes and the charging infrastructure, can be deployed anywhere without the requirement for projects or integration would be a great value. Just read the guote from veteran Police Chief Steve Willis in our press release to get a flavor.

Here again, we've leveraged our existing IP and capabilities to produce products which are in demand by our customers and prospects. Here again, we've created a whole new set of selling opportunities to increase our revenues and reduce our reliance on a single product or concentrated customers. In fact, we believe that many even our concentrated customers that have to hold off on EV ARC purchases for now might be able to buy these other products while they wait on EV ARC for charging EVs.

But the real opportunity comes from all new conversations we can have with new customer prospects that we know have needs, which we can (inaudible). Our revenue per EV ARC will increased significantly with all these bundles, which is another benefit and part of our strategy to grow the business through force multiplication.

Now, I promised I'd give you a bit of color on why I was in Ethiopia. You may not know very much about Ethiopia, but you should know that it's distinguished itself by becoming the first (inaudible) internal combustion engine vehicles. Prime Minister Abiy Ahmed has made a dramatic commitment to weaning Ethiopia off fossil fuels through aggressively electrifying transportation. They currently import all their oil, and it costs them a lot, and it's a strategic disadvantage. They also have very, very poor air quality. I can tell you that, I mean, just been there for a week.

They're hugely in favor of electric vehicles, and you already actually see a lot of them in Addis Ababa. They're a resource rich nation, particularly where renewable energy is concerned because of the large hydroelectric facilities. But as is common in so many other places, they lack the transmission and distribution infrastructure required to make the deployment of EV chargers anything other than very burdensome and complex. Needless to say, Beam Global's product solve for these challenges, and that's why I'm bringing them to that market.

I've been honored to meet with the ministers of transportation, the Minister of Energy, several key enterprises, the Department of Streets and his excellent Ahmed Shide, the Minister of Finance, a man in the country under Prime Abiy Ahmed, who it's likely I'll meet in the future because of the transformative influence of Beam Global's products. You could say that the EV ARC, BeamSpot and our other products are the embodiment of the Prime Minister's ambitious vision. That's certainly what I heard while I was there. We will service (inaudible) from our Serbian facilities as we service Cyprus. It's fantastic that we've proven we can do that.

These meetings were said as a result of the efforts of our new very well connected agents in this market as well as with the assistance of the United States Embassy in Addis Ababa. I'm grateful for their efforts and was very grateful and honored by meeting with the U.S. Ambassador just last (inaudible).

It's important it's receiving a great deal of outside investment, and what it spends on importing oil, we could cover the whole country in EV ARCs and BeamSpots, not to mention our other products. It's also a gateway to Africa, which will be one of the biggest growth markets in the coming years.

Africans adopted cell phones without ever really having wired infrastructure, and they'll adopt EVs without ever really having internal combustion engines. They'll also adopt distributed energy without ever really having a wired grid infrastructure. I want us in Africa early because I believe that there's a massive opportunity for growth to match what we're doing in Europe and the U.S.

Chinese aren't there by accident. We can own a large market, a lot of pro-Western and pro American (inaudible) mostly because our products are just better, and we have support of Group's National Development Finance Corporation and others to help to pay for them. I left Ethiopia on Friday and traveled to Oman and Jordan. My last stop will be in Rome, as I previously mentioned, before returning to our offices in San Diego next week.

(Inaudible) not over yet, but it's been a fantastic opportunity for me to be the sharp trip of the spear as Beam grows into these international markets which need our products so badly. I think of the growth we've had in the U.S. and then start to multiply that across these other markets, I can see how Beam Global will become very much larger without having to invest large amounts (inaudible).

Now the last point I want to briefly touch upon is that we've engaged an internal IR manager. We know that selling our products profitably is the most important thing we can do to increase shareholder value. We also know that, if we don't tell anyone about our successes, that no one will buy our stock. With that in mind, we've invested in some IR communications tools and a full time internal resource, Luke Higgins.

Luke's an engineer, not an IR veteran. I wanted someone who understands what we do and why we're doing it to tell our story. He's passionate about our industry and Beam's role in it. He's

learning the IR business and he's currently concentrating on doing a better job of communicating our wins and identifying anyone who's invested in businesses like ours, but not invested in Beam. And he's telling them why we think we're better placed for their money in the long run. You may have already heard from him, and if you haven't, you probably will. Please help him. Tell us what you want to know and how we can do a better job of being responsive and communicating with you. And of course, tell him who else we should be talking to.

Okay, that's enough for now. I have a day jammed with meetings tomorrow and not much time left for sleep, so I'm going to hand it back to the operator and take some questions. Operator?

QUESTION AND ANSWER

Operator

Thank you, sir. We will now begin the question and answer session. To ask a question, you may press star, then one on your telephone keypad. If you're using a speakerphone, please pick up your handset before pressing the keys.

Today's first question comes from Tate Sullivan with Maxim Group. Please go ahead.

Desmond Wheatley

Hey, Tate. How are you?

Tate Sullivan

Hey. Hi, Desmond. Thanks. Congratulations on all the new products; sounds like all great opportunities to sell. And I'm interested in Europe, what you've seen. Is there more government funding available for EV charging structure in Europe going forward than in the U.S. in your opinion?

Desmond Wheatley

I mean, look, I don't want to guess at what's going to happen in the U.S. As I said in my comments, I think that uncertainty is the biggest problem that we're facing right now. But there certainly is going to be a tremendous amount of spending in Europe. I met with OZEV, the Office for Zero Emission Vehicles, while I was in London, met with people in Paris and all over Europe, and this electrification thing's going at a pace.

As you know, they've banned the sale of internal combustion (inaudible) 2035. There's an awful lot of work to do. There's not enough energy on the grid, capacity on the grid, and it takes a long time to install grid tied charging infrastructure. So the same things that made us successful in the U.S. are going to make us as successful if not much more so in Europe.

And by the way, for anybody that's questioning whether or not EVs are going to happen (inaudible) unbelievable here. Half the cars on the road today are electric vehicles already, and they're starting to bang up against the same problems, lack of capacity on the grid and taking too long to deploy. So I think we're going to see an awful lot of government spending everywhere, but yes, Europe is the largest market in the world and probably we'll see the most money spent.

Tate Sullivan

And then just the certification process is just with the UL in the U.S. -- are there any similar certification challenges that you run into in Europe yet?

Desmond Wheatley

Without a doubt. I mean, this is an evolving process. Batteries, stationary storage, the integration of energy storage and renewable sources or grid sources, for that matter, all of these are evolving, and we are seeing increased regulations, and we're seeing evolving certification processes, and we're trying to keep up with them. The biggest challenge that we're facing right now is the certifying (inaudible) bodies done this before.

And so, I want to be careful what I say, but our people are teaching the people who are certifying us in many instances. Same thing in Europe - we've got CE in Europe. But the good news is all the efforts that we put into UL will do this -- will solve for the CE thing. So (inaudible) anything in Europe. We still have a lot of customer prospects who are not impacted by it, but it's taken a chunk out of our sales.

And I just wanted everybody to understand, when we're looking at reduction in some of these -- or the moving right of some of these purchase orders, some of them are explicitly because of these new UL certification requirements.

We're going to meet them, and the good news is, as is always the case with Beam Global, we use this as forcing opportunities to force us to take further steps to make it -- the product better and much easier to make and the next sort of evolution of EV ARC that will meet these new certification requirements will be less expensive and faster to produce, but a better product again.

So it's onerous, it's time consuming, it's pushed some of our purchase orders to the right, but we'll come through on the other side of it without losing those opportunities with a better product. And as I said in my comments, I think we'll see a bit of a logiam bursting with a couple of them, when we do get that UL certification, which at the moment, we are very hopeful we will get before the end of first quarter, but I'm not going to make promises that other people have to keep. I've been wrong about that before, but that's what I'm hearing from everybody.

Tate Sullivan

Thank you, Desmond.

Desmond Wheatley

Thank you, Tate.

Operator

The next question comes from Noel Parks with Tuohy Brothers. Please go ahead.

Desmond Wheatley

Hey, Noel. How are you?

Noel Parks

Good, thanks. Thanks for all the great information. Just a few things - interested to hear what you were saying about adding resources and partnership for international marketing. And I guess I'm thinking, in your overall resource mix right now, if you have one next project or goal that you need to address, whether it's hiring in a particular product or function or manufacturing capacity in a particular region, sort of what's next? What sort of your next things to sort of tackle that kind of keep overall business momentum going?

Desmond Wheatley

Yeah. So from a human resource point of view, it's definitely the addition of resellers, distributors and agents, something we've never had before. I've been keen on doing it for a while, because

as I said, we -- all the sales that we've made today have been made by our sales team (inaudible) six. We sold just under \$70 million worth of product. Just imagine what could happen if it wasn't 5 or 6 people, but 50 or 60 people out there telling that -- telling the story, because as I'm fond of telling my sales team, 380 million or some odd people in the United States, we've only talked to a few thousand of them. So it's bringing in these distributors, resellers and agents; that's the thing that we're really focusing on at the moment. And by the way, some of that was also pushed by Europe. Europe likes to think of itself like a sort of United States, but the truth of the matter is it's a different sale in France than it is in Spain, than it is in Germany, etc.

So we want to try and gauge somewhat local resources but that do not add overhead costs for us. And that's what's great about the people that we're bringing in. They work on success fees only. So we don't end up with an SG&A burden. We pay them when we get paid by our customers.

Noel Parks

Right, right. That totally makes sense. And I am thinking out a couple of years. I mean, do you see yourself as -- in order to sort of handle maybe the next step function of upward in growth, do you see yourself at any point being capital constrained in terms of just what you need to do to keep up with manufacturing capacity or other needs?

Desmond Wheatley

Well, the good news is we still have a great deal of room for expansion both in our U.S. and European facilities. I mean, even our very busiest, we still had room for about 4x expansion in the U.S, and we have much more room for expansion in Europe. We've got huge facilities, six acres, 250,000 square feet under roof and a lot of cheap land around us there. So I think we've got a lot of room for expansion.

We will invest in growth. We've done a little investment in growth. We've increased our Chicago facilities this year. Lisa mentioned that there was \$100,000 or something in our operating expenses which was due to facilities expansion. We've expanded our Chicago facilities this year because we intend to finish out BeamSpot products in that facility, and we need more space to do along with the fact that the battery business is back to growth again.

Obviously, we're going to fill up our existing capacity, which is, as I say, got lots and lots of room for growth. And then we're going to invest carefully as we need to moving forward. If we do have to use capital for expansion in the future, it'll be because we're trying to keep up with tremendous growth, which is the best possible reason to use capital.

Noel Parks

Sure, absolutely. And just a question talking about sort of this post-election period - I'm just curious, do you sort of see California's leadership role with decarbonization and EVs as sort of keeping the ball moving in terms of incentives, policy to sort of maybe help offset what might be a period of sort of extended federal uncertainty?

Desmond Wheatley

Yeah, I can tell you that what I've heard so far is that anything that the new administration does to reverse the momentum of EVs at the federal level, the states are not having that. I mean, the fact is that transportation is going to electrify anyway, and as I said in my comments, even federal customers know that they cannot afford to lose four years. In four years, we'll only have six years left before basically everybody electrifies.

So it's -- this is kind of annoying, but it's not fundamentally going to negatively impact the industry. And I think you'll see the states pushing hard on this, and you'll see cities, municipalities pushing. And frankly, the federal customers have to do it, as well.

You talk to anybody in the Marine Corps or the Army, they are not electrifying their fleets because they are tree huggers or because Biden or anybody else told them to do it. They're doing it because it's a strategic imperative, and so they're going to push forward with it one way or another -- I think the problem that we have, both from a purchasing point of view and also frankly from a share price point of view.

Noel Parks

Great. Thanks a lot.

Desmond Wheatley

Thanks, Noel.

Operator

At this time, we have no further questions. I would now like to turn the call back to Mr. Wheatley for closing remarks.

CONCLUSION

Desmond Wheatley

Okay. Well, listen, thanks everybody again. Thanks for your questions. And if there are any of you that still have questions or that just didn't want to speak up on the call, feel free to get in touch with us directly. Get in touch with Luke Higgins. We're all first name dot last name beamforall.com, and you can always get in touch with me (inaudible) by now. Just please remember that I'm often in odd -- strange time zones. It's now one -- getting on for 1:30 in the morning where I am.

But as always, I feel very good about what we're doing. I love the new products we've brought out, and it's been very exciting for me to be in these places, Middle East and in Europe and see how much demand there is. And as I say ,when I compare that to the growth that we've had in the U.S., think about the multiplication effect of that, it's nothing but good news for us. So appreciate your support, appreciate you staying in touch, and we're going to keep our noses to the ground, so we're going to keep building a great company. Thank you.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect your lines.