Beam Global

First Quarter 2025 Operating Results Conference Call

Thursday, May 15, 2025, 4:30 PM ET

CORPORATE PARTICIPANTS

Lisa Potok – *Chief Financial Officer*

Desmond Wheatley – *President, CEO & Chairman*

PRESENTATION

Operator
Good day, and welcome to the Beam Global First Quarter 2025 Operating Results Conference Call.

All participants will be in a listen only mode. Should you need assistance, please signal a conference specialist by pressing the “*” key, followed by “0”. After today’s presentation, there will be an opportunity to ask questions. To ask a question, you may press “*”, then “1” on your touchtone phone. To withdraw your question, please press “*”, then “2”.

Please note, this event is being recorded.

I would now like to turn the conference over to Lisa Potok, Chief Financial Officer. Please go ahead.

Lisa Potok
Hi. Good afternoon and thank you for participating in Beam Global’s first quarter 2025 operating results conference call. We appreciate you joining us today and hearing update on our business. Joining me is Desmond Wheatley, President and 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 Form 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, May 15, 2025. Except as required by law, Beam disclaims any obligation to publicly update or revise 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 Q1 of ‘25. For the first quarter of ‘25, our revenues were $6.3 million. Our revenues were diverse across commercial entities and state and local governments, with a significant rebalancing towards enterprise customers, whereas 53% of our revenues were derived from commercial customers, compared to only 16% in the same period in 2024.

Additionally, our international customers comprised 25% of all revenue in Q1 of ‘25 versus 11% in Q1 of ‘24. We believe that this decrease in revenue is mainly a result of the uncertainty in the U. S. government’s zero emission vehicle strategy, related to the presidential election.

Our backlog, as of the end of Q1 of ‘25 is $6.3 million. Our gross profits for Q1 of ‘25 was $.5 million, or an 8% gross margin versus our gross profit of $1.5 million, or 10% gross margin in Q1 of ‘24. The gross profit included a non-cash negative impact of $1 million for depreciation and amortization of intangible assets resulting from the AllCell acquisition. And our gross margin net of these non-cash items, which of course is non GAAP, was 21% for Q1 of ‘25 versus 12% in Q1 of ‘24.

We have continued to recognize the synergies and the positive gross margin contributions from our acquisitions, and we expect the company's revenue to grow in the future and our fixed overhead absorption to continue to improve, resulting in even higher gross margins.

In Q1 of '25, our operating expenses of $16 million included $10.8 million of goodwill impairment. This impairment was recognized because our market capitalization no longer exceeded our net assets at the end of Q1 of '25, due to the decrease in our stock price since December of '24.

Our operating expenses, net of the non-cash items for Q1 '25 are $4.1 million, compared to the Q1 of '24 of $3.8 million, a variance of $200,000, or 6%.

The company believes the goodwill impairment reported in Q1 '25 is not a negative indicator of our historic or current operating results and not a negative indicator of future performance, as the company has taken significant steps to diversify its geographical reach and product offerings, while focusing on our strategic growth.

The Q1 '25 net loss of $15.5 million also included the $12.5 million noncash expense items such as the goodwill impairment that we just discussed, our depreciation and amortization, stock based comp and provisions for credit losses in '25, compared to a net loss of $3 million with non-cash expenses of $1.1 million in '24.

So the Q1 '25 net loss, excluding the non-cash items, which is non-GAAP, was $2.8 million, compared to $2.1 million for Q1 of '24.

Our cash balance at the end of March was $2.5 million, compared to the $4.6 million at the end of '24. And our net cash used for operating activities was $1.8 million for Q1 of '25, compared to $3 million for Q1 of '24. We have historically met our cash needs through a combination of debt and equity financing and more recently through our increasing gross profit contributions.

I will turn the call over to Desmond to provide a business update.

Desmond Wheatley
Thank you, Lisa, and thanks as always to the rest of you who've dialed in to listen to this call or who are joining us through the webinar link. Let me start off by making a couple of important statements.

Sales of our flagship product, EV ARC, increased in the first quarter. We're navigating our way through a series of uncertainties in the U. S. market and while we're hitting speed bumps along the way, we now believe that we have the pieces in place to return to growth in this quarter and in future quarters.

Our battery business is doing some of the most interesting and promising work it's ever done. Our international expansion strategy is gaining momentum and bearing fruit. We have sufficient cash and working capital to continue to operate the business into the future. We have no debt and no going concern.

We're generating gross profits which, net of non-cash items, are still north of 20%. We have proposals out and items in our pipeline which would simply not have been possible this time last year before we introduced our fantastic new product lineup and expanded beyond the U.S. market.

Losing the immediate benefits of U.S. Federal Government sales has been tough on us, but we are managing through that, and we've created a foundation for growth which is resistant to those sorts of upheavals and which I believe will create opportunities for growth, which far outstrip anything that we've ever done before.

Before I go any further, I'd like to apologize for the late notice that we gave for this earnings call. We usually like to give at least a week's notice prior to these calls, but in this instance, we had some last minute items clear up with our auditors and as a result, we did not have certainty that we were going to be filing until closer to this date than we would normally like.

I'm going to start off by talking about the item in particular which made us late for the call because it's somewhat confusing and while it has no impact on the operations of the company, it involves a large number which, if you don't know how it was derived, could appear to be very negative.

We have elected in this quarter to take an impairment charge against the goodwill which we've had on our books as a result of the very excellent acquisitions that we've done, over the last couple of years. Just to remind you, those acquisitions are the acquisition of the battery company in 2022, the acquisition of our new European headquarters and factory in 2023, and the acquisition of our power electronics group in 2024.

Now each of these acquisitions has been excellent for us. The deal structures are good. Beam Global and our shareholders got excellent value and our long term strategy, as well as the short term benefits we're receiving from those companies, have been vastly improved as a result of us making those acquisitions. We, as a management team, are of the opinion that those companies are worth a good deal more today than they were when we acquired them.

We're also of the opinion that the whole is far greater than the sum of the parts and the contribution that these acquisitions have made to our global presence and growth is hard to overstate, especially given the uncertainties in the North American market. And yet, we're going to take an impairment charge against the goodwill that came along with them. Why would we do that? Well, the simple answer to that question is that GAAP accounting requires it. And the reason that GAAP accounting requires it is that because our share price has declined since 12/31/2024. We are now in the incredible position of trading not just a fraction of our revenues but actually at less than the value of our assets.

That's to say our market cap is now lower than the value of the assets that the company owns. GAAP accounting does not allow for that condition to exist and in order to balance those two numbers, we have to take an impairment charge against our goodwill. This is of course very frustrating because we believe and the data certainly backs this up that as I've already said, the value of the companies that we bought and the goodwill that came with them is worth more today than it was when we bought them. Nevertheless, it's not for us to question the wisdom of GAAP accounting, so we've taken the impairment.

This impairment has two significant impacts to our financials. The first one is that you'll see a significant reduction in the value of the assets that we hold on our books. And the second is that when we take the impairment, it actually hits our P&L in the quarter in which we take it. The impairment is about $11 million, and so you'll see an $11 million reduction in our assets and also an $11 million negative impact to our net. Now I stress and I stress again that these are non-cash items that do not impact the operations of the company at all.

We do not actually believe that there are any negative impacts to the real value of our assets or the business. And as I've already stated, we actually think that the value of our acquisitions is greater today than it was when we made them.

It's not a simple process and it's certainly not a trivial matter to put these impairments together and so our accounting team, which is lean, and our auditors have been working together to make sure that we've done it in exactly the right way. That explains why we're later than we wanted to be and having certainty on the timing of our filings and, hence, later than we wanted to be on giving you notice for the call.

So, you have my apologies for the tardiness and you also have an explanation for these entirely GAAP accounting driven adjustments to our financials, which I stress again, are non-cash and have no impact on the operational viability of the company or, in my opinion, its true value.

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I'm going to keep the rest of this earnings call pretty brief because we of course just four weeks ago went through a comprehensive discussion around our full year 2024 results and subsequent events, which covered much of the first quarter. I also talked a lot in that call about our new products and our activities and further plans for expansion.

Everybody's been working very hard at Bean Global, and I'm happy about the advances we continue to make, but I'm not going to take a whole lot of your time talking about things that have happened during the last four weeks.

If you're looking for more information about our new product portfolio and about our international expansion plans and activities and you didn't get to hear the earnings call we did four weeks ago, you can still find a transcript of it online, and I'm pretty sure there's actually still a recording of it somewhere, too. Give Luke Higgins, our internal IR manager, a call or drop him a note if you want some help finding that.

One of the things I told you during the last call was that I expected to see a couple of tough quarters. The fourth quarter of 2024 was one of those, and so was the first quarter of 2025. Our revenues of $6.3 million were about half what they were during the same period the prior year. That's disappointing, but it's not surprising. During the first quarter of 2024, more than half of our revenues came from federal government orders.

And as I explained to you during the last earnings call, the current administration has instructed the GSA, or the General Services Administration, to make no further acquisitions of electric vehicles or electric vehicle charging infrastructure for the time being.

We've been working hard to create new opportunities for the company, which are immune to any variations in federal government order cadence. But that's a process, not an event. And while we've seen good results from our efforts in terms of an increase in our first quarter orders, those orders have not yet resulted in an increase in reported revenue or even a replacement of the revenues which we lost, due to the cessation of the U. S. Federal Government's investment in electric vehicle charging infrastructure.

You may hear the U.S. Marine Corps flying over our offices at the moment. Nothing I can do about that, apologies.

In fact, the fact is that our diversification strategies are starting to deliver fruit. Sales orders in the first quarter were up 23% over the fourth quarter of 2025, even though they did not materially include any federal government orders. We now believe that we have the pieces in place to return to growth in this and future quarters.

We've adjusted our sales efforts to concentrate on non-federal prospects, and we've taken advantage of the moves that we've been making over the last couple of years to grow our geographic footprint through our expansion into Europe.

In fact, international revenues contributed over 25% of our first quarter numbers, and Q1 is typically the slowest quarter of the year for the legacy businesses which we've acquired in Europe. That's to say, even during the worst quarter, our European operations contributed significantly to our overall revenues and gross profit.

We generated 41% year over year growth in non-government sales, which is a testament to the efficacy of our strategy to grow and expand our commercial business, which as I've always mentioned before, I believe in the future will be the largest contributor to Beam Global's revenue profits.

At the same time, we did still get significant revenue generation from government customers, just not the federal government. I think this is positive and it demonstrates that while the federal government is not proceeding for the moment with the electrification of transportation, state governments and municipalities still are and they have, historically, contributed fairly large percentages of our revenues. There are even indications that several of our state and municipal customers will actually increase their activities in light of the federal government hesitance.

Notably, California's government has committed to replacing federal activity and maintaining the pace of growth in EV charging infrastructure. California continues to be one of our most important customers. Similarly, we have good reason to believe that activity with one or more of our significant municipal customers may actually increase for us, this year.

To further demonstrate that our diversification strategy is working, in Q1 of 2025, we shipped EV ARC units, ARC mobility trailers, energy storage systems, lighting poles and smart city infrastructure solutions to locations across California, Arizona, Colorado, Florida, Michigan, Oregon and internationally in Croatia, Serbia, Romania and Spain.

We're continuing our strategy of expanding our sales team through the leveraging of outside sales resources. We have a full time manager of resellers at our European operations and in the U.S., our Vice President of Sales spends a great deal of time recruiting and training resellers to expand our market here, as well.

A great example of the sorts of things that these distributors are pulling off is that EV ARC is, today, on full view at the Feria International de Defensa Seguridad, which is one of the largest defense and security trade shows in Europe.

EV ARC is on prominent display at the center of the show and has been visited by various public institutions, the Department of Defense, the Guardia Civil who, incidentally, are already big user of zero electric motorcycles and new charging infrastructure, the Army, the Navy, the Air Force and several large industry corporations, as well as about 40,000 visitors, in fact 44,000 is the latest number I just got.

We actually have zero electric motorcycles liberated for law enforcement present with EV ARC and our partner in the electric motorcycle industry, Zero Motorcycles. An American company is with us there as we demonstrate our Beam patrol solution to law enforcement and the military.

Our partner in Spain, HEFI, made the investment in attending this trade show and transporting an EV ARC there. This is a fantastic example of how our force multiplication strategy with external sales resources is getting Beam Global's products tremendous exposure in a greatly expanded theater, without us having to invest operational dollars to make it happen. I love working with HEFI and they love us and our products. I'll do everything I can to support them, but the great thing is they don't need a lot of my support.

They are a well-established aerospace engineering organization that's been in business for many years and has fantastic relationships across the globe. I feel lucky to have them as a partner and they feel lucky to be representing our products to their tremendous portfolio of relationships.

By the way, tomorrow, HEFI will deploy EV ARC prominently at the Valencia Grand Prix Circuit, another first of us which will come with tremendous exposure.

So, we're making growth in our commercial sector happening. We're continuing to see sales to government entities outside of the federal government and perhaps most importantly, we're laying the groundwork for what we believe will be significant growth in Europe, the Middle East and Africa.

All of this is to say that while our first quarter results are not what we'd like them to be, we still feel good about twenty 2025. We believe that we will see a return to growth in this in future quarters and we remain confident about our trajectory towards positive cash flow.

Our gross margins are inevitably impacted by reduced volumes because of the fixed overhead allocations which have to be absorbed by the smaller number of unit sales. Nevertheless, we continue to produce positive gross margins in the first quarter which, net of non-cash items, were still north of 20%.

While we're seeing some inflationary impacts directly from tariffs and also indirectly from the impact of tariffs on domestic producers, we're still managing to make consistent improvements in our gross profitability at the unit economics level.

Now of course none of us know where these tariffs will be at the end of next quarter or for that matter, the end of next week. But it certainly seems at the moment as though the indications are that we will continue to see a reversal of the worst impacts of tariffs as the administration finds reasons to reduce them. We certainly hope so.

We make our products in the United States and we are BABA compliant, meaning that we are Build America, Buy American compliant. So we're doing all the right things in terms of supporting manufacturing in The United States. That's something we care a great deal about and always have.

But if you make a complex product as we do and if you rely on raw materials like steel and aluminum, which are fungible, even if you buy those from U.S. producers like we do, the tariffs can still have an inflationary impact. Thankfully, because we've always positioned ourselves to have a U.S. manufactured product, those tariffs should be less impactful to us than to many others.

Of course, our European operations, when selling into Europe or into the Middle East or Africa are not affected by these tariffs. This is another reason that we are focusing on growth in these very large and very promising markets. Just next week, I will be returning to the Middle East. We're spending time in Jordan where our new BeamWell product will be demonstrated to the Royal Jordanian Armed Forces as a precursor, we hope, to its first deployment in Gaza.

BeamWell arrived in Jordan about a week ago and is in the process of being transported to a Royal Jordanian Armed Forces facility in Amman, the capital of Jordan. I'll be there to take meetings with military and other government officials and dignitaries and to demonstrate the efficacy of the product by showing them how it can convert salt water into fresh water, provide electricity for cooking in the refrigeration of medical supplies, as well as showing off the highly ruggedized electric scooters bundled with it, which will provide mobility to the people whose job it is to deliver aid in that highly distressed region.

Gaza is, of course, a fluid and constantly changing environment, but we're confident that whether aid is delivered by NGOs or by U.S. contractors working with the Israelis, our products can provide essential support to their mission.

They will need rapidly deployed electricity, fresh water and mobility and they're going to want to be able to provide that without relying on centralized grid infrastructure, which no longer exists. We have a long and successful history of deploying infrastructure for military and civilian applications, which solve for those needs. We have an American made product and we have excellent relationships in the region.

Deploying Beam Global's projects in that region will provide a great deal of benefit to everybody involved in the crisis, as well as also providing a highly visible demonstration to assist in the growth of the more commercial aspects of our business there. When I leave Jordan, I'll go to the United Emirates, where we're working to create opportunities which we believe will result in significant sales of our products in that market.

Many of you will be aware that there are some very large projects underway in the Gulf States, which are ideally suited to benefit from Beam Global products. Masdar City in Abu Dhabi is one example, NEOM in Saudi Arabia is another. If you spend five minutes Googling those projects, I'm certain you'll come away with the impression that they create fantastic opportunities for being global and everything that we produce. That's why I'll be returning there again, directly after my trip to Jordan.

As I mentioned earlier, we continue to be very happy with the contributions that we're getting from the acquisitions that we've made.

Let's spend a couple of minutes now talking about our battery business. We continue to advance our battery programs with a strong focus on high performance safety critical applications. Our team is actively delivering next generation battery systems to defense customers while, simultaneously, developing and quoting additional phases and new programs that push the boundaries of power and performance.

These efforts are driving innovation in thermal management where our proprietary phase change composite, or PCC, now paired with active cooling, is delivering levels of performance and longevity we believe are unmatched in the industry.

In parallel, we're seeing strong momentum across multiple markets. We're working with two major automotive companies on next generation battery solutions for their recreational powersports and micro mobility segments.

In marine defense applications, we're exploring underwater energy storage opportunities where our proprietary PCC technologies offer significant advantages over--and particularly for drones. By potentially eliminating the need for traditional active cooling systems, we can reduce system complexity while enhancing reliability and energy density, critical factors in demanding submerged environments.

This innovative approach positions us to deliver high performance solutions that meet the unique challenges of marine defense operations.

In the commercial sector, our battery systems are a natural fit for the growing ETRU market, where the shift away from diesel engines aligns closely with our ESS business.
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We also continue to support industrial customers with solutions for automated mobile robots, guided vehicles and electrified machinery. All of this reflects our growing reach and the versatility of our core technology across multiple high-tech and high growth sectors.

These fantastic advantages came about as a result of the acquisition that we made in 2022. In fact, we have nothing but good results coming from all three acquisitions that we made.

Going back to the comments I made at the beginning of the call, you can see why the Beam Global management team, rather than thinking that there's some reduction in the value of the acquisitions that we've made, in fact, believes that they're worth far more today than they were when we first acquired them and, particularly, when looking at the contribution that they make to the whole company.

Wrapping up, I'll just say again, our sales are growing. We believe that we have the right pieces in place to return to growth in this quarter and in future quarters. We have no debt, sufficient cash and working capital and opportunities created by our new products and international expansion, which are greater than anything that we've ever confronted in the past.

The public markets continue to be very challenging for all companies involved in the electrification of transportation and sustainability industries in The United States. I do not believe that the situation will continue forever.

And in the meantime, I and the entire Beam team are going to continue to execute on our plan, so that when the market does turn around, as we believe it will, we're well positioned to take advantage of the discipline and enthusiasm that we've always had for our competitive edge and growth in industries which are both fundamental and massive.

That concludes my prepared remarks. I'll now turn the call back over to the operator and take your questions. Operator.

QUESTION AND ANSWER

Operator
We will now begin the question-and-answer session. To ask a question, you may press "*", then "1" on your touchtone phone. If you are using a speaker phone, please pick up your handset

before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press “*”, then “2”.

The first question comes from Ryan Pfingst from B. Riley Securities. Please go ahead.

Ryan Pfingst
Hey, Desmond. Thanks for taking my question.

Desmond Wheatley
Hey, Ryan, how are you?

Ryan Pfingst
Good. Thank you. Curious how you’re thinking about product mix between EV ARC and new products in 2025 or maybe over the next couple of years.

Desmond Wheatley
Yes. So I’m quite enthusiastic about the adoption of some of our new products. I’ve had firsthand discussions with people in law enforcement about BeamPatrol, which is our police motorcycle and charging infrastructure solution. I’ve had similar conversations with people about BeamBike, which is our electric bicycle and charging infrastructure solution. And frankly, the same thing goes for BeamSpot which is our new curbside charging product.

In every instance people are very enthusiastic about these products. And for BeamBike is concerned sometimes it’s resorts that want to offer electric bicycles to their customers, sometimes it’s large bike sharing organizations that are transitioning from pedal bikes to electric and discovering how difficult it is to deliver an electrical circuit to some location in the middle of a city to charge those bikes.

So I’m really enthusiastic about that. I certainly think that the remainder of this year we’re going to start to see the orders come in for those products and then moving into 2026 and onwards, I actually expect to see the mixture really even out.
There’s still a huge market opportunity for EV ARC. We haven’t even begun to scratch the tip of the iceberg, particularly once we started getting into Middle East and Africa and other places, but I do think we’re going see an awful lot coming from these other new products.

And then beyond that we are still seeing growth in the legacy businesses that we’ve acquired. So our street lighting and smart cities infrastructure products through our European markets, we saw growth in that, through 2024. We’re seeing growth in orders for those products this year. And again, we’ll be taking those out of that kind of Balkan market, although we’re in 18 nations with those types of products, but we will be expanding the selling of those into The Middle East, as well.

All of this to say, Ryan, is that we’re going to get a lot more diverse. We have pretty much been a one product, one country, one customer company for a while, that being EV ARC United States federal government. And of course it wasn’t just one customer but they certainly have been the lion’s share of it for last couple of years.

We’re now producing a couple of dozen products. Our battery business is really showing tremendous promise and doing exactly what I want it to do right now, which is creating highly technical, highly bespoke and as a result, highly marginable solutions for really fantastic customers, military and civilian applications there. So we’re going have a lot more diversity.

With that diversity will come a reduction in the risk from impacts from large customers' fluctuations in their orders, as we've seen with the federal government this time. But also with that diversity will come a lot more opportunity for growth, and that's part of the reason I feel so bullish about the remainder of this year and, particularly, moving into '26 and '27.

Ryan Pfingst
Appreciate that. And as a follow-up, understanding there's a lot of puts and takes here, but how should we think about your margin progression as your ex EV ARC products and international sales grow, in terms of mix?

Desmond Wheatley
So, we're getting, again, we're getting positive contributions from our portfolio of acquisitions. So that's good. Our EV ARC gross margins, right now, the unit, well actually not at the unit economics level they're up still up in the 40% and 50% range. Our gross margins, net of non-cash, so non GAAP gross margins, taking out the non-cash contributions from amortization of intangible assets that sort of stuff, still north of 20%.

I've always said that we will get to a 50% gross profit with the EV ARC and again, we're pretty much there at the unit economics, already. We just need enough volume to solve for that. Now the good news is BeamPatrol, BeamBike, BeamScoot, those are all based on the EV ARC platform. So the more of those we sell, the more volume that we get of all the major components and manufacturing processes for EV ARC. In other words, if we do a thousand BeamBikes, it's like doing a thousand EV ARCs except we get more revenue and more margin for BeamBikes and even more revenue and margin for BeamPatrol.

So, I think what we've seen in this quarter is because we had a reduction in revenues because we missed out on half of our expectations because we didn't get the orders that we thought we were getting from the feds, we've seen the fixed overhead allocations eat into our GAAP gross profit. What we haven't seen is any lessening of the gross profit that we're getting at the unit or even at the non-cash level.
And that, what's interesting about that is if you look back historically in previous quarters when we've had $6 million, $6.5 million worth of revenue, we've had negative gross margins because the overhead allocations were so significant on that number of units as to take away, take us into negative territory. In this instance, we did that much revenue and we had 8% GAAP and 20% net of non-cash gross profits, which shows you that we have retained the improvements to gross margins that we worked so hard to get.

When we get back to volume, then you'll see us dramatically increasing those gross margins at a GAAP level. And as I say my goal is still to get to 50%. It really is a volume game here. And it's not just a volume game because of fixed overhead allocations. It's also, anybody that runs manufacturing facility will know, also due to the fact that the more stuff we buy, the more buying power we have, the more power we have to get cost reductions and other concessions from our vendors.

So I'm sanguine and feeling good about our gross margin, particularly in light of the fact that we've had this low volume quarter and still maintained 8% GAAP gross profit, 20% plus net of non-cash items.

Ryan Pfingst
Great. I appreciate all that detail. I'll turn it back.

Desmond Wheatley
Thank you.

Operator
As a reminder, if you have a question, please press “*”, “1”. The next question comes from Noel Parks from Tuohy Brothers. Please go ahead.

Desmond Wheatley
Hi Noel, how are you?

Noel Parks
Good, thanks. Just had a couple. And I was wondering, could you talk about where manufacturing capacity stands in Europe at this point?

Desmond Wheatley
Yes. So you didn’t ask me, but let me start off in the United States. I’ve always maintained and I still maintain we could get up to about 4,000 units a year if we maximize the facility we have in the U.S., which is 55,000 square feet under roof.

In Europe, we have 250,000 square feet under you, five times more under roof right now and then six acres of land that we can build on inexpensively and with a great deal of assistance and help from the local authorities. So in other words, we won’t have to deal with permitting and all that sort of stuff that takes a long time in California and the U.S., in general.

So just based on that metric, alone, we could do about five times as many units in Europe. Now of course, that doesn’t happen overnight. We’re quite busy in Europe right now, already, with the legacy business. Again, that grew in 2024 and it appears to be continuing to grow, this year. But we do have a tremendous amount of opportunity to expand it.

So at the moment, we’re getting this question a lot, which is a good thing because of some of the opportunities that we’re looking at. Could we produce several hundred units or get up into four digits in that European market.

Supply chain will be the biggest hurdle for us where that’s concerned. There are certain items that we have to acquire. Some of them come from Asia. As I said in my comments, although we’re in the U.S. a BABA compliant product, which is still a complex product, there’s still supply chain to overcome.

And some of that, by the way, is in power electronics, and that is another reason I made the acquisition of the power electronics firm last year was because I want to start--in the same thing that we did with batteries. We had supply chain concerns with batteries back in 2021, so I acquired a battery company in 2022, and we haven’t suffered that concern since.

Similarly with power electronics, we’ve acquired a power electronics company now they will start to produce power electronics bespoke for our equipment which will make the equipment better, less expensive to produce but also defend us against these supply chain concerns, and they’re in Europe.

All of that to say, we can quickly get to a point where we can match U.S. capabilities and then beyond that, expand very significantly. What we’re--when we talk internally about this, we’re consistently having these conversations, what will happen when somebody comes to us and says we want a thousand units and we want them very quickly.

Just like when the U.S. Army came to us and said we want 370 units and we want them very quickly. Frankly, we were a little bit late delivering that but we got them all--we got the U. S. Army all those units before they could get permitting to do a construction site for the grid type stuff. And that's my response where these thousand units orders are concerned; we will ramp up very quickly.

Noel Parks
Okay, Thanks. And I hate to get in the business of predicting bad things, but I'm just thinking, this time, this year, as we're headed into summer in the Northern Hemisphere again and potential for climate related problems. With your broadened product line, I'm just wondering, are there going to be sort of new examples or new parts of the resiliency thesis that you think might come to the fore, this year?

Desmond Wheatley
Resiliency is a very significant piece of our business. People quite often refer to us as an EV charging company. We're not an EV charging company. We have to make products which enable EV charging companies to deploy their chargers without construction or electrical work. And very importantly, in a way that doesn't require extra capacity on the grid and also continues to operate during blackouts and brownouts. That's a big part of the resiliency play.

I mean, the largest single order we ever received in the State of California was from the Office of Emergency Services. It wasn't from an EV group or something like that. It was OES that gave us our largest everything and they're responsible for making sure there's infrastructure in place for wildfires, earthquakes, whatever bloody disasters come down the pipe.

U.S. Army, New York City, Marine Corps, all of these entities buying our products because we provide a source of electricity which is immune to blackouts and brownouts or any other kind of centralized failure to do with the grid. Last year, during Hurricane Helene, we received a photograph from our customer down there, the U.S. Army, I think it was, sent us a photograph of our units operating in eight feet of storm surge. That's to say that our units were actually in a location where the seawater was eight feet above the ground and our units were continuing to operate. We are flood proof to nine and a half feet, and we have survived hurricane force category 5, 185 miles an hour winds.

So those, all of those things meet very important resiliency aspects. And by the way, it's one of the ways that we're endeavoring to make inroads with the new Trump Administration is to point out to them that we're not tree hugging EV driving hippies over here. We're making disaster preparedness tools that enhance American energy, security and using our own resources. So the resiliency part is going be a very important part of our business. It is in the Middle East.

You might be surprised to know that when I was in -- recently in Dubai and Abu Dhabi, spent a great deal of time talking about the fact that our products are flood proof. And people listening to this call might think it's crazy that I'm talking to a place that pictures nothing but burning desert having flooding problems. But in fact, during the last twenty four months, both Abu Dhabi and Dubai have had very, very severe flooding events where massive amounts of infrastructure were destroyed and it was very expensive and very disruptive and cost human lives.

Our products are a perfect hedge against those sorts of things. So yes, you should continue to see us heavily emphasizing the resiliency of our existing product set.

BeamWell is, of course, the ultimate example of this. Here's a product that we developed to go into Gaza because it will provide them with fresh water, electricity and mobility in that crisis environment, but it's equally valuable in a post-hurricane environment in Florida where, again, groundwater supplies, electricity and other utility type infrastructure have been destroyed. We can deploy BeamWell in less than an hour and provide a community with drinking water.

We're not going be running a car wash or something like that, but we'll provide them with clean fresh drinking water and electricity and mobility, without relying on any supply chains at all. The BeamWell is the ultimate expression of our resiliency products right now and, again, while it was designed as a, to assist humanitarian efforts. And by the way, we're not giving that away, we're selling it, but it was designed for humanitarian efforts and war zones.

We also have now understood from the various offices of emergency services and others that we've talked about has a great deal of appeal in places where natural disasters and other sorts of things like that take place.

So in short, yes, resiliency will be a major part of what we're doing. I mean you'll see us continue to invest in making hardened products for these types of environments. That's also true in our battery business.

Noel Parks
Great. Thanks a lot.

Desmond Wheatley
Thank you.

Operator
This concludes our question and answer session. I would like to turn the conference back over to Desmond Wheatley for closing remarks.

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Desmond Wheatley
Thank you, again, all of you who have joined. Thanks for continuing to follow and support this fantastic company. We've had a rocky couple of quarters and as I said, that's disappointing but not surprising. It's in no way an indication of where we're going, though. On the contrary, the good news is I did get a little ahead of this, although I must say I didn't see it coming but I did get ahead of this with our European expansion making sure that we had diversification in product offering and geographic markets to approach.

That turns out to have been quite a good defensive play for us. And I think we'll really see the fruits of that in the coming quarters. So it's still a great time to be Beam. It's tough. We're just going to stick to this and not panic, frankly, and we aren't.

We're going to continue to work very hard; the whole team is. We're just going to execute. We're paying attention to things that we can impact and not so much things that we can't impact like the broader market conditions or some of the top level government decisions that are being made. But we're still executing and we're still shipping product.

As I say, our sales have grown and we are looking forward to returning to growth in this and future quarters. And that's where all our focus is. So again, thanks for your attention. Thanks for your time. Thanks for your questions, and we look forward to keep doing what we're doing.

Never hesitate to get in touch. If you've got questions, call us, email us. I'd like to make myself available, particularly to our shareholders and our analysts. So be in touch anytime you want to and we'll try to accommodate.

Just remember, I spent a lot of time in traveling and at the end of next week, I'll be spending Memorial Day twelve hours ahead of you. So it'll be the middle of the night when it's middle of your day. Just bear that in mind but, otherwise, I'm always willing to talk. Thank you.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.