

Beam Global

First Quarter 2026 Operating Results Conference Call

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CORPORATE PARTICIPANTS

Lisa Potok -- *Chief Financial Officer*

Desmond Wheatley- *President, CEO, Chairman*

PRESENTATION

Operator

Good day, and welcome to the Beam Global First Quarter 2026 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. And 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 Ms. Lisa Potok, Chief Financial Officer. Please go ahead, ma'am

Lisa Potok

Hi. Good afternoon, and thank you for participating in Beam Global's First Quarter 2026 Operating Results Conference Call. We appreciate you joining us, today.

Desmond Wheatley, President, CEO and Chairman of Beam Global is joining me by phone. Desmond will be giving his thoughts on 2026 and providing an update on recent activities at Beam Global, followed by a question-and-answer session.

But first, I'd like to remind 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 with the SEC.

The content of this call contains time-sensitive information that is accurate only as of today, May 15, 2026.

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.

I'm going to go ahead and start with a couple, a few key highlights. Our backlog grew 50% during the quarter from \$6 million at December 31 of '25 to \$9 million at March 31 of '26, with more than half attributable to the Smart City applications, approximately one third to energy storage and the balance to the EV ARC and related products. And perhaps most importantly, our Q2, 2026, revenue, through today, has already exceeded our first quarter results, a clear signal that the business is accelerating.

Operationally, the quarter was active. We made our first EV ARC sale in Abu Dhabi for public EV charging. We launched a patented autonomous wireless charging system for autonomous vehicles. We were selected to supply patented battery systems for drones, supporting life-saving aerial operations, globally.

Beam Europe achieved a record \$1.7 million in Smart City infrastructure orders in a single week across Romania, Croatia, Montenegro, Serbia and Italy, approximately doubling the strongest weekly order volume achieved in 2025. And we secured the largest residential EV ARC orders to date in New York.

We continue to operate with no debt, no going concern and an unused \$100 million line of credit.

Turning to the financials. Our first quarter revenue was \$3.1 million, a decrease of 51%, compared to \$6.3 million in Q1 of '25. The decline reflects order timing with two large orders moving out of the quarter, a seasonally slow period for our European operations and the ongoing reduction in federal government EV spending.

Our international customers comprised 51% of revenues in Q1 of '26 versus 25% in Q1 of '25, and revenues from nongovernment commercial entities increased 48%, year-over-year, to represent 78% of our total revenues, continuing the diversification trend we have been executing against.

On gross profit, we reported a gross loss of \$0.4 million, or negative 13.3%, compared to a gross profit of \$0.5 million, or 7.9% in Q1 of '25. Our gross results included \$0.7 million of noncash depreciation and intangible amortization and cost of revenues. Excluding these items, the adjusted non-GAAP gross margin was 9.4%, compared to 20.6% in the prior year period. The decline reflects the impact of our fixed overhead allocations against the lower product volume and is not indicative of deterioration in our underlying unit economics, which continues to improve.

Our operating expenses were \$6.3 million, compared to \$16 million in Q1 of '25. The prior period includes a noncash goodwill impairment charge of \$10.8 million, not represented this quarter. Excluding that charge, our operating expenses increased approximately \$1 million, year-over-year. This is primarily due to a \$1.8 million noncash provision for credit losses related to a single customer balance that was reserved in accordance with our policy. When we remove these one-timers, our reductions, the reduction is related to compensation, facilities and other G&A expenses, which partially offset the increase.

Our net loss was \$6.9 million, compared to \$15.5 million in Q1 of '25. The Q1 of '26 net loss includes the \$3.5 million of noncash charges. Excluding these items, the non-GAAP net loss was \$3.7 million, compared to \$3 million in Q1 of '25. We believe the relative consistency of our non-GAAP net loss across both periods, despite a 51% decline in revenue, reflects our disciplined cost structure and is indicative of our meaningful operating leverage as revenue recovers.

On liquidity, our working capital decreased \$2.7 million to \$6.2 million at March 31 of '26. Excluding the \$1.8 million noncash credit loss provision, the underlying operational decrease was approximately \$0.9 million. Our cash increased \$1 million during the quarter. We remain debt-free, and we have an unused \$100 million credit facility. And we believe we are well positioned to fund operations.

In closing, our Q1 was a challenging quarter on revenue.

Desmond, do you want to go ahead? Let me go ahead and hand it over to Desmond.

Desmond Wheatley

Okay. And thanks all of you for tuning into this first quarter. Lisa, maybe you could mute your phone just while you choke to death here on the other line. Yes, thanks, everybody for tuning into

the call. It was only about a month ago that we had the earnings call for the release of our 10-K. And during that call, I went through a pretty comprehensive update on the happenings of 2025 and the first quarter of 2026, both operationally and financially. So, I'm going to keep my comments fairly brief today and leave plenty of time for any questions that you may have.

Well, as Lisa said, our first quarter revenues in 2026 were not what we'd like them to have been, they are in no way an indication of an underlying or fundamental weakness in the business or our strategic plan. First quarter has historically always been a slow quarter for us, and that's particularly true of the contributions from our Beam Europe offices, where the Orthodox Christmas and New Year pushes well into January.

And weather and other considerations tend to slow down the deployment of the traditional infrastructure products, which we manufacture and sell across Europe, like streetlights, traffic portals and other street furniture.

Coincidentally, and unfortunately, from a timing point of view, we also had two large deployments of EV ARC systems pushed from the first quarter into the second, which have had an outsized impact on our Q1 revenues. First, we haven't lost those orders, they're both good orders, and we expect to recognize the revenue from them.

Also has to be said that the war in the Middle East has not helped our efforts because we were actually anticipating some material revenues to come in from our new operations, Beam Middle East. But those, like everything else in the region, seems to have been put on hold while the authorities and decision-makers prioritize dealing with the immediate impact of the war.

I've just spent a significant amount of time on our Beam Middle East offices. And while I certainly did absorb a lack of momentum where all business dealings are concerned, it's also very clear that the United Arab Emirates and the Gulf region, in general, are determined to get through this conflict and come out on the other side, stronger, with even more aggressive plans for future growth. And in fact, we did actually make our first sale of EV ARC for public charging in Abu Dhabi while I was there a couple of weeks ago. We've already got it deployed for some other reasons, but this was for public charging.

So while we didn't get the material contribution to revenues that we've been hoping for in the first quarter, we have managed to make some sales in the Middle East, since that time. And I'll spend a few minutes on my time in the Middle East, later in the call.

Back to our results. Like any manufacturing company with facilities across the world, we have fixed overhead costs, which do not reduce when the volumes of products which we deliver reduce. Those costs, like rent, insurance and other day-to-day operational costs associated with owning and maintaining our factories, stay pretty much exactly the same, whether we do a small volume of products or a very large volume. The result of this, as you've seen in the first quarter, is that our gross profits can be negatively impacted by the allocation of fixed overhead across a smaller number of units produced and delivered to the customer.

That explains the decline that you see in the gross profits, which we reported during the quarter. But that's a metric that works both ways. As our sales volumes return to growth, and we certainly believe they will, the allocation of those fixed overheads becomes less and less burdensome. And in fact, we get a great deal of operating leverage coming from the fact that we do not need to invest in infrastructure to produce higher volumes of products; we're already set up to do that.

I consider that the most important metric, from an operational point of view, are our unit economics. And those, I'm happy to report, continue to improve and are currently running at greater than 30% across our entire portfolio, with some products doing much better than that.

That's to say at the unit level, we're spending less and less money to produce an individual product, while our revenue numbers stay fixed or in some cases, have even increased. That, in turn, means that as our volumes increase and our overhead allocations are diluted over larger volumes of products, there was improved unit economics will return even better gross margins in the future. We've demonstrated this to some extent over the last couple of years, as you've seen improving gross margins when our volumes have been consistent or growing.

So, while our revenues and gross margins declined during the first quarter, this is not part of a broader trend. I can say this with a high degree of confidence because again, as Lisa said, our contracted backlog was 50% higher at the end of the first quarter than it was at the beginning, showing growth in sales.

Furthermore, I can tell you that as of today, we've already generated the same amount of revenue in just half of the second quarter as we generated in all of the first. And we now have the second half of the second quarter to continue this trend of both which we demonstrated so material in the fourth quarter of 2025 which, if you remember, was 50% higher than the previous quarter. Also worth pointing out that we often generate more revenue late in any given quarter than we do at the beginning, so that's another metric to consider.

Incidentally, the SEC is currently considering a move away from quarterly filing for companies like ours, believing, as I do, that biannual reporting would be just as useful for the investment community and much less impactful and expensive for the reporting companies. We spend an enormous amount of time and money going through this quarterly reporting. Had we already moved to biannual reporting, I'm pretty confident that we could report a first half of this year, which would not raise eyebrows for anything other than growth.

Our sales and backlog numbers are increasing at a time when, as I've already mentioned in previous calls, we're responding to a complete cessation of orders of our electric vehicle charted products by what was previously our largest customer, the U.S. federal government. And I think this is proof positive that our strategy of diversifying our product portfolio and also the geographic markets into which we're selling is working.

Simply put, even absent what was previously our largest customer contributing to our revenues, we're returning to growth in sales and backlog.

Revenue contribution from international customers were over half of our first quarter revenues, up from under a quarter during the same period last year. That's a trend which I think we're going to see continuing and even growing, as the year progresses. This shows that, without a doubt, it was the right move for us to expand internationally through our acquisitions in Europe and also the joint venture which we created in Abu Dhabi with the Platinum Group. The fact I can tell you that as of this moment, the largest opportunities that we are currently addressing are all coming from our international expansion.

Similarly, our efforts to expand our selling beyond federal, state and municipal government customers are continuing to bear fruit. Sales to nongovernment entities in the first quarter were actually up by almost 50% and now comprise 78% of our total revenues in the quarter. When you consider that just two years ago, almost all of our revenues came from government contracts and

the majority of those from the federal government, you can see that our efforts to broaden our sales funnel have really paid off.

I'm particularly enthusiastic about the way our products are being used by new customers and in ways that we haven't previously seen. It's certainly a new thing for us to have our teams of battery engineers and scientists now perfecting battery solutions for top secret weapons and highly specialized drones and robots.

We now have U.S. law enforcement using our BeamPatrol product, which is a bundle of four electric motorcycles and are rapidly deployed off-grid charging products. Incidentally, this is a very popular solution in the Middle East. We recently presented this product to the Chief of Police of Dubai and a cadre of senior ranking officers. Our Beam Middle East team is now putting together a proposal at the request of that law enforcement agency.

We now have BeamBike solutions operating in North America, Europe and the Middle East. This product bundle, which comprises 12 Beam branded electric bicycles, rapidly deployed and highly scalable charging infrastructure and an application for Android or iOS which controls the bikes and allows for billing, geolocation and all of other fantastic utility is also creating opportunity revenue for us, which we've never had before. I actually believe that this new opportunity will also increasingly provide a source of recurring and very profitable revenue.

Another good example of a new technology solution, which we've recently introduced in the market, is our patented wireless autonomous charging for autonomous vehicles. Autonomous vehicles has been around for a long time, but as with so many things, solving for the last 5% of true autonomy has probably taken as much time investment and work as the first 95%. But it looks as though we're there now.

Millions of miles have been safely and successfully driven by autonomous vehicles on city streets across the world, and the level of mainstream user adoption has surprised even many of the so-called experts in the field. So, while solving for that last 5% of autonomy used to be the biggest hurdle facing the industry, now, not surprisingly, the biggest challenge faced by operators of fleets of autonomous vehicles is actually how to charge them.

It might seem a bit surprising that the developers of this futuristic and very challenging technology have, so far, settled for predictable and traditional methods to charge autonomous vehicles. At the moment, operators of fleets have all their vehicles come to a central location where a human being has to plug them in and try to charge them as quickly as possible, so they can fleet as many vehicles as possible across a limited number of charging cables. This is inefficient, very expensive and certainly not autonomous.

Beam Global's patented wireless off-grid charging technology allows an autonomous fleet operator to deploy charging throughout their service on so that an autonomous taxi might never be more than two minutes away from the nearest wireless EV ARC.

Our research shows that we're able to keep autonomous taxis full throughout the day by simply having them charged for short periods of time, between each right. This means that tax is no longer have to go back to a central location where there's an incredibly expensive and inefficient infrastructure waiting for them.

It also means that the infrastructure that they rely on to fill their vehicles is not vulnerable to centralized failures such as those that you get during a blackout or for some other reason, the power fails to that centralized charging depot.

Finally, it means that we can provide about twice as many rides per vehicle as the current traditional taxi model provides in the markets we've studied. I think what that does to the cost and revenue model of those operators, and you'll quickly appreciate why we're so bullish on this opportunity.

This patented Beam technology is a game changer. I'm not alone in thinking that the autonomous vehicle are going to be the next big thing in transportation. And a unique, simple and highly efficient way of charging these vehicles will, I believe, bring very significant opportunities for growth.

And this is particularly true in the Middle East where the regulatory environment and general appetite for these sorts of new technologies is much more favorable for the rapid and scaled growth that we expect to see.

So, it's clear that this geographic and product portfolio diversification and expansion has been crucial to us, not just surviving the EV slowdown in the United States but actually, it's been enabled us to take advantage of a whole new set of fantastic opportunities for which our products and technologies are ideally suited. I've said before that I'm convinced that the United States will refer to the electrification of transportation, probably starting most aggressively at the federal level. And when it does, we'll be ready to take advantage of that returning opportunity, too.

What will be different next time is that it will come on top of and be accretive to all the other revenue and profit opportunities that we've created in its absence. This level of diversification will not only create opportunities for more revenue and profits, but it will also insulate us the kind of swings that we've just witnessed in this quarter where one or two large sales moving right can have an outsized impact on our results.

We're going to continue both of these diversification efforts, as we evolve and as usual, we're going to continue to do so with an extreme sense of financial discipline, just as we always have.

On the product side, you can see us continue to create new intellectual property. In the first quarter, we were granted patents, which are important to defending our position with some of the unique and very relevant technologies we produce. These patents, which were granted both in the United States and Europe, are the products which enable us to maximize off energy, off-grade energy generation in which we're increasingly discovering are so very important in diverse markets across the world.

We also received another patent for our battery portfolio which, as I've said previously in this call, is now creating opportunities in generating revenue for us in high-growth military and commercial applications, not least of which are the diverse and highly specialized unmanned vehicles or drones for which we are developing bespoke, highly energy dense and safe battery pack solutions.

The drone market appears to still be in its infancy. It's growing very rapidly, and it's probably just a tiny fraction of what it's set to become. Beam Global is producing batteries for unmanned vehicles which operate in the air, on the ground and both on and under the surface of the sea.

Combining those activities with what we expect to see in terms of opportunity generation through our Beamflight product, I think you should anticipate ever-increasing contributions to our business from our focus on the drone market.

One of the most impressive attributes of our product portfolio is its universal appeal anywhere I've traveled across the globe. I've just returned from a 6-week business trip, which attribute to Europe, the Middle East and Africa. I visited London, Dubai, Abu Dhabi, Nairobi in Kenya, Dar es Salaam in Tanzania, Zanzibar in Tanzania and Kigali in Rwanda, before returning to the Middle East and then ending my trip in New York City. And those are all very diverse and different environments and yet, the enthusiasm and genuine need that I continue to discover for our products is universal.

It's no secret that our products create a lot of value in New York City, where since 2015, they providing rapidly deployed off-grid electric vehicle charging and crucially vital backup power during grid failures caused by hurricanes or lack of grid capacity. Well, it turns out the utility grid constraints, the requirement for uninterrupted robust and reliable electricity and the provision of mobility are universal requirements, at least across those markets, which I visited in the last couple of years.

While in East Africa, I met with senior government ministers, officials from the United Nations, NGOs and commercial enterprises. Our ability to deploy transportation and energy infrastructure without going through construction or electrical work turns out to be just as important in East Africa as in New York City, although perhaps for somewhat different reasons and also for many of the same reasons.

Certainly, when talking to the United Nations about deploying capital to democratize access to electricity and transportation in the region, Beam Global products' ability to provide that type of infrastructure without an ecosystem of service providers, officials and regulators and regulations who can draw these types of projects out and make them much more expensive for reasons both legal and illegal, it's a real game changer. It was encouraging to see the UN and other NGOs becoming so excited when they realize how much impact our products could have without all of the usual hurdles, risk and never-ending processes.

An indication of how much excitement there was around Beam Global, perhaps, and the impact of our products can have in East Africa was the amount of mainstream national press coverage that my trip received. I was, in most cases, at the airport, even sometimes at 1:00 in the morning, by the press who were eager to question me about our energy and mobility products. I also spent time in interviews both in-studio and on-location discussing the merits of our approach and the enthusiasm of both government and enterprise in East Africa for these types of solutions. And again, these were not sort of esoteric niche publications. I'm talking about mainstream national media.

Beam Global already has product deployed across broad swaths of particularly West Africa, as a result of our acquisition of what is now Beam Europe. That team in Serbia has a great deal of experience in deploying infrastructure across many nations in Africa. That experience will be essential and a significant differentiator for us. as we start to deploy our portfolio of innovative energy and transportation solutions. And I look forward to bringing in news of our first wins in Africa and also the fantastic good our products enable in environments where people have not previously had access to reliable and robust sources of electricity and even less so to affordable transportation.

Just as there was never a universal adoption of landline telephones in Africa and yet now everyone has a mobile phone, so I believe there will never be universal adoption of internal combustion engine vehicles. I do, however, feel certain that the young and growing population on the African continent will have access to mobility and that all of it will be electric. We intend to provide solutions to cater to that enormous opportunity for growth. Products like our BeamBike and BeamPatrol, in particular, absolute perfect fit as are our energy storage and generation solutions.

I also think it's likely there will never be a mass and universal adoption of centralized utility grid like those to which we were used in the West. Africa will have an opportunity to leapfrog that outdated model and develop an energy infrastructure, which is highly disintegrated and dispersed, generating and storing electricity close to where it's used in a manner which is rapidly scalable and does not rely on vast centralized power stations and equally vast transmission and distribution infrastructure.

That's a very last century approach to energy infrastructure, and I firmly believe that the future will find in Africa, which has universal access to electricity, most of which comes from renewable sources, which are generated and stored close to the load.

Now, of course, I'm describing an energy future in Africa, which has made up products just like the ones that Beam Global patents and manufacturers today, and I firmly believe that market where over 60% of the population is under 25 years old, will comprise a very significant opportunity for our future growth.

And we opened Beam Middle East, not only because that market where there's already a commitment to spend over \$1 trillion on sustainable energy infrastructure over the next decade or so, provides excellent opportunity for our expansion. But also because the location of the Beam Middle East headquarters provides an excellent access gateway to the African continent. There's already significant investment from the United Arab Emirates and into sub-Saharan Africa. And the politics, economics and geography of that region make it an excellent portal for us.

While on the subject of the Middle East, we've just exhibited, alongside our partners, the Platinum Group at MITTE, or Make It In The Emirates. This is certainly one of the largest, if not the largest trade events in the Gulf States. We had a prominent and highly visible booth, and we also had real-world deployment of our EV ARC and BeamBike products working at the event. This was an excellent opportunity to get in front of the most influential decision-makers and purchasers in the region.

It was also an opportunity for us to further test the validity of our relationship with the Platinum Group chaired by His Highness, Sheikh Mohammed Sultan Bin Khalifa Al-Nahyan. They certainly did not come up wanting and in fact, again and again, demonstrated their ability to bring the most influential leaders in the region to the Beam Middle East booth.

Fortunately, our products are so compelling and unique that once we're introduced to these types of influential people, we do not have much difficulty in keeping their attention. The fact is that while there were many fantastic solutions on display at this massive event, you would have been hard-pressed to find any which were more relevant and better suited to the [inaudible] markets than those which Beam Global presented.

As a result, even during a time when we were justifiably concerned that the war might make the event less of a success than in previous years, we were actually very encouraged by the volume

of attendees, and particularly the volume and quality of those attendees who visited our location. High-ranking members of the government, the military, the police and industry, particularly the oil and gas industry, visited and spent meaningful amounts of time learning about our solutions.

I can't go into details at this point, but oil and gas is now using our products in the Middle East, as strange as that might sound to you. I look forward to releasing more information about this as permitted by our very excellent and very, very large customer over there.

The Beam team Middle East has a significant amount of follow-up work at prosecuting all of these opportunities. And if sales are the best possible metric to judge one of these events, and I believe they are, then we were certainly not disappointed in that area. In fact, we actually sold one of the units that we had on display, right there and then, and deployed it for a customer the following day. Such as the robust and dynamic nature of our products that we can demonstrate electricity and mobility infrastructure products at a trade show and then have those products operating in the field for a customer, less than 24 hours after the event concludes.

Now before I wrap up, I just want to come back to the financials for a moment or two and echo a couple of other things that Lisa started out with. During 2025, we had to take a significant noncash impairment of goodwill, which was reflected in our net loss. This impairment of goodwill was driven by accounting rules and not by any belief on our part that there's been any decline in the value of our acquisitions.

On the contrary, it should be obvious from the comments I've made during this call that our acquisitions are performing well and contributing significantly to the most material opportunities for growth that we have ahead of us.

Now, in the first quarter of 2026, we've taken another significant hit to the bottom line, again, driven by accounting rules, rather than by what we actually believe is going on with the business.

In this instance, we've reserved for a couple of million dollars' worth of AR because the rules that actually tell us that that's what we need to do. But the fact is that we believe we will collect these monies. We have an excellent working relationship with a company to whom the AR is attributed and in fact, I just spent a day with them in New York this week looking at a whole host of new and material opportunities, which we hope to close together.

This reserve has significantly impacted our bottom line and also our working capital, just as the impairment did last year, and that was purely driven by our share price. But in both cases, these are noncash items and are not in my belief, truly reflective of what we're doing with the business.

So I encourage you all to look at our financial performance absent these noncash impacts because it will give you a much better understanding for what's actually going on with the business and particularly where you're looking at the earnings per share, which are blown way out of proportion by these items.

We continue to be debt-free, except for a couple of vehicle leases and have sufficient cash and working capital to continue to execute on all of the opportunities that I've outlined during this call. Hence, no going concern.

As a measure of our financial discipline, we've managed to hold our net loss essentially flat, even in the face of what I believe is an anomalous decline in revenue in the first quarter. We can only have done that through continuation of the rigorous discipline that we bring to all our financial

activities. When our revenue cadence returns to growth, as I certainly expect it will, we believe that we'll see a significant improvement in both gross and net profitability, just as we have in the past.

Please remember that as I said at the beginning of this call, we've already generated the same amount of revenue in the first half of the second quarter that we did in all of the first quarter. So we have good reason to believe that we will return to growth this year, particularly in light of the fact that we very often get much more revenue in the second half of any given quarter than we do in the first.

So to sum up, while we are disappointed in the first quarter revenue number, which was largely driven by order timing and the war, we were nevertheless able to continue to create an environment and set foundations for significant growth throughout the rest of this year. We're delivering products for incredibly relevant segments of the economy, both in the United States and the rest of the world.

The work that we're doing with drones and autonomous vehicles are setting us up for what I believe could be potentially catalytic change, while our diversified product portfolio and geographic expansion is laying the foundation for credible and sustainable growth with upside associated with each value proposition and downside protection against political or market volatility.

I'm looking forward to future earnings calls this year in which I can relate more successes coming from each of the new verticals, which we've developed and many others.

For now though, I'll return the call to the operator and look forward to taking your questions. Thank you very much. Operator, over to you.

QUESTION AND ANSWER

Operator

Thank you. 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".

And our first question for today will come from Tate Sullivan with the Maxim Group. Please go ahead.

Desmond Wheatley

Hi, Tate, how are you?

Tate Sullivan

Hi, good. On the UAE, I think you said you had a UAE sale and delivery on the same day of the conference. Is that correct? And was it an EV ARC? And what was the timing around that delivery?

Desmond Wheatley

Yes. So I want to start out by saying that, that is not actually the first deployment of our products in the region. I'm just not really able to go into detail on the other deployment because of customer sensitivity, so far. We don't believe that that's a situation that will persist because they're actually

delighted with what we're doing. And I think we will be, at some point in the future, able to discuss this.

But you are quite right. Yes, we had a customer who was so impressed by the product and whose need was urgent and bought the product right there essentially off the show and we deployed it, rather than taking it back to a different location, we took it directly to customer location and deployed it. And what's interesting about that is it's actually for public EV charging.

We believe there's going to be a massive opportunity. More details on this customer coming up, but they are a significant and central player in public electric vehicle charging in the region and they've got an awful lot of work to do. There's a really rapid increase in the deployment of electric vehicles, alas, almost all Chinese in the region, but there's a heavy push towards electrification and they need a block charging infrastructure.

And our ability to solve for this customer in that location where they had some urgency to deploy, literally within 24 hours at the end of the event, was a record that none of them have seen before, and I think bodes very well for us, as we continue to advance our sales there.

Tate Sullivan

Do you have storage infrastructure? Do you have inventory available in the Middle East already with the joint venture partner, or was that just related to the trade show?

Desmond Wheatley

No. We actually -- we had to rob another opportunity, which we believe will materialize. And we will -- we do -- we are able to ship quickly from our facilities in Serbia, four weeks on the water from Serbia to get there. And so, what we did is we approached the other opportunity, and we said, hey, listen, with your permission, we need to help this other customer out really quickly, and they gave us that permission and we have promised them that we would expedite shipping a further product for them from our Serbian facilities. And again, I can't go into detail on this thing either, but all I can tell us they said, okay, well, in that case, you need to ship a few more for us. So, we agreed to do that.

Tate Sullivan

Thank you very much.

Desmond Wheatley

Yeah, it was a good -- it was an excellent experience. And obviously, I mean, there's nothing like selling product directly out of a show, especially something like that. And then there's nothing also like being able to fulfill our customer requirement and with breathtaking speed that, I mean, that literally, they have a lot of experience deploying good-sized infrastructure where they have to go through all the pain of the permitting and planning and engineering and trenching and electrical work and all that sort of stuff. And we literally made their head spin that we were able to get them up and running in less than 24 hours from the receipt of the purchase order.

Operator

Your next question will come from Craig Irwin with ROTH Capital Partners. Please go ahead.

Desmond Wheatley

Ello, Craig.

Craig Irwin

Good evening, thanks for taking my question. Hey, Desmond. It was nice to see the backlog come up so quickly in the first quarter, so congratulations there. I appreciate the really thorough commentary, upfront. And one of the areas that I'm very interested in these days is the drone market, and I spent a week at the XPONENTIAL Conference in Detroit, which is where most of the drone makers in the country gather to meet customers and regulators, etc.

And your work with Ray Systems and then your other unnamed drone customer, are your only two publicly announced contracts. I assume that the customer engagement is also pretty substantial in that market, as well. I met many companies there doing business with end customers that are off grid, everything from Safari game farm owners using drones to help stop poaching of endangered species through to people doing daily 3D mapping of construction sites and obviously, oil and gas surveillance and security surveillance, many, many applications that are off-grid, and you bring a credible solution.

So can you maybe flush out for us what your engagement is with customers in the drone market? Do you see this as potentially additive to where you already have traction? And is there maybe another permutation of the EV ARC or your existing portfolio that would help you be super competitive in this market?

Desmond Wheatley

So that's a great question. I'm really sorry. I didn't get to see you actually at that event. I hoped to be there but unfortunately, my travel in the Middle East and Africa prevented me from getting there on time. But look, you actually just brought up a couple of really interesting things, for example, the anti-poaching activities. While I was in East Africa and while I was in Kenya, I met with the Kenya Wildlife Services.

And it just so happens that they are desperate drone technologies on that poaching, but also to do the census, the counting the numbers of the sort of the wild large game that's out there. It's one of the constant challenges is trying to figure out actually how many of these animals exist and where they are and what their needs and requirements are. So drones are going to play a very important role in that.

But I'll tell you what else is. Well, before I come off that, and yes, they need off-grid charging infrastructure just like our Beamflight product to make that work because where they operate, they don't have electricity. They don't want to run generators. And there just isn't a better solution. So the answer to your question is, yes, we have a very viable, a very competitive solution for those types of things. And that's equally true in contested environments where you want to keep drones active in a mission, in a contested environment, but you don't have infrastructure to support them. We have a game-changing product in Beamflight to make that happen.

Additionally, we are also currently manufacturing batteries for drones. You mentioned a couple of those instances. The drone market, as you are very aware, is highly secretive about certain aspects of things that they do. And so as a result, we don't get permission often from our drone customers to describe exactly what we're doing with them.

But as I said in my comments, we're now in drones in the air, on the land and on and under the sea, and we're at the very early stages of that. Our ability to make bespoke and highly energy dense batteries, which are form factor agnostic. So most drone operators don't want to carry around a big rectangle or a big heavy square, they want to try and fit energy storage into a form factor, which is more appealing to them. And we are uniquely, to my knowledge, we are uniquely able to do that. And that's a big part of the reason we get selected by these offers.

So we're at the very beginning of this, and I see it as a huge growth opportunities for us, particularly in light of the fact that we have American-made batteries at a time when there's a huge amount of sensitivity around that.

But I also want to come back to a couple of other things that you mentioned. It's not just about drones for us. It turns out that in Kenya, the Kenya Wildlife Services are also -- they have in common with everybody else who's involved in that space, the need for mobility solutions, which don't rely on liquid fuels and internal combustion engine vehicles. For the same reason, frankly, the U.S. Marine Corps doesn't want to rely on those any more. Expensive to get the fuel to a forward operating environment and lots of maintenance and risk associated with internal combustion engine vehicles that just do not exist with batteries and electric motors.

And so, one of the solutions that has got the most excitement there is our BeamPatrol solution. You've all seen these incredibly brave people, armed anti-poaching agents, moving around on the Savannah trying to track down equally armed and dangerous cultures. Well, our ability to put them on to electric motorcycles as part of our BeamPatrol product and allow them to very rapidly and more or less silently get up on top of the bad guys, it's just as important for those anti-poaching guys, in fact, from it more so even than it is for the kind of law enforcement.

As I mentioned, we presented this to the Dubai Police and the Abu Dhabi police department while we're there, and our teams are in the process of putting together a proposal for them right now because it's a perfect solution for them.

So I hope and I believe that you're going to see us not just increasing our drone penetration into those markets and playing a bigger and bigger role in the drone market. But I also think you're going to see us deploying a lot of other mobility solutions, electric motorcycles, electric bikes, off-road electric vehicles and those sorts of things to those types of environments where, again, liquid fuels are expensive.

By the way, I can tell you that East Africa is having a real problem, right now, where fuel is concerned. The fuel prices are skyrocketing, there in ways that they're not here. They import most of their oil from the Middle East. None of it getting to them because of the Strait of Hormuz. And it's a really very, very serious problem.

And Beam to the rescue, we showed up just at the perfect period of time where everyone is oh my God, we can do all the stuff without relying on oil and using our own energy sources. So the timing has been very good for this. And it's a great question. And I want everybody to anticipate us doing a lot more within this drone market, but also with our other electric mobility solutions that don't require infrastructure or liquid fuels.

Craig Irwin

Well, Desmond in there, you mentioned fuel prices, right? And there's no coincidence that the used EV market in the U.S. was up about 40% as far as unit sales this last month. The U.S. consumers don't face fuel scarcity, but they face a much more expensive proposition when they go to fill their gas tanks. So we all know that EVs are out of favor with the investment public, but the value buyers, people that are spending their own precious dollars are buying EVs. And I would assume that this translates into still healthy utilizations across the charging networks out there.

Can you maybe comment about what your customers are seeing from a utilization level on their EV ARCs they have out in the field? Has this kind of swing in interest in used EVs impacted the

volume of incoming calls related to EV ARC sales. Do you see this maybe bending the curve a little bit for you as far as how this comes together for you in 2026?

Desmond Wheatley

Okay. First of all, I know you travel a lot just as I do. And one of the things that you know is when you travel a lot, is that everywhere you go in the world now, the adoption of electric vehicles is, I mean, it's just phenomenal. Just what I've seen in the last couple of years, the increase in it. And again, particularly in places that seems antithetical why would petrol states like the UAE and Bahrain and Kuwait and Saudi be driving electric vehicles. Well, because they figured out it's better to sell their oil than it is to burn it. It's as simple as that. And so, we're seeing a massive increase in adoption rates.

But you're also right that in the U.S., that EV falling out a favorite thing, which I suppose it's for another conversation for another time to talk about why that happened. But that thing is reversing now because people are seeing the incredible -- being reminded yet again of the incredible volatility of the fuels that are related to the oil and gas industry and the vulnerability associated.

Very interesting article in the Wall Street Journal this morning talking about the fact that we are - oil prices have remained artificially low because the world is draining its supplies, that it's been sitting on its reserves, rather. They think that there's more pain coming, even if the Strait of Hormuz to open up tomorrow, they think there's a lot more pain coming later in the year where this is concerned, even if the federal government does have a fuel tax holiday which, of course, the wisdom of that, that money gets spent on things like roads and stuff. So there are a lot of problems with that.

But the long -- the short answer to your question is yes. And you can see that through the increase in the percentage of sales to commercial customers that we've made, although the federal government is not buying at all, and we have seen some other reverses in some of the other governments.

And we're still -- those two -- the two orders that move right for us, both of those were significant EV ARC orders and going into environments where people who are feeling the strain from increased fuel prices and perhaps recognizing that the risk and vulnerability around this is not a risk they want to take. Along with the just increasing acceptance of electric vehicles. I think more and more people now are understanding that 300-plus miles of range is more than they need and the vehicles are very fun to drive, don't require any maintenance or anything else. It doesn't take much to tip a consumer and when they do, they tip really dramatically.

So yes, sorry, our short answer is yes, we are seeing increase in interest. And as far as the utilization rates of our existing EV ARCs is concerned, they get hammered. And that's because a lot of times people put EV ARCs where they can't put traditional infrastructure, and they do it because it's really vital to put the charging in those locations. And so, we see lots and lots of EV ARCs, which are basically at capacity.

And that's something we used to kind of shy away from, but now we're recognizing that's actually a real sales opportunity for us to go back and say, you did the right thing, first time. It's time to repeat it three and four times because the adoption rates, as we all anticipated have gone up significantly.

Craig Irwin

Excellent, that's good to hear. Congratulations on the backlog progress, in particular, and I'll take the rest of my questions offline. Thank you.

Desmond Wheatley

Thanks, Craig.

Operator

Your next question will come from Ryan Pfingst with B. Riley FBR. Please go ahead.

Desmond Wheatley

Hi, Ryan.

Ryan Pfingst

Hey, Desmond, thanks for taking the questions. I'll start on the backlog. Lisa mentioned that half of backlog is comprised by Smart City solutions and a third battery storage, with the balance largely EV ARC. Is this how you're envisioning the revenue mix going forward, or are you more excited about certain segments or products outpacing the others?

Desmond Wheatley

The two things that I'm most excited about right now, from a point of view, of catalytic change in our business in the future. And of course, as the old Wall Street adage says, give a number or a date but don't give both. So I can't -- I'm going to tell you when exactly I think these things are going to happen. But the two things that I'm most excited about are, first, autonomous vehicles. I think, again, you don't tend to see it so much in America, unless you're in markets like Austin and places where Waymo is already operating. But any of you who are on the call who have been to London will know how incredibly complicated it is to get around London.

None of the streets are square, are straight rather and street names change in the middle of the street, and so really complicated, a very hard place to drive around and yet, Waymo is getting ready to deploy there with the regulatory approval. So it tells you that autonomous vehicles have really come a long way. They are much safer to operate. Think about what will happen to insurance rates, the lack of parking requirement, no liquid fuels because they'll all be electric.

I just think autonomy is going to be a huge deal. And what's broken in the autonomous vehicle market right now is the way people are charging. And they know it. We're talking to them and they are -- they totally understand the vulnerability, the cost the enormous task of trying to build these centralized charging depots with huge amounts of energy and a huge amount of risk associated with them.

Our attended wireless autonomous charting solution totally solves for that, totally solved for it. And so, I feel very confident that at some point, we're going to make an announcement that we're getting -- we're doing something really meaningful there, and that's the sort of thing that could be a catalytic event for us.

The other thing I'm very excited about certainly is the drone market. I mean, all of us can read about that, and we've seen the valuations coming from drone companies, but it's much more than that. The fact the matter is drones are just incredibly effective.

Craig mentioned a couple of things, doing inspections in oil and gas industry and monitoring agriculture and all these other things. We haven't even started on what you're going to see there and because we do some really special things with drones, both on the charting and the energy storage side of it, I think you should expect to see us playing a lot more in there.

To your revenue mix question, no, it's not necessarily the way I see the revenue mix, moving forward. The quarter was somewhat jiggered, as I said already, by these two relatively large orders that moved right. Had that not been the case, you would have seen a completely different percentage makeup.

What I'm working hard to do is get this company to a point where the percentage makeup from any given contributor to our business line is just not meaningful. And that's so that we can afford to take these hits when they come along without it being impactful to the to the bigger impact -- to the bigger story. But at the same time, yes, Smart Cities infrastructure is a very important part of our business.

But we're a three-legged stool. It's mobility, it's energy and its intelligence and infrastructure. And we're attacking all of those, and we expect to see growth in all of those areas. But as I say, the two things that have got me most excited right now, autonomy and unmanned. And I really think that you're going to see some.

Everybody, remember, three or four years ago, we were trading at \$75 a share, three quarters of a billion dollar market cap. We are 1,000x the company we were then, but the market is not giving us credit for that because the market doesn't view us doing anything the market thinks is exciting, right now. I think that can change very quickly with things like autonomy and in the drone market. And Beam has done a lot of work over the years developing a lot of very good, patented technology that are perfect solutions for this.

And then I guess the last thing I'll say is Africa. You talk about a billion-plus people there, 60% under 25 years old. . Don't think that there's no money there. There's a lot of money there, both internally and also coming from other parts of the world. The UN was talking about bringing Brussels money down for some of the things that we're talking about doing. There's a gigantic opportunity on that continent for us as well. And I just don't know of anybody that's better suited to it, that has a better ability.

Again, because of -- as I said in my comments, what gets people excited down there is if you can get everyone out of the ecosystem for deployment, construction, electrical work, permitting, approvals. All of these are opportunities for graft and costs and corruption and all the things. We just don't have any of that. We show up in a 20-foot container and relate to the systems to quote single invoice, paid, goodbye. And that's just a very powerful solution to bring to a market like that.

So I've got lots of stuff to get me really excited at the moment. And we've worked long and hard to position this company to do that. Our growth, internationally, and the growth in our product portfolio has positioned us just incredibly well to take care of that. And we've got the discipline, financially, to survive swings in the market and other things like that and to the point where we can really take advantage of these things. That's going to be good for the company, good for our customers and very good for our shareholders.

Ryan Pfingst

I appreciate all that detail. And then secondly, just it sounds like revenue has really picked up here in the second half, or rather the first half of the second quarter. Is it fair to expect further acceleration if the conflict in the Middle East is resolved, just given your opportunity there?

Desmond Wheatley

I think it's -- the fairest thing to expect is that if that conflict is not resolved, we are all in for a lot of hurt. I'm not just talking about Beam Global. But also, it has been incredibly, what's the best word I can use here without causing offence. It's been a very unlucky timing for us, that war to go because we have been making good progress there. Again, our partners in the Platinum Group are put us in front of the very, very much the right people, and we have very, very much the right products to do that. But it's tough to get anybody to move forward with any type of major investment or anything at the moment because again, they're a thing.

I'll just tell all of you, while I was there, I had several sleepless nights because they were air raid warnings and alerts coming in because every time the administration did something like Project Freedom, for example, the Iranians struck at the Emirates. And again, you're not in fear or anything. It's not like there's bombs dropping around it, but it's just disruptive. You're not sleeping properly and everybody else is thinking that way, too. And we need this to end right away, as quickly as possible for everybody's sake.

But I suppose the correlate to that is, yes, you're right that I believe that once it does come to an end, once things do free up over there, I think you're going to see some significant contributions to our revenue and to our bottom line from that market. That's why we went there. And if you do spend time in that region and if you do look at what's going on there, you don't need to go there, you can just Google it, with autonomous vehicles with electrification of transportation and with their commitment to sustainable infrastructure and figuring out what to do with their oil other than burning it, themselves.

But just one other quick comment on this. The United Arab Emirates has pulled themselves out of OPEC. Now OPEC was previously limiting them to something like 3 million barrels, a day. They have capacity to go to 5 million barrels, a day. So the little bells going off of my head are they're going to more or less double their revenue, the UAE where we are. And so, there's going to be more cash for this kind of technology advancement, post oil world that they're building with vigor. And do we intend to contribute and to benefit from that.

Ryan Pfingst

I appreciate it, Desmond. I'll turn it back.

Desmond Wheatley

Thank you

Operator

The next question will come from Noel Parks with Touhy Brothers Investment. Please go head.

Desmond Wheatley

Hi, Noel.

Noel Parks

Good afternoon. I apologize if it turns that you've already touched on this. I got on a little late. But I was wondering, particularly for the EV ARCs, as we sort of see maybe coming full circle back with energy security suddenly back on the front pages. One product line that had been pretty robust for the industry in the charging industry overall, was the outlook for sort of return to base fleet type charging. And I just wondered if between either the U.S. or what you see in some of the emerging markets, sort of what the status of that business line is?

Desmond Wheatley

I mean, fleet has always been a very big part of our business and continues to be. But fleet operators are very good at figuring out total cost of ownership and figuring out what maintenance schedules look like. So they're the easiest people to convince about electric vehicles, as soon as they get over the range anxiety. And then with a product like ours, we're able to go to a fleet operator and say to them, how would you like to have 0 unit costly energy, moving forward? Think about what that means to budgeting. You imagine a fleet operator today, who has to budget what future diesel or gasoline prices, you haven't got a clue. And no idea.

Nobody, last year, would have forecasted that gasoline prices were going to do what they're doing right now because nobody, last year, would have forecasted that the Strait of Hormuz were going to get shut down by this war. So just the forecasting aspect of smart.

With us, it's pretty easy to forecast the cost of unit cost of energy from our products. It's 0, forever. And so, those sort of things have always been important to fleet operators. I think you're going to see more, much more emphasis because of the points that Craig brought up about just the fact that the oil prices and volatility and uncertainty around that are going to drive more and more people, particularly fleet operators to electric vehicles, and so that you're going to see more and more of that.

But to your point about return to base type charging, I think that's very appropriate for certain types of fleet operators. New York PD, who's one of our customers, lots of Army stuff that we do and all those are vehicles which do always return to a base, they often spend a long time idle. Even if they work at two shifts, they still spend eight hours a day idle, somewhere. And those are really good at addressing those.

We could charge fleet vehicles at the same time off a single EV ARC at night time off our batteries and still provide them with a full daily range replenishment that the average fleet vehicle needs. So that makes sense.

But I'm actually much more interested in this highly diversified charging infrastructure, particularly where autonomous fleets are concerned, we don't want them going back to base. We want them -- a taxi should drop you off somewhere, be two minutes away from the nearest EV ARC and jump on it, spend 15 minutes on that EV ARC, get back all the range that it used on the last trip and just continue that, rinse and repeat all day long, 24 hours a day. And as I say, our own research and what we've done is look very carefully at the miles that taxis drive, the incidence of their uses.

And we looked at all of that, and we have figured out that with an EV ARC, we could keep an autonomous taxi operating and actually provide twice as many rides as a traditional taxi does or one that returns to a base, just by giving them this top off charging the whole time. So charging becomes like Wi-Fi, everywhere, and the fleets are able to operate the whole time. And when you think about, again, what that does in terms of cost reduction, but also revenue increase per unit, it's really phenomenal. So lots of increase in fleet usage.

Noel Parks

Great. Great. And another thing, just of your sort of newer generation of product lines. I'm just wondering sort of beyond, say, EV ARC or the legacy streetlight business in Europe. Which sort of the newer product lines is closest to, I don't know, sort of like maturity in terms of gross margins as opposed to some of the ones that are still a ways away, maybe just because they are so new.

Desmond Wheatley

Anything that's based on the EV ARC product line is the closest. And so, that's BeamPatrol, BeamBike, BeamScoot, because they are based very heavily on the existing EV ARC platform, just performing completely different task and with different value propositions, the growth is the one that's easiest to forecast and manage because it's almost exactly the same production schedule. And by the way, that was a very deliberate strategy on our part. And I've always liked the idea of having a broad section of products that have a very narrow requirement from logistics, supply chain and manufacturing point of view for just the reason that you just brought up.

Certainly, Beamflight still very nascent, and a lot of that's to do with the fact that it has to be pretty much bespoke for the drone that it services. So it's harder to get the margin -- to forecast the margin currently on that, in the early days. However, it will create so much value that we anticipate to be able to get that on the top end. And then BeamSpot is still young. That's a street light replacement product, still young, and we're still making very significant improvements to that but the latest generation of that have been deployed cost far less money to produce and are much more impactful than the first that we deployed. And that's probably a journey that's got some legs on it, just like EV ARC.

I mean, EV ARC, we spent a long time getting that to the point where we can produce them as inexpensively as we can. And I believe, and Lisa, you can correct me if wrong, but I believe that unit economics on AVRs now are better than 40%. We're 30-plus percent across our entire portfolio of products in terms of unit economic gross margin, unit economics, but I think the EV ARC's closer to 40%, particularly when we make them in Serbia.

Noel Parks

Terrific. Thanks a lot.

Desmond Wheatley

Thank you.

CONCLUSION

Operator

This will conclude our question-and-answer session. I would like to turn the conference back over to Mr. Desmond Wheatley for any closing remarks. Please go ahead.

Desmond Wheatley

Yes. Thanks again, everybody, for your time and for your continued interest. I just would, again, point out that this has been a bit of a disappointing from a revenue and gross margin point of view, a quarter, but it is in no way an indication of what's happening at the company. As I said earlier, we're still 1,000 times when we were back in when we the three quarters of \$1 billion market cap.

And then also, please, please, guys, as you write about us, particularly when you're talking about EPS, please take into consideration the noncash impact on these things because it's just throwing us all over the place, that impairment charge last year, which again, our acquisitions are far better than we hoped them to be, not worse, but we had to take that goodwill impairment. And then this other noncash event this year, it's just great to let people know that EPS numbers you all got a noncash stuff in it.

Not telling you your jobs, just on you how frustrating it is to have these numbers sometimes get out there and people call me and they start screaming at me and say hang on, did you read the

filings? But beyond that, just very grateful for your attention. Great questions and looking forward to the next one. So thank you.

Operator

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