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Q4 2023 Gogoro Inc Earnings Call

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PRESENTATION

Operator

Welcome to the Gogoro Inc. 2023 Q4 earnings call. This conference call is now being recorded and broadcasted live over the Internet. Webcast replay will be available within an hour after the conference is finished.

I'd like to turn the call over to the Gogoro team.

Unidentified Company Representative

Welcome to Gogoro's 2023 Q4 earnings conference call hosted by our CEO, Horace Luke; and CFO, Bruce Aitken. Hopefully by now, you've seen our earnings release. If you haven't, it is available on the Investor Relations tab of our website, investors.gogoro.com. We are hosting our earnings conference call via live webcast through Gogoro's website, where you can also download all of their earnings release materials. We will also be displaying the materials on the webcast screen as we go.

If you're joining us through the conference call, your dial-in lines are in listen-only mode. After Horace provides some of the business highlights from Q4 and our outlook for 2024, Bruce will go a bit deeper into the Q4 and full-year 2023 financial results. And then we will open the line for Q&A and answer as many questions as time allows.

As usual, we would like to remind everyone that today's discussions may contain forward-looking statements that are subject to risks and uncertainties which could cause actual results to differ materially from those contained in the forward-looking statements. Please refer to the forward-looking statements that appear in our press release and investor presentation provided today.

And now, I would like to turn the call over to Horace.

Horace Luke *Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder*

Thanks for joining our call today. We're pleased to have this opportunity to meet with you and provide a summary of our fourth-quarter 2023 results, a recap on our 2023 full year, and share our outlook for 2024.

We've already had a few key announcements and product launches in January as well as in Q4 of 2023. We launched the Gogoro Pulse, our new flagship vehicle just last week, and it is awesome. And I'm very proud of the work our team has done. We continue to innovate and redefine what is possible when it comes to electric mobility. The Gogoro Pulse demonstrates a big leap in our industry leadership in both vehicle design, smart technologies, user interaction, and vehicle performance, and will extend our lead in the electric two-wheeler industry.

We continue to extend our partnership with Apple, and with the latest Pulse vehicle, we'll partner with Qualcomm to deliver the latest chipset to power state-of-the-art dashboard. Last week, we also announced a partnership with Copec Energy in Latin America, where we'll be launching in Chile and Colombia in Q2. In Q4, we launched our Gogoro CrossOver vehicle, both in Taiwan and in India and commercially launched our battery swapping service in the Philippines.

We also announced an agreement with Uber Eats in Taiwan to speed the transition of their delivery fleet riders to electric two wheelers. I'm excited to confirm that we are also progressing smoothly with the facility fill out of our first battery pack factory in India and have begun moving our state-of-the-art robotics equipment into the factory. We'll provide more detail on each of these throughout this call.

2023 was a year of relative economic and market challenges. Interest rates were increased by central governments. Monetary policy was tight. Economies around the world struggled to meet GDP growth projections and overall consumption slowed.

We're anticipating that 2024 will see a reduction in interest rates and that many elections around the world will result in more stable and predictability of government policies on critical questions like energy consumption and the transition to clean green energy. In the Taiwan market in Q4, according to the Ministry of Transportation, the total number of registered scooter was 263,917, up 32% from Q4 of 2022. The total number of registered electric scooter in Q4 in Taiwan was 22,092 units, down from 25,505 in Q4 of last year. Of these electric scooters, approximately 18,721 or 85% were Gogoro-powered vehicle and 16,680, 76%, were Gogoro-branded vehicles.

Total registered scooters for the full year of 2023 was 870,608 units, up 19% from 2022. Total electric scooters for the full-year 2023 was 79,766, down 9% from 2022. Both electric powered two-wheelers and powered by Gogoro network markets were impacted by the continued deep discount and price war between the Taiwanese ICE vehicle manufacturers as well as the increased purchase of ICE vehicles as a last call effect from December 2023 discontinuation of certain government subsidies for scooter purchases.

As you may recall, for the past few years, consumers in Taiwan who retired an older gas vehicle would get a subsidy from the government on buying a new one. The good news is that EV subsidies from Taiwan central and local government will continue for 2024. While the overall consumer adoption of EV is not occurring as quickly as we would like in Taiwan, we are making continued inroads in with the consumer market and with a number of important government and fleet customers. And we do see government policies changing.

An example of this openness to EV adoption is the Taipei Police Department which has been actively transforming their fleet of patrol scooters to electric vehicles. By the end of 2023, 100% of the electric vehicles in the Taipei Police Department fleet were Gogoro vehicles which are actively using our battery swapping network to ensure constant availability.

Additionally, B2B and B2G fleet customers like Taiwan Power, DHL, Domino's Pizza, and a variety of local governments are also deploying more and more two- and three-wheeler EV in Taiwan which are Gogoro or partner branded and use Gogoro battery swapping network. We welcome the opportunity to work with B2G and B2B partners to achieve their sustainability and electrification goals.

In December, we partnered with Uber Eats Taiwan for a two-year green delivery program. This program aims to facilitate a smooth and cost effective transformation to electric scooter for Uber Eats delivery partners. Riders in the program received discounts on new Gogoro smart scooters, access to Gogoro battery swapping, and incentives for deliveries made on Gogoro smart scooters. Through this collaboration, Uber Eats had indicated an expectation that EV deliveries on their platform in Taiwan will increase from 20% to 40% of all trips by the end of 2025.

Gogoro is pleased to partner with Uber Eats to tailor vehicle purchases and battery swapping for delivery partners in Taiwan, encouraging more riders to deliver on a greener solution. The program is expected to accelerate the EV transition leading to improvement in air quality in cities across Taiwan, and it will contribute both to the Taiwan 2050 net zero emissions goals and to Uber Eats global goal of achieving emission-free deliveries by 2040.

This first collaboration can also serve as a template for other opportunities around the region. In the fourth quarter, we achieved significant milestone in India and the Philippines also. In India, in order to qualify for the available FAME II subsidies, both vehicle and battery packs must be made in India. In Q4, we made significant progress in both vehicle manufacturing as well as starting to deploy Go Stations in Delhi NCR area.

In December 23, '23, we introduced our first India-made smart scooter, the CrossOver GX 250 manufactured in Maharashtra. This is Gogoro's first India-made smart scooter. It incorporates a customized feature based on feedback from our pilot riders in India earlier in 2023, features such as larger wheels, higher clearance and more rugged chassis, and better suspension. All of these enhancement made the vehicle more rugged, safer, and more comfortable even under very demanding road conditions. There are a number of CrossOver variants which are expected to be available throughout the year.

Financing is an important part of purchase decision for many customers in India whether fleet owners or individual owners of vehicles

who ride for fleets. Gogoro is the first foreign two-wheel OEM to be empaneled by the Small Industry Development Bank of India, SIDBI, and we thank SIDBI for their support and partnership to get our vehicle registered for this low cost financing program which is intended to accelerate EV adoption.

The partnership with the Maharashtra government that we announced last year continues to be crucially important to our expansion in India. In addition to our vehicle manufacturing, we are already well underway in building our first automated Robo battery pack manufacturing facility in Maharashtra, and we expect to be fully operational in the factory by the middle of the year. As always, we're grateful for the support of the Maharashtra state government.

India's central and state governments are playing a crucial role in the transition of energy policy to minimize the health impacts of pollution and spur the adoption of electric vehicles. Policies range from outright subsidies on purchase of an EV with FAME II to a variety of benefits from EV adoption including tax incentive, local purchase subsidies, access to lower cost financing, toll fees, waivers, parking incentives, and benefits in the permitting process. In addition to the incentives, many cities are beginning to enforce a no ICE for logistics policy, making our strategy of serving B2B customers through battery swapping even more relevant. And all of these incentives will continue to play an important role in this electric transition.

Gogoro's mission is to drive a massive market shift to sustainable energy in cities through our smart battery swapping ecosystem. We've seen high demand in India for Gogoro's battery swapping technology, and we're excited about our commercial launch in collaboration with various partners. The biggest impact will come from the transition to smart sustainable electric transportation for last-mile delivery riders who cover significantly more distance than normal customers. As policies encourage or mandate this migration, Gogoro has ready-made solutions including a superior vehicle experience and a super-efficient battery swapping ecosystem ready to lead the transition in India's major cities.

As Indian businesses increasingly prioritize sustainable transportation, basic tailored mobility solutions for logistics, delivery fleets and taxi services that not only offer a greener alternative to gas-powered vehicles, but also cater to India's specific market and industry requirements. Gogoro provides rapid and reliable swap and go battery swapping ensuring constant availability and safety unlike tethered electric charging which demands dedicated parking and reduce rider flexibility and earnings while also having a poor track record on safety.

We look forward to collaborating with various partners aiming to facilitate sustainable delivery operations and to create new sustainable business prospects including utilizing Gogoro GoShare platform for fractional and shared mobility as a service deployments.

The Philippines' Gogoro network battery swapping service will officially launch in Q4. We're pleased to be working with the Ayala Corporation, Globe, and Globe's 917Ventures to offer both retail and Gogoro network battery swapping service in Manila. We opened a Gogoro Experience Center in Makati City in central Manila in early November. This innovative hub provides an immersive experience, allowing visitors to try out Gogoro smart scooters and learn about battery swapping.

The experience center showcases a range of Gogoro smart scooters, and visitors can schedule a test ride to explore the features and experience of battery swapping and the riding experience of Gogoro smart scooters. There are now five Go Stations up and running in Manila, and we look forward to launching more services and more vehicles during 2024.

2023 was quite a year for Gogoro, and I want to take a moment to reflect on some of the highlights of the year. Gogoro's ecosystem including nearly 590,000 riders in Taiwan and over 2 million registered riders of Go Share covers 45 cities worldwide and support over 55 electric scooter models. We introduced our first locally made India vehicle, opened our first Gogoro experience center outside of Taiwan in the Philippines, and deepened our industry cooperation in South Korea and Singapore. We have now deployed over 12,000 Go Stations at more than 2,500 locations around Taiwan and an additional 500 locations in other markets.

In addition to the CrossOver launch, we collaborated with MUJI to release a popular line of vehicles which sold over 10,000 units in just the last few months of 2023. We also introduced Gogoro scooter key and Apple Wallet app and Apple's Find My feature integration with Apple for two wheelers, and over 120,000 or 40% of our target customers have already activated this service.

We have deployed Virtual Power Plant capability at over 1,000 location in conjunction with Enel X, and we've deployed approximately 1,000 smart parking meter in Taipei as well as providing backup power service for traffic lights at almost 200 of Taipei's most critical intersections as well as elsewhere in Taiwan. These smart cities and second-life opportunities were exciting areas of development in 2023 and will continue to grow in 2024, providing additional revenue streams both immediately and in the future as batteries migrate from serving mobility to energy storage and second-life usage.

We continue to be recognized for our efforts. In 2023, we were awarded the honor of being an MIT Technology Review's 15 top climate companies to watch globally. We were also recognized by Frost & Sullivan has 2023 Global Company of the Year for leading battery swapping for electric two-wheel. And our rideshare business, Go Share, was recognized as Asia Pacific Entrepreneurial Company of the Year for mobility sharing.

At the beginning of 2024, I want to take this opportunity to thank our customers, suppliers, partners, shareholders, and our employees. Without the support and contribution of so many fellow travelers, our journey to electrification would be impossible. We appreciate your support, and we're committed to continuing in this journey together in 2024 and beyond.

With that high-level overview of our Q4 and 2023 results, I'd like to invite Bruce to provide an update of our 2024 plan as well as our 2023 Q4 and full-year financials.

Bruce Aitken Gogoro Inc - Chief Financial Officer

Thanks for the strategy update, Horace. Allow me to expand on our financial outlook.

2024 is a year where we will focus on not only the Taiwan market but also on a number of growth opportunities. We estimate the 2024 market for two-wheeler sales in Taiwan will range from approximately 750,000 units to 850,000 units. We're targeting growth from 2023 unit sales and market share and healthy growth in our Gogoro network from accumulating the subscriber base. To support this market growth, we've launched the Gogoro Pulse, our all-new flagship vehicle, which demonstrates what's possible in an electric two wheeler.

In the coming months, we have other product launches planned to continue to penetrate the more cost-conscious product segments while maintaining Gogoro's focus on unique design, usability, and performance. We've been working on these vehicles for some time and are excited to share them with our customers.

In Taiwan, we're expanding our channel via the continued build up of our Gogoro Quick Service stores. These allow for legacy scooter sales and repair shops to also sell and service Gogoro and partner-branded electric vehicles, creating upskilling and cross training opportunities for existing ICE scooter industry players. We have over 170 GQS stores in operation today and intend to keep growing the footprint all over Taiwan. Taiwan is expected to represent approximately 90% of our revenue in 2024.

In international markets, we're focusing on India, the Philippines, and continued growth in Korea, where there are already 10 partner-run retail locations and over 180 Go Stations in 18 cities. Last week, we announced our newest partnership with Copec, the leading energy company in Latin America, to introduce our battery swapping technology and smart scooters in Chile and Colombia in Q2 2024. Together with Copec, we are establishing the first network of battery swapping stations in Latin America.

Building brand recognition and trust across a diverse global audience takes time. Developing a robust distribution network, navigating complex supply chains, and ensuring supply chain localization are essential components of international growth. It is crucial to recognize that each market has its unique challenges and opportunities, and successful expansion requires a long-term perspective with a willingness to invest in building lasting relationships and adapting to evolving market dynamics. We expect international markets to contribute approximately 10% of our 2024 revenue, and we will continue to invest in those markets for future growth.

Now I'll turn to Q4 2023 as well as full-year 2023 financial results. For the fourth quarter, total revenue was \$91.5 million, down 4.1% year over year and down 2.8% year over year on a constant currency basis. Had foreign exchange rates remained constant with the

average rate of the same quarter last year, revenue would have been up by an additional \$1.3 million. Sales of hardware and other revenue for the quarter were \$59 million, down 7.9% year over year and down 7.1% year over year on a constant currency basis.

Both electric-powered two wheelers and powered by Gogoro network markets were impacted by the continued deep discounts on ICE vehicles offered by Taiwan's scooter manufacturers as well as the increased purchases of ICE vehicles as a last call effect given the discontinuation of certain government subsidies for scooter purchases. While we lowered prices, our average selling price reduced by 9.3% in the fourth quarter of 2023 compared to that in the same quarter of 2022, we refrain from matching the deep discounts provided by ICE OEMs as we believe that it's not in the best interest of our long-term growth strategy.

Compared to the same quarter last year, sales of total electric-powered, two-wheel vehicles were down 13.4%, while Gogoro-branded vehicle sales were down 6.5%. Battery swapping service revenue for the first quarter was \$32.5 million, up 3.7% year over year and up 6.0% year over year on a constant currency basis. Total subscribers at the end of the fourth quarter exceeded 587,000, up 11.6% from 526,000 subscribers at the end of the same quarter last year. The year-over-year increase in battery swapping service revenue was primarily due to our larger subscriber base compared to the same quarter last year and the high retention rate of our subscribers.

We continue to see the strength of our subscription-based business model to accumulate more customers to maximize our battery swapping network efficiency. For the full year, total revenue was \$34.9 million, down 8.6% year over year and down 4.6% year over year on a constant currency basis. Had the foreign exchange rates remained consistent with average rate in each of the comparable quarters of the last year, revenue would have been up by an additional \$15.6 million. Sales of hardware and other revenues for the year were \$218 million, down 16.5% year over year and down 12.8% year over year on a constant currency basis. Compared to last year, sales of total electric power two-wheel vehicles were down 9.0%, while Gogoro-branded vehicles were down 12.3%.

Local ICE vehicle price competition and overall macro economic uncertainty hindered the pace of electrification in the Taiwan market in 2023. Battery swapping service revenue for the year was \$131.8 million, up 8.3% year over year and up 13.3% year over year on a constant currency basis. For the fourth quarter, gross margin was 11.0%, down from 15.0% in the same quarter last year, while non-IFRS gross margin was 14.2% down from 17.2% in the same quarter last year.

The decrease in gross margin was driven by a reduction in vehicle prices in the fourth quarter and ASP reduction resulting from a higher percentage of lower-priced vehicles sold, higher production cost per vehicle due to lower sales volume, decreased revenue associated with retail discounts, and some minor impacts related to our discounting charges for customers adversely impacted by voluntary and minor vehicle recall and battery upgrade. This unfavorable change was partially offset by the improved cost efficiencies of Gogoro's battery swapping service and improvements in other operational efficiencies.

For the full-year 2023 gross margin was 14.4%, down from 15.1% last year, whereas non-IFRS gross margin was 15.8%, down from 16.8% last year. For the fourth quarter, net loss was \$27.5 million, representing an increase of \$15 million from a net loss of \$12.5 million in the same quarter last year. This increase in net loss was primarily due to an unfavorable change of \$16.5 million in the fair value of financial liabilities associated with the outstanding earn-out shares, earned in shares, and warrants compared to last year as a result of the decrease of Gogoro's stock price and the decrease of \$4.2 million in gross profit, which are partially offset by the decrease of \$7 million in operating expenses.

For the full-year 2023, net loss was \$76.9 million, representing a decrease of \$22 million from a net loss of \$98.9 million last year. The decrease in net loss was primarily due to a \$218.4 million decrease in operating expenses, which was offset by an unfavorable change of \$189.8 million in the fair value of financial liabilities and a \$7.3 million decrease in gross profit.

For the fourth quarter, adjusted EBITDA was \$8.2 million, representing a decrease of \$1 million from \$9.2 million in the same quarter last year. The decrease was primarily due to a \$1.3 million loss on investment using the equity method compared to the same quarter last year. The decrease was partially offset by a decrease in operating expenses from various cost savings initiatives this quarter. For the full-year 2023, adjusted EBITDA was \$44.8 million, representing an increase of \$3.6 million from \$41.2 million last year. The increase was primarily due to a \$9.6 million decrease in operating expenses as a result of various cost savings initiatives. The increase was partially offset by a \$5.8 million decrease in gross profits due to lower revenue.

We generated \$59.8 million of operating cash flow in 2023 compared to 2022, where we used \$64.8 million of cash in operations. With a \$173.9 million cash balance at the end of 2023, and the additional credit facilities that are available to us, we believe we have sufficient sources of funding to meet our near-term business growth objectives.

Based on the current market outlook, our 2024 revenue guidance is in the range of \$385 million to \$420 million. The low end of this range represents 10% growth from our 2023 revenue. This growth is expected to come from unit sales increases in Taiwan and increasing base of subscribers to the Gogoro network, as well as the continued sale of vehicles and other hardware in international locations. We estimate that Gogoro will generate approximately 90% of 2024 full-year revenue from the Taiwan market and 10% from international markets.

With that financial update, I'll hand it back over for Q&A.

QUESTIONS AND ANSWERS

Unidentified Company Representative

Thank you, Horace and Bruce, for the detailed update. So as attendees are formulating their questions, I will ask two questions that we have collected from analysts.

Question number one, there have been recently some setbacks on EV adoption for four-wheeler market. What are management's thoughts on two-wheeler electrification adoption, and what is your plan to combat the recent intensified competition from ICE makers if you don't plan to participate in a pricing war?

Horace Luke Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder

I'll take that. I think it is inevitable that traditional ICE vehicles will transition to EV. It's just a question of time. And I think that it doesn't matter if it's four wheel or two wheel, that transition will happen, and it will happen even faster with two wheelers because the cost economic makes even better sense. But educating consumers that have had a long history of using ICE vehicles on the benefits of using electric is important, and it's an ongoing journey for us. Achieving relative price parity on both vehicle costs as well as total cost of ownership over time is really important, and we believe that electric adoption will happen.

While we don't believe in engaging in short-term price competition, it's beneficial to our long-term strategy. Developing new technology and services that can help consumers get excited about electric is a really great inflection point we can put in. The most recently announced Pulse, the Gogoro Pulse, is a great example how and what electric can do that ICE cannot. With all the new technology and all the new interaction and all the new connectivity that the vehicle and the performance that vehicle can provide, I think it will really excite the market. And if you haven't checked it out yet, please go to our website and check it out. It is generating a lot of buzz both in the marketplace and with the media here in Taiwan, and preorders are already rolling in for that product sight unseen.

We are grateful for our customer that have already been subscribers for Gogoro network, and we encourage anyone that hasn't tried an electric two wheeler to do so. The riding experience and the usability is just day and night. I think you'll find that experience a very positive one. Each person can make a contribution to the reduction in carbon emission by choosing electric vehicle. And in Taiwan, with the market share and penetration we have done, the difference is clearly visible on the street today.

Unidentified Company Representative

Thanks, Horace. So the second question is, can you provide some color on estimated market size, vehicle volume, and margin outlook for this year?

Bruce Aitken Gogoro Inc - Chief Financial Officer

Thanks, Annie. As we mentioned during the presentation, industry estimates for 2024 for the Taiwan market are approximately 750,000 to 850,000 unit sales. While other markets like India, for example, are many, many, many times larger, India's annual sales are approximately 15 million to 20 million units. In Taiwan, we're targeting growth on last year's volume. We're targeting growth on market

share and broad penetration across all segments with the introduction of new vehicles and new services. In India, we're really just getting started, but we are expecting during 2024 to make solid inroads in the B2B market segments.

As far as margin goes, we will continue to maintain tight control on spending. Our goal is to maintain a relatively flat or slightly improved gross profit margin compared to 2023 while we focus on growing revenue in both Taiwan and in international markets.

Unidentified Company Representative

Thank you, Bruce. At this time, operator, please open the line for Q&A session.

Operator

(Operator Instructions)

Unidentified Company Representative

While we're waiting for participants to ask a question, I have an online question. In India, FAME II subsidies favors wire charging over battery swap. Can Gogoro offer two versions of your scooters, one that can swap batteries and the other version where customers own the battery with tethered charging that way Gogoro can qualify for FAME II?

Horace Luke Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder

Okay, great question. The qualification for FAME II in India requires a number of parts to be executed, the first one being the vehicle having to be made in India with a supply chain that is in India. There is a long list of parts, and we've worked really diligently over the last year to enable a supply chain that's unique to India within India to build the vehicle. And today, we're already in the state of Maharashtra to manufacture the first vehicle, the Gogoro CrossOver GX250.

And while the vehicle is ready, the next piece that needs to come into place is, you're absolutely right, a charger is required, a tethered charger is required because the market is unfamiliar with battery swapping. And so in order to qualify for FAME II, our vehicle, as you have stated, will have a charging capability, however, with the usability of swapping. As it is indicated, if you go to the website of Gogoro, you also see that we offer an option of charging also for our vehicle within Taiwan. But I can assure you that usability and the ease and convenience of battery swapping overwhelms the legacy charging, the [cumberness] and also the time it takes to actually charge a battery that everybody chooses to swap. And in Taiwan's case, 100% of our vehicles sold is actually with swapping and the user opt not to charge at all even though the vehicle might be able to do that.

And the last piece of the equation is really around the battery that needs to be made locally. And today, just earlier with Bruce and I highlighting to everyone, the battery factory in Pune, Maharashtra has been fitted out and the equipments are moving in and turning on as we speak. We see that coming in sometime in Q2, and with that ready, all three pieces of component will be ready for us to qualify for FAME II. So I hope that answers your question.

It is essential that we take advantage of all the policies there in favor of electrification, and we're working diligently. Our team is working diligently to make sure that we check all the boxes and make it as flexible and as easy as it is for consumers to adopt electric.

Operator

(Operator Instructions) Long Lin, The Benchmark Company.

Long Lin The Benchmark Company - Analyst

This is Long on behalf of Fawne Jiang. So I have a follow-up question on Indian market. Just wanted to ask, can management talk about more about your expectations on the ramp-up of the India markets and specifically the potential impact of the India market on the company's performance in 2024?

Bruce Aitken Gogoro Inc - Chief Financial Officer

Sure, we can do that. So a couple of things that I'll highlight, and Horace can add on as well. The first is, as we mentioned, we expect approximately 10% of our revenue in 2024 to come from international markets. So clearly, India is one of our focus areas. We're not

giving a specific revenue target for India, but we do anticipate starting to see penetration.

The market that we're targeting in India to begin with is the B2B marketplace. We've talked about this a number of times before. Penetrating the B2B space, the value proposition is extremely clear. The riders are clear that they want battery swapping. The fleet operators are clear they want battery swapping because it means no downtime. And so with these vehicles being on the road literally 12 or 10 or 14 hours a day, there's no way you can keep a vehicle on the road that long without it being a battery swapping vehicle. If you have to stop and charge, even if it's for an hour, that makes a dramatic impact on the number of deliveries or the number of trips that a rider can make, and that directly impacts their bottom line, their take-home pay.

So we view the B2B market as a baseload. We can, through the B2B sales, establish a broad network of Go Stations whether it's in a city like Delhi or as we expand into other places like Bangalore or like Goa. We're also targeting tourist-oriented, free float scooter services with a partner in the city of Goa and likely other cities to follow. So there's a number of different things that we're trying out from a B2B penetration standpoint.

We do expect to see meaningful unit sales. We expect, again, 10% of revenue to be international. As Horace mentioned, the critical components are that that vehicle is ready to go, that the charger is ready to go, that the battery pack is ready to go. And we'll have all those pieces in place in the very near future and be able to start with the ramp in India.

Unidentified Company Representative

I have another question coming from online. Sales of electric generators have increased over the years due to global complex and extreme weather conditions. Why doesn't Gogoro expand your product line into the battery energy storage market, where our customers can buy and use their own Gogoro batteries to provide backup energy for their homes or businesses, customers that only Gogoro battery can also become potential scooter purchase in the future?

Horace Luke Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder

That's a great question. We see our battery as just storage devices for energy. First, usability of that, of course. As everybody know, what we do is mobility. So we have also used those battery packs for other storage functionality such as backing up major intersections that's serving as a generator, as well as backing up -- we actually recently worked and turned on a SREG or a small regenerative energy generator service with the Taiwan Power, where we are turning on 1,000 of our location to do both spinning reserve as well as bidirectional, what we call, frequency response with the network, again acting as a generator.

We do have about approximately 1.3 million batteries on the network, and when those batteries are in the stations, they're part-time serving as standby ready for somebody swap but, at the same time, serving as a massive generator for the cities that they serve today. As we look forward in what the batteries can do, obviously, there's many other functionality we can do with the battery.

But our number one focus as a company today is to really solidify our market position in Taiwan as we have done so greatly today with majority of the vehicles that are electric in the marketplace being electric powered by our battery swapping system. And as Bruce just said, the near-term focus is really to take what we have learned and what we've developed in Taiwan and expand into the mobility space into markets that we have already announced: markets such as India, markets such as Chile and Colombia, markets such as Korea, and others that we are actively participating within.

Batteries are simply energy storage devices. They are, like you said, generators. They can instantly take energy and instantly give energy. We will focus on that thesis with mobility as a first function and as storage and smart grid usability as the kind of ancillary services that they can provide.

In the future -- we don't know what's in the future for what batteries can do, but certainly what you mentioned as a storage device or generator can certainly be something that we look into for sure.

Unidentified Company Representative

Thank you, Horace. We have another few questions coming from online. I'm combining them all together because it's similar. They want to know the current status or policies in India on EV battery swapping or charging.

Horace Luke Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder

Okay, I can take that. Battery swapping, as I said earlier in the answered Q&A, battery swapping is still very new to the entire industry. While everybody recognizes and understands the electric vehicle as a plug-in charging, there's still a lot of work needs to be done to educate everybody on what battery swapping is and what battery swapping, how it's different than battery charging.

So we're making inroads. We're meeting lots of politicians, a lot of policymakers, educating them. And we have formed, along with other partners, an association called the India Battery Swapping Association, and the association has partners like Hero, like Sun Mobility, like actually other partners like Honda and others that have actually joined the, what we call, IBSA which is India Battery Swapping Association. And with this association, a lot of seminars and a lot of meetings are happening as we speak to educate about battery swapping and how policies need to be adjusted to serve battery swapping.

So we look forward to a country that can be electrified through battery swapping because that's the only way we can set -- zero downtime is the only way we can actually see electric being adopted. In markets where very soon ICE vehicle for logistics will be banned. Cities like Delhi will be banning ICE vehicle from doing logistics. Doesn't matter if that logistic is carrying goods, your lunch, or people. And so that's a great opportunity for us, and battery swapping is the only solution to serve that B2B market.

Unidentified Company Representative

Thank you, Horace. We have another question from online. Can we get an update on Gogoro's solid-state battery?

Horace Luke Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder

Sure. We continue to work with our partner on developing the battery solution. Gogoro's key differentiating factor is the technology behind managing the battery swapping network. Today, on the network, there are multiple generations of technology with different chemistries that are in the battery today, serving from 1.3 kilowatt hour to approximately 1.7 kilowatt hour. And those variety of batteries can be put into the network to serve our customers in time.

One of the value proposition that we give to our customer that people see as a great part of not buying a battery but swapping a battery is that they don't have to worry about the upgrade of technology, and that when a new technology is rolled out, they simply can subscribe and actually get access to it. And with the solid-state battery, as we've stated earlier with the announcement, it is years away still. And we're working diligently to make sure that we're one of the first people to be able to roll that out to our customer.

But it will take time. Solid-state battery is still in its early phase, but it offers a lot of benefits such as safety, durability, long range, and capacity. All those things are things that we can actually use to benefit our customer. But in the meantime, our network is ready to plug in any other technology that needs to be plugged in. And we're very flexible about that and serving our customer with different technologies.

Unidentified Company Representative

Thank you, Horace. Operator, can you check again online whether we have anything from the audio?

Operator

There are no further questions from the audio at this time.

Horace Luke Gogoro Inc - Chairman of the Board, Chief Executive Officer, Founder

Great. Thank you, everyone, for joining our call today. 2023 was a challenging year for the overall market standpoint, we focus on delivering solid financial result regardless. In 2024, we're committed to continue development and deployment of the best technology, best vehicle, best battery swapping platform and ecosystem to ongoing innovation and performance leadership in electric two-wheeler industry. We aim to deliver exceptional performance, efficiency, and reliability, both in Taiwan and the international markets that we're

going into.

We're still in the early stage of electrification overall. Our goal remains to continue to support the inevitable transition from ICE-powered two wheelers to electric two wheelers. As always, we appreciate everyone's support as a community. Doesn't matter if it's our employees, our suppliers, and most important of all our investors on this journey. Thanks for calling in today's webcast and talk to you guys real soon. Thank you.

Operator

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

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