



# FARO Investor Meeting

FROM FOCUS COMES GROWTH

Peter Lau  
President & CEO

March 11, 2024

**FARO**<sup>®</sup>

# Overview & Introduction

FROM FOCUS COMES GROWTH



**FARO**

**Peter Lau**

President and  
Chief Executive Officer

# Safe Harbor Statement

Certain statements made or incorporated by reference in this presentation and at this conference reflect management's estimates and beliefs and are intended to be, and are hereby identified as, "Forward-Looking Statements" for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements and diagrams that describe the Company's plans, objectives, projections, expectations, assumptions, strategies, or goals are forward-looking statements. These statements often include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate" or similar expressions. These statements are based on certain assumptions that FARO has made in light of its experience in the industry as well as its perspective of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from the anticipated results because of certain risks and uncertainties. These risks and uncertainties are set forth in FARO's Annual Report on Form 10-K and other filings made from time to time with the Securities and Exchange Commission. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, unless otherwise required by law.

Please note that aspirational goals, targets, hypothetical scenarios and similar statements (including diagrams indicating such) illustrate various possible outcomes of our different strategies if they are successful. These aspirational goals, targets, hypothetical scenarios and similar statements (including diagrams indicating such) should not be treated as forecasts, projections or financial guidance. We cannot assure you that we will be able to accomplish any of these goals, metrics, operating model assumptions or opportunities at any point in the future (if at all), all of which are subject to significant risks and uncertainties.

# Non-GAAP Financial Measures

This presentation contains information about our financial results that are not presented in accordance with U.S. generally accepted accounting principles ("GAAP"). These non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income (loss) and non-GAAP net income (loss) per share, exclude the impact of purchase accounting intangible amortization expense and fair value adjustments, stock-based compensation, inventory reserve charge, restructuring and other charges, and other tax adjustments, and are provided to enhance investors' overall understanding of our historical operations and financial performance.

In addition, we present EBITDA, which is calculated as net income (loss) before interest (income) expense, net, income tax expense and depreciation and amortization, and Adjusted EBITDA, which is calculated as EBITDA, excluding other (income) expense, net, stock-based compensation, inventory reserve charge, and restructuring and other charges, as measures of our operating profitability. The most directly comparable GAAP measure to EBITDA and Adjusted EBITDA is net income (loss).

Free Cash Flow represents cash from operating activities less capital spending. Adjusted Free Cash Flow represents free cash flow further adjusted to exclude restructuring cash payments.

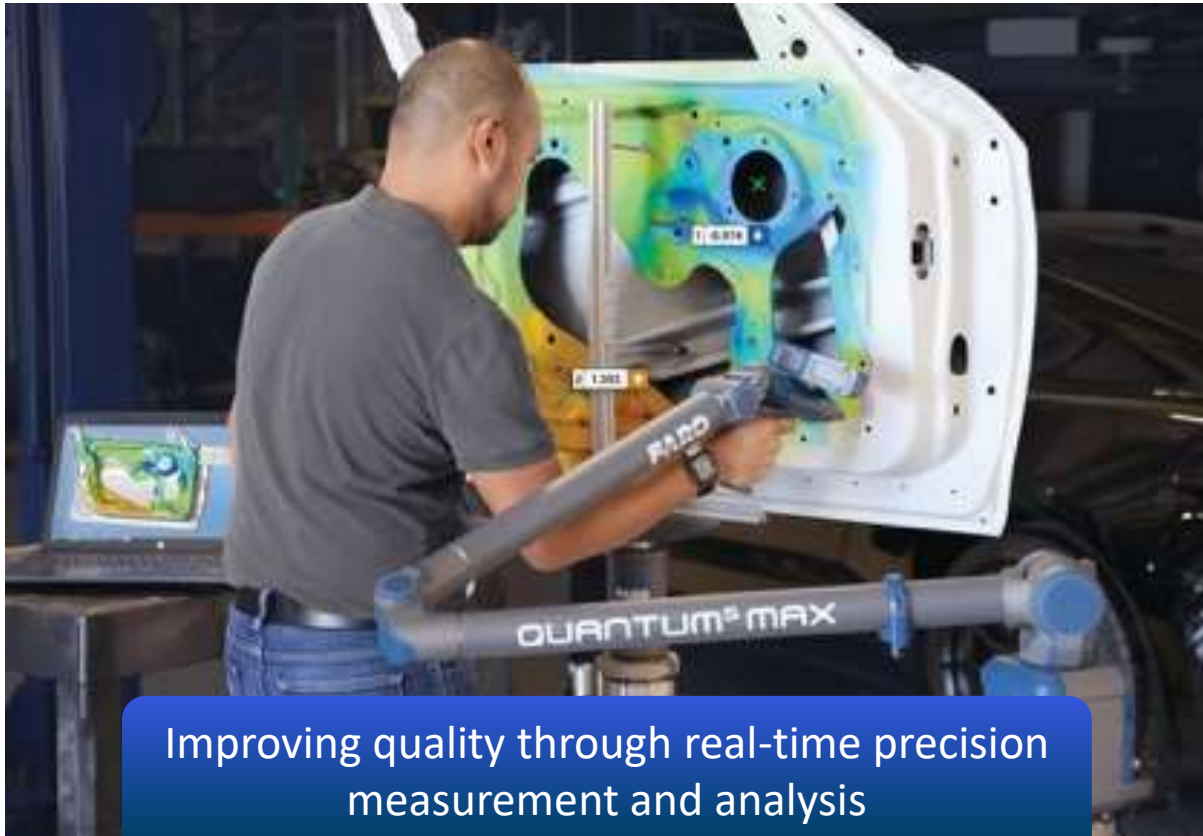
Management believes that these non-GAAP financial measures provide investors with relevant period-to-period comparisons of our core operations using the same methodology that management employs in its review of the Company's operating results. These financial measures are not recognized terms under GAAP and should not be considered in isolation or as a substitute for a measure of financial performance prepared in accordance with GAAP.

These non-GAAP financial measures have limitations that should be considered before using these measures to evaluate a company's financial performance. These non-GAAP financial measures, as presented, may not be comparable to similarly titled measures of other companies due to varying methods of calculation. The financial statement tables that accompany this presentation include a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

# Agenda

- Strategy
- Solutions
- Sales
- Q&A
- Demo
- Operations
- Finance
- Q&A

# Innovators in Digitization of the Physical World



AIRBUS

3M



LOCKHEED MARTIN



Pepper Construction

SKANSKA

SIEMENS



40+ years enabling customers to make smarter decisions, faster

# FARO Overview

- **#1 or 2 in Served Markets**
- **Broad Set of 3D Capture Devices**
- **Software Delivers Insights across Hardware, Cloud and Mobile**
- **12,000+ 3D Customers**
- **77% Brand Loyalty**
- **730 Patents**

FARO poised to create shareholder value

FY23 Revenue

\$359M

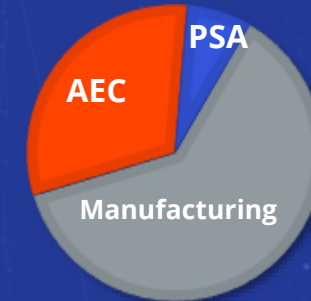
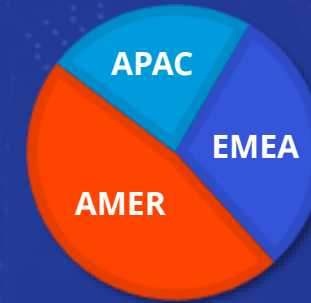
+4% YoY

FY23 Non-GAAP  
Gross Margin

49%

FY23 Adjusted EBITDA  
Margin

3%



*Note: Revenue, Non-GAAP Gross Margin and Adjusted EBITDA Margin are for the fiscal year ended December 31, 2023. Non-GAAP Gross Margin and Adjusted EBITDA Margin are non-GAAP measures. Reconciliation of the non-GAAP measures to GAAP counterparts is provided at the end of this presentation.*

# Executive Leadership



**Peter Lau**  
PRESIDENT &  
CHIEF EXECUTIVE OFFICER



**Matthew Horwath**  
SENIOR VICE PRESIDENT  
& CHIEF FINANCIAL OFFICER



**Jason Pollock**  
SENIOR VICE PRESIDENT,  
CHIEF OPERATING OFFICER



**Jeff Sexton**  
SENIOR VICE PRESIDENT,  
GLOBAL SALES



**Oliver Zweigle, Ph.D.**  
SENIOR VICE PRESIDENT,  
ENGINEERING & CTO



**Shelley Gretlein**  
SENIOR VICE PRESIDENT,  
BUILDING INSIGHTS



**Greg Lepere**  
VICE PRESIDENT,  
CORE MARKETING



**Tom McGimpsey**  
SENIOR VICE PRESIDENT,  
GENERAL COUNSEL



**Melanie Stagnitti**  
VICE PRESIDENT, CHIEF HUMAN  
RESOURCE OFFICER



**Roger Isern**  
SENIOR VICE PRESIDENT,  
CHIEF DIGITAL OFFICER



**Grace Parker**  
SENIOR DIRECTOR,  
CORPORATE MARKETING





# Global Footprint



## 📍 Headquarters

Lake Mary, Florida (Global HQ)  
Stuttgart, Germany (EMEA HQ)  
Singapore (APAC HQ)

## ● Offices/Service Centers

Atlanta, GA	Portugal
Exton, PA	United Kingdom
Mexico	China
Brazil	India
France	Japan
Italy	Thailand

## ● R&D

Lake Mary, FL	Aachen, Germany
Exton, PA	Nottingham, UK
Stuttgart, Germany	Rezzato, Italy
	Porto, Portugal

Positioned to effectively serve our global customers

# Strategic Priorities

FROM **FOCUS** COMES **GROWTH**



**FARO**

**Peter Lau**

President and  
Chief Executive Officer

# Strategic Vision

- FARO is embarking on a renewed commitment to our heritage of delivering best in class 3D capture devices at a rapid velocity.
- Augmented by a harmonized software platform that allows customers to quickly process data and enable collaboration in their chosen environment – on desktop, in mobile, or in cloud.
- Building upon our industry-leading application expertise.
- Underpinned by an updated operating model that places a premium on efficiency and execution through relentless prioritization of key value creation activities.
- Increase free cash flow, expand margins and deliver above market growth, creating significant shareholder value.

# Strategic Priorities Pivot

1

Intensely focus on growing core FARO integrated hardware and software solutions

2

Expand core addressable market and refresh key core products

3

Operating model refresh promotes earnings growth in all market conditions

4

Relentless focus on execution to expand margins and increase free cash flow

5

Fund breakthrough innovation and adjacencies to core with milestone attainment

# Refreshed Operating Model

## Prioritization

- Apply intensity around 80/20 principles
- Allocate resources to priorities

## Innovation

- Introduce new products that expand addressable market
- Refresh key products and simplify offering

## Digitization

- Improve customer experience
- Business process and productivity

## Operational Excellence

- Aligned goals to value creation
- Margin and free cash flow expansion

Intense focus on operating model yields improved execution

# Total Metrology & Digital Reality Markets

**RELATED Applications**  
\$6.9b

**CORE Opportunities**  
\$0.7b

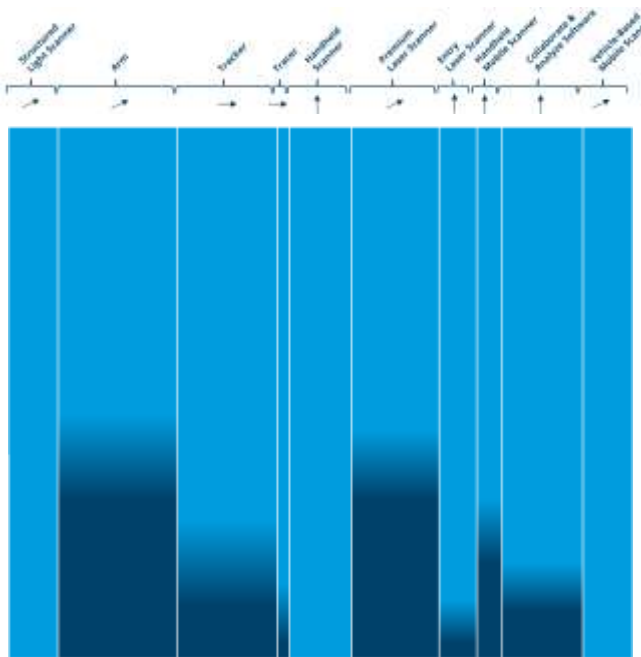
**Core PORTABLE 3D CAPTURE** \$2b

**CLOSE Opportunities**  
\$0.7b

**RELATED Applications**  
\$10.2b

- X-RAY
- CT Scanner
- 2D Laser Profiler
- Vision System
- Automation Sensor
- CMM
- Gauge/ Caliper/ Micrometer

**Laser Radar**  
**Entry Handheld**  
**Photogrammetry**



**UAV/ Robot Mounted/ Autonomous System**

**VR/AR System - Photogrammetry**

**Layout Tool**

- Monitoring
- Total Station
- GNSS System
- Digital Level
- Airborne System
- Bathymetric System
- Machine Control
- GIS Collector
- Laser Distance Meter

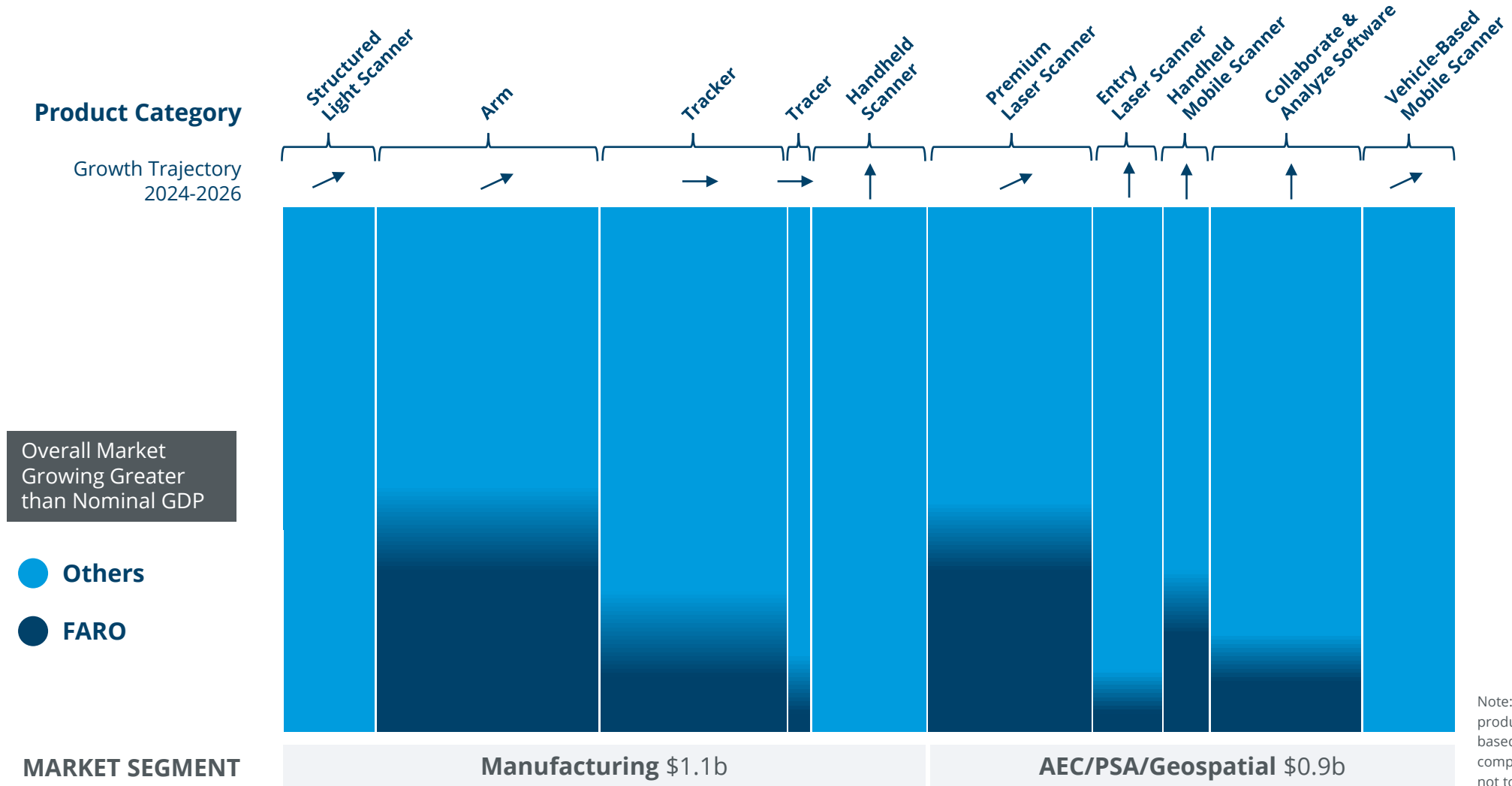
**Manufacturing \$8.7b**

**AEC/PSA/Geospatial \$11.8b**

~\$20b measurement market – FARO core in portable 3D capture segment

Note: Market segment and product applications are based on internal company estimates. Chart not to scale. \$'s in Billions.

# Core Portable 3D Market Segment



Note: Market segment and product applications are based on internal company estimates. Chart not to scale. \$'s in Billions.

Varied penetration with existing customers and existing applications  
- room for growth in core

# Operational Excellence Priorities

## Gross Margin

### Revenue

New products  
Price

### Variable Cost Productivity

Value engineering  
Sales and operations planning

### Supply Chain Localization

Utilize low-cost countries  
Utilized Scaled suppliers

## Operating Expense

### Expense Management

Productivity and efficiency  
Simplify process and systems

### Metered Investing

Increase investment upon key milestones  
Incubate non-core activities

### Cost to Serve Customers

Reduction in turn around times  
Customer self serve

## Free Cash Flow

### Reduce Days Sales Outstanding

Digitize process  
Invest in talent

### Optimize Inventory

Sales and operations planning  
Localize supply chain

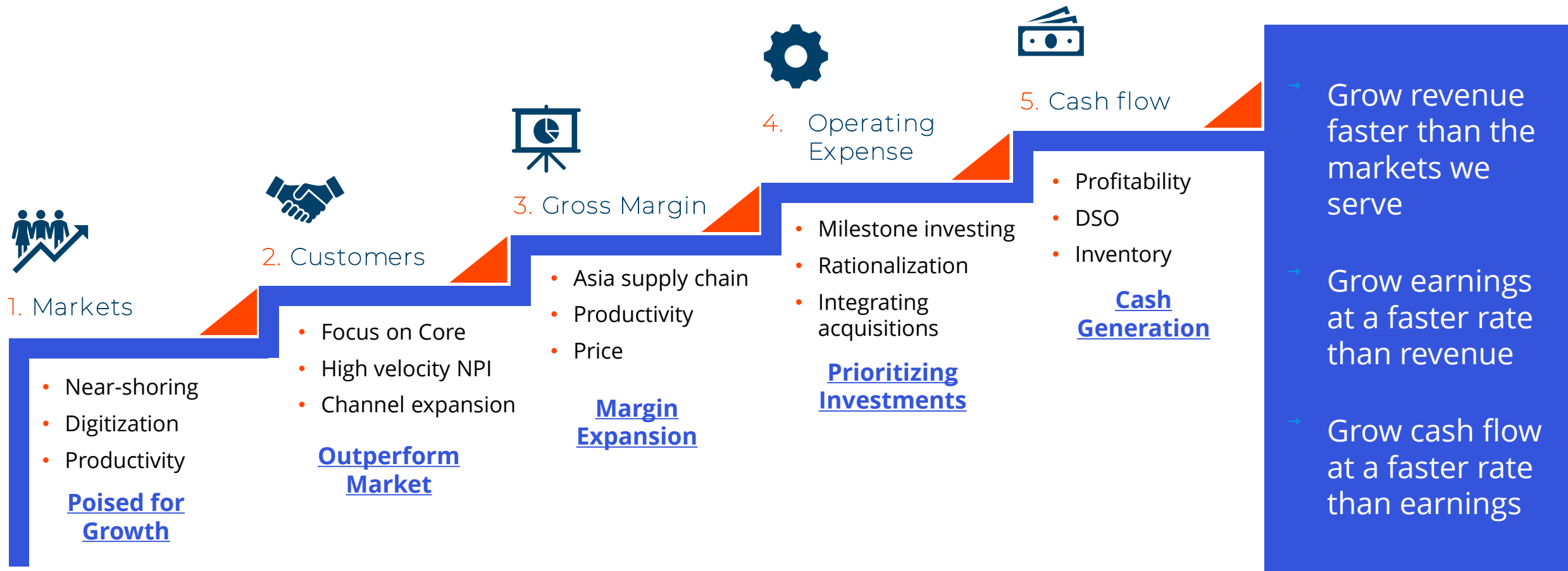
### Increase Days to Pay

Supplier mix  
Payable terms negotiations

Meaningful value creation through operational excellence



# FARO Playbook for Sustainable Financial Growth



Playbook enables meaningful, multi-year value creation

# Solutions

FROM **FOCUS** COMES **GROWTH**



**Oliver Zweigle, Ph.D.**

SENIOR VICE PRESIDENT,  
ENGINEERING & CTO

**Gregory Lepere**

VICE PRESIDENT,  
CORE MARKETING

# Solution Key Highlights



**Enabling  
Customers to Make  
Smarter Decisions,  
Faster**



**Product Strategy  
Fueling Growth**



**Utilization of  
Partnerships**



**Streamlined  
Solution  
Portfolio**



# Seamless Workflow Boosts Customer Efficiency



## Capture

Data collection using combinations of probes, lasers, photographs and video



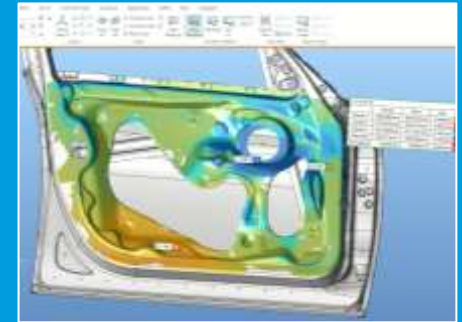
## Prepare

Alignment of multi-format data into one intuitive data source



## Analyze

Gain insight and actionable information about your assets, from manufacturing parts to entire buildings



## Collaborate & Manage

The information you need to efficiently manage your processes and assets virtually

Automated and intuitive workflows enable customer productivity

# Transforming Measurement & Digitization with a Unique Ecosystem



# Product Strategy Vision



## Expand

Grow addressable market with new product lines



## Renew

Core products seeing a next generation release



## Partner

To grow through new channels, to complement our portfolio



## Simplify

Drive productivity and improve customer experience

# R&D Differentiators & IP



## Metrology

40+ years experience in industrial metrology

*Inventor of the FARO Arm*



## Laser Scanning

25+ years experience in reality capture & laser Scanning

*Inventor of the FARO Focus*



## Vision & Photogrammetry

15+ years of experience leveraging latest GPU and FPGA based developments



## Mobile Scanning

Market-leading SLAM technology for mobile scanning

*Inventor of FARO Orbis*



## AI

Create data insights, improve data quality & accuracy and solve new customer use cases

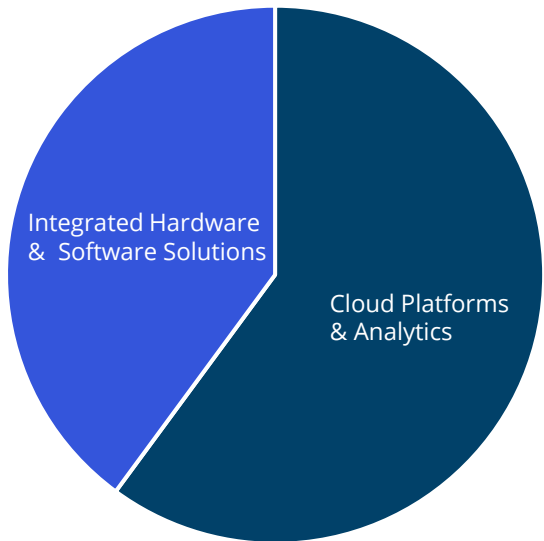


## Software Ecosystem

Generating insights across hardware, cloud, desktop and mobile

# Focused R&D Investment Delivers Efficiency

## 2023

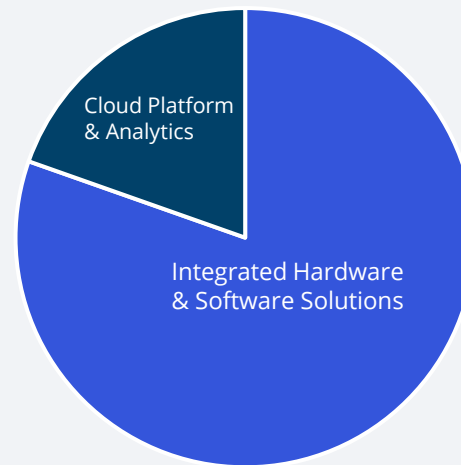


- **Restructured** R&D organization for improved **efficiency and execution**
- **Increased focus** on core products & markets and Sphere XG Cloud Platform

Restructured R&D and re-balanced investment

-30%

## 2024



Expand	Partner
Renew	Streamline

Clear focus of investment on core products and platform targeting our core addressable market



# Industry-Leading Products & World-Class Customer Experience



## Industry-Leading Product Portfolio

- Increase speed-to-market through disciplined portfolio management (80:20)
- New hardware and software ecosystem to expand addressable market (increase SAM)
- Speed to innovation enabled by partnerships, and dynamic resource allocation
- Value Engineering to improve cost efficiency

## World-Class Customer Experience

- One platform — one world-class experience
- IoT, predictive maintenance, and in-field connectivity and serviceability
- Open APIs create more partnerships and extensibility opportunities

Disciplined prioritization and intense execution drives product and customer experience

# Sales

FROM **FOCUS** COMES **GROWTH**



**FARO**

**Jeff Sexton**

SENIOR VICE PRESIDENT,  
GLOBAL SALES

# Go To Market Highlights



**Vibrant Markets**



**Retention and  
Expansion of  
Core**



**Demonstratable  
Customer Need**



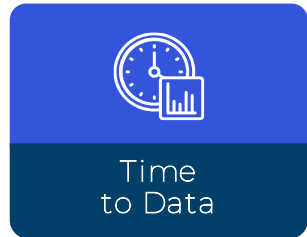
**Go-to-Market  
Strategy  
Refinements**

# Creating Value for Customers

Our Customers  
Need 3D Data



Digitized  
Assets



Time  
to Data



Increased  
Productivity

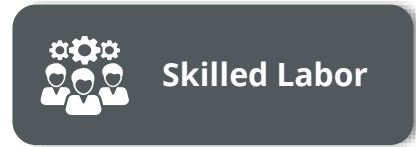
Megatrends  
Creating the Need  
for More Data



Near-shoring



Digitization



Skilled Labor



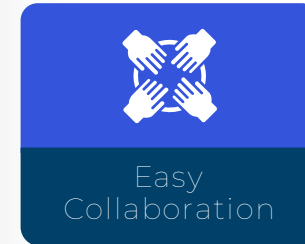
FARO Delivers  
Differentiation



Reliable  
Accuracy



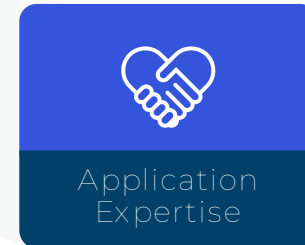
Ease  
of Use



Easy  
Collaboration



One Stop Shop



Application  
Expertise



Global  
Presence

FARO is well-positioned to capitalize on customers' need for 3D Data

# Delivering Customer Value



## Manufacturing

### FARO IMPACT:

- Inspection Time Reduction: > 75%
- ROI Payback: < 3 Months

"The best product and support in the industry. I have never felt more comfortable with the equipment or data I gather. The single greatest quality improvement we have ever made"

**-Director, Metrology**

## Architecture, Engineering, Construction

### FARO IMPACT:

- Onsite Time Reduction: 70%
- ROI Payback: 4 Months

"Prior to FARO, we always needed to make follow-up site visits because we just couldn't capture everything we needed. With FARO, we only need to do one site visit...and our accuracy has improved, our CAD man-hours have dropped, and our re-work has decreased significantly!"

**- Lead Surveyor, Civil Applications**

## Public Safety

### FARO IMPACT:

- Less time needed on scene with fewer officer resources required

"FARO provides speed in processing crime and crash scenes...capturing everything at a scene with very accurate measurements. I no longer do the traditional crime scene sketches and the data is impressive for the District Attorneys and jurors."

**- Crash & Crime Scene Reconstructionist**

We solve real business problems with complete solutions and deliver lasting value to our customers

# Why We Win and How We Grow

## How We Win

- Brand Strength and Reputation
- Subject Matter Expertise
- Breadth of Solutions

## Strategy for Growth

### Manufacturing

- New Product Introductions
- Dynamic Resource Allocation
- Channel Expansion

### Architecture, Engineering, Construction (AEC)

- New Product Introductions
- Increase Geospatial Penetration
- Channel Expansion

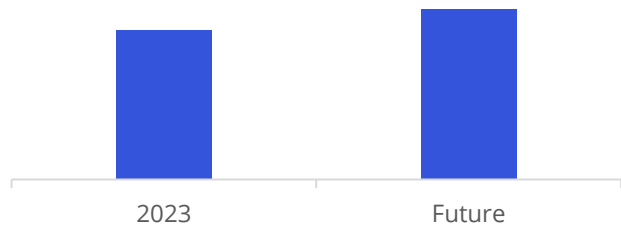
### Public Safety (PSA)

- New Product Introductions
- Large-Scale Deployments
- Pre-Disaster Planning Workflows

# Regional Sales Productivity

## AMER

Field Sales HC Productivity



Total Sales HC Productivity



Channel Percent of Sales



## EMEA

Field Sales HC Productivity



Total Sales HC Productivity

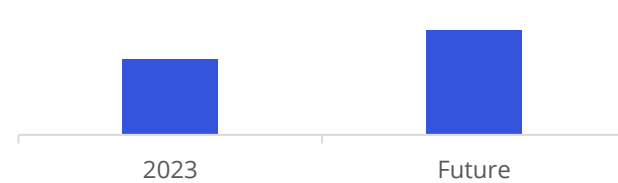


Channel Percent of Sales

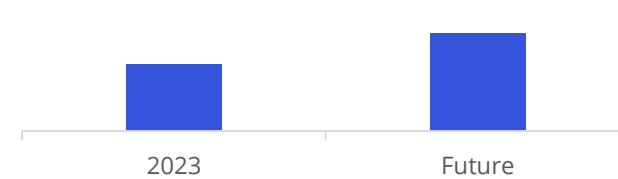


## APAC

Field Sales HC Productivity



Total Sales HC Productivity



Channel Percent of Sales



## Productivity Strategies



Portfolio Additions

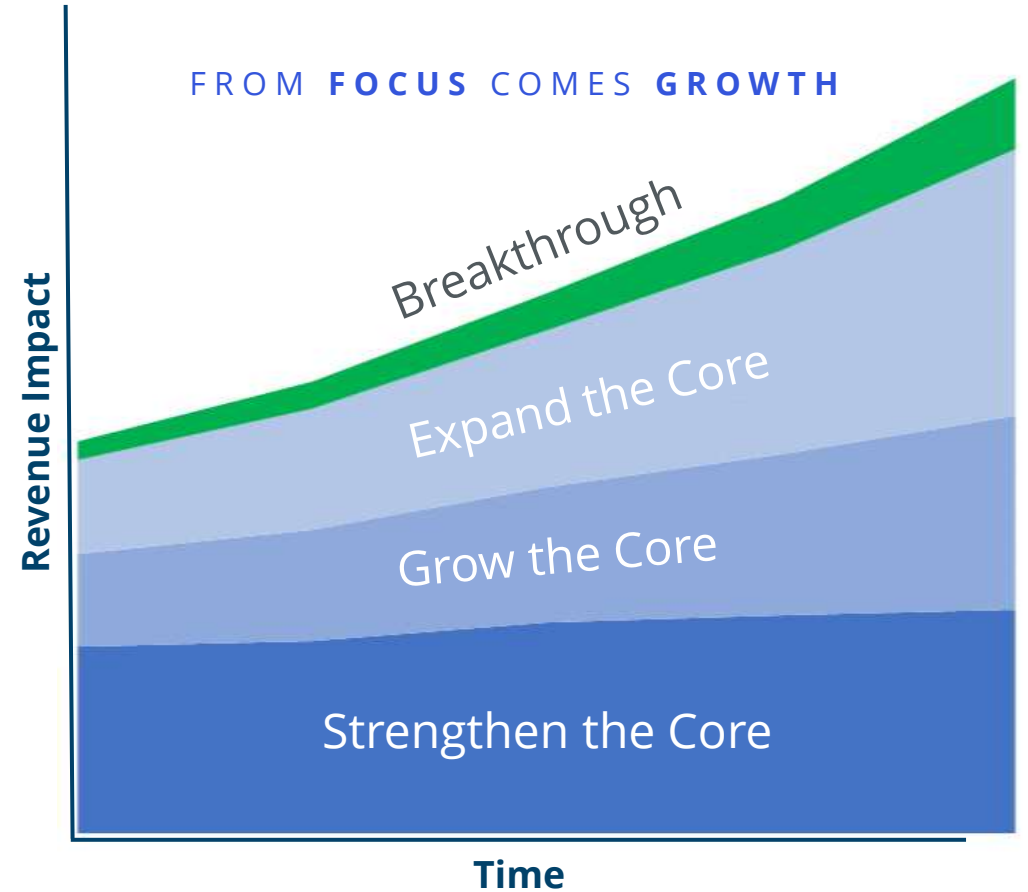


Channel Expansion



Optimized Resource Allocation

# Commercial Growth Framework



Spend our time strengthening, growing, and expanding our Core business



# Operations

FROM **FOCUS** COMES **GROWTH**



**FARO**

**Jason Pollock**

SENIOR VICE PRESIDENT,  
CHIEF OPERATING OFFICER

# The Operations Journey



# Operations Footprint



## 📍 Manufacturing

- Sanmina operational since 2022
- Business continuity
- NPI engagement
- Supply chain efficiencies
- Flexibility
- Leverage best in class

## ● Service Operations

- 11 sites globally
- Service repair/calibration
- Final touch capability

Optimized manufacturing footprint ... servicing near to our customers ... flexibility

# Gross Margin Expansion: Operationally

- Supply chain localization and optimized logistics
  - Leverage technology in the right location
  - Localized suppliers aligned to manufacturing
- S&OP and strategic buys / partners
- Dfx / value engineering

## Gross Margin % Expansion

- Broker Buy PPV Mitigation
- Direct Material Savings
- Leverage Partners
- Value Engineering

2022 & Before



2023-2025 & Beyond



# Free Cashflow: Operations Focus



## Manufacturing Excellence:

- Partnered with Sanmina 2022
- Optimized working capital
- Supply chain efficiencies
- Localize Supply Chain



## Inventory Optimization:

- S&OP process tuning
- Leverage partners
- Simplify offerings / configurations
- Significant reduction yr/yr



## Strategic Partners:

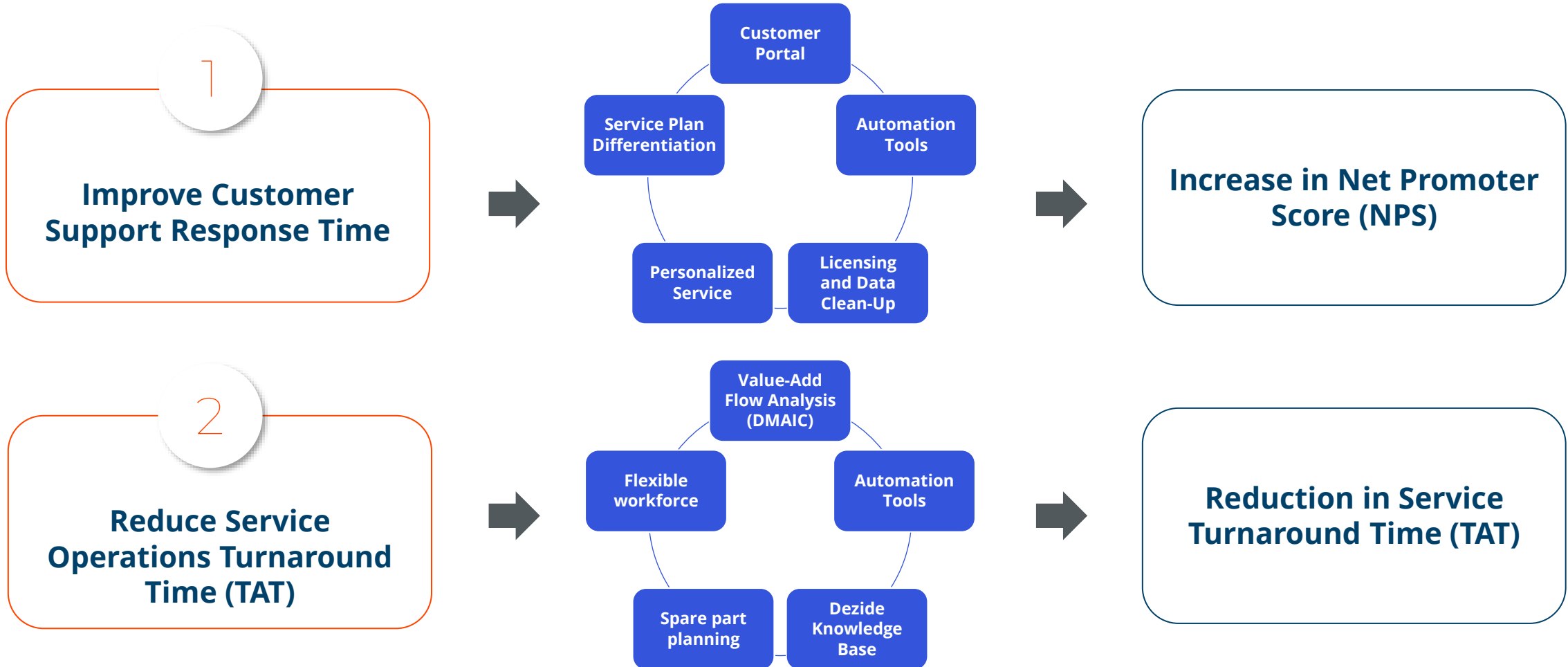
- Improved payment terms (DPO)
- Inventory management

# World-Class Service Execution

PRIORITIES

STRATEGIES

RESULTS



# Finance



**Matt Horwath**

SENIOR VICE PRESIDENT,  
CHIEF FINANCIAL OFFICER

# Finance Key Messages



**Focused  
Strategic  
Vision**



**Margin  
Expansion**



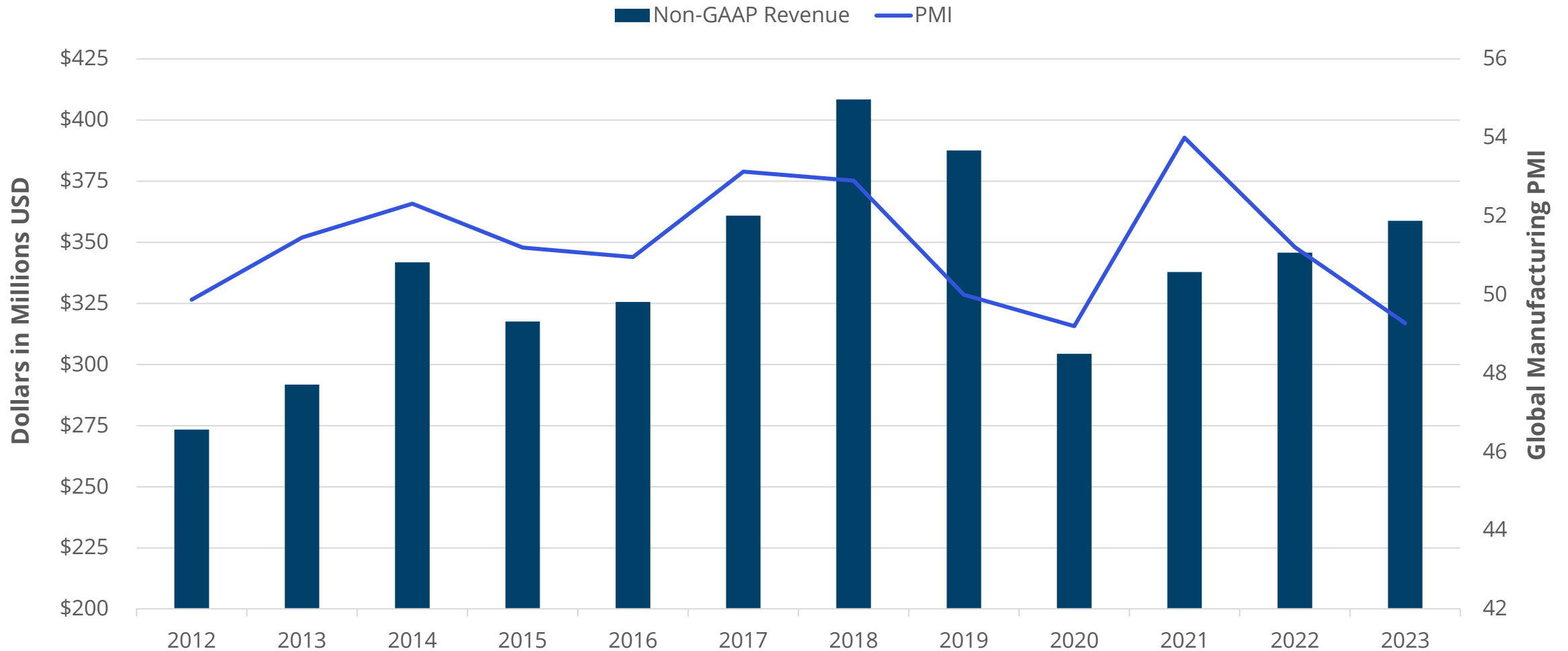
**Cash Flow  
Generation**



**Strategic Financial  
Plan Maximizes  
Shareholder  
Value**



# Non-GAAP Revenue



- Slower growth over past two years as we prioritized SaaS growth
- Cyclical impact due to discretionary capex nature; correlated to global manufacturing PMI

Note: Reconciliation of the non-GAAP measures to GAAP counterparts is provided at the end of this presentation.

# Revenue Breakdown | FY 2023

**Hardware & Software Solutions**  
Approx. \$279M  
(78% mix)

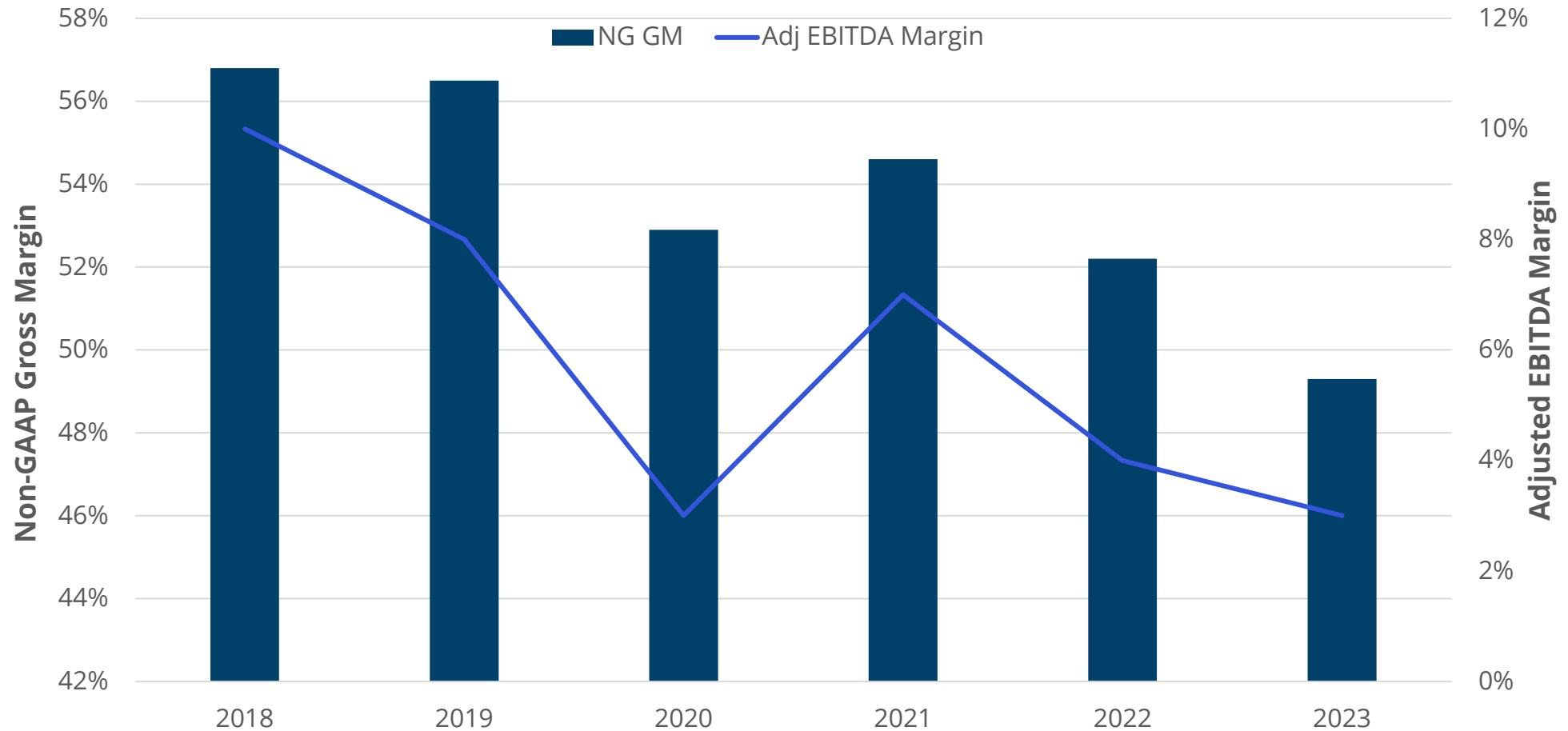
**Services**  
Approx. \$80M  
(22% mix)

**HW Service Contracts**

**HW T&M; Training**

- High mix of integrated hardware and software solutions
  - Services driven by hardware installed base

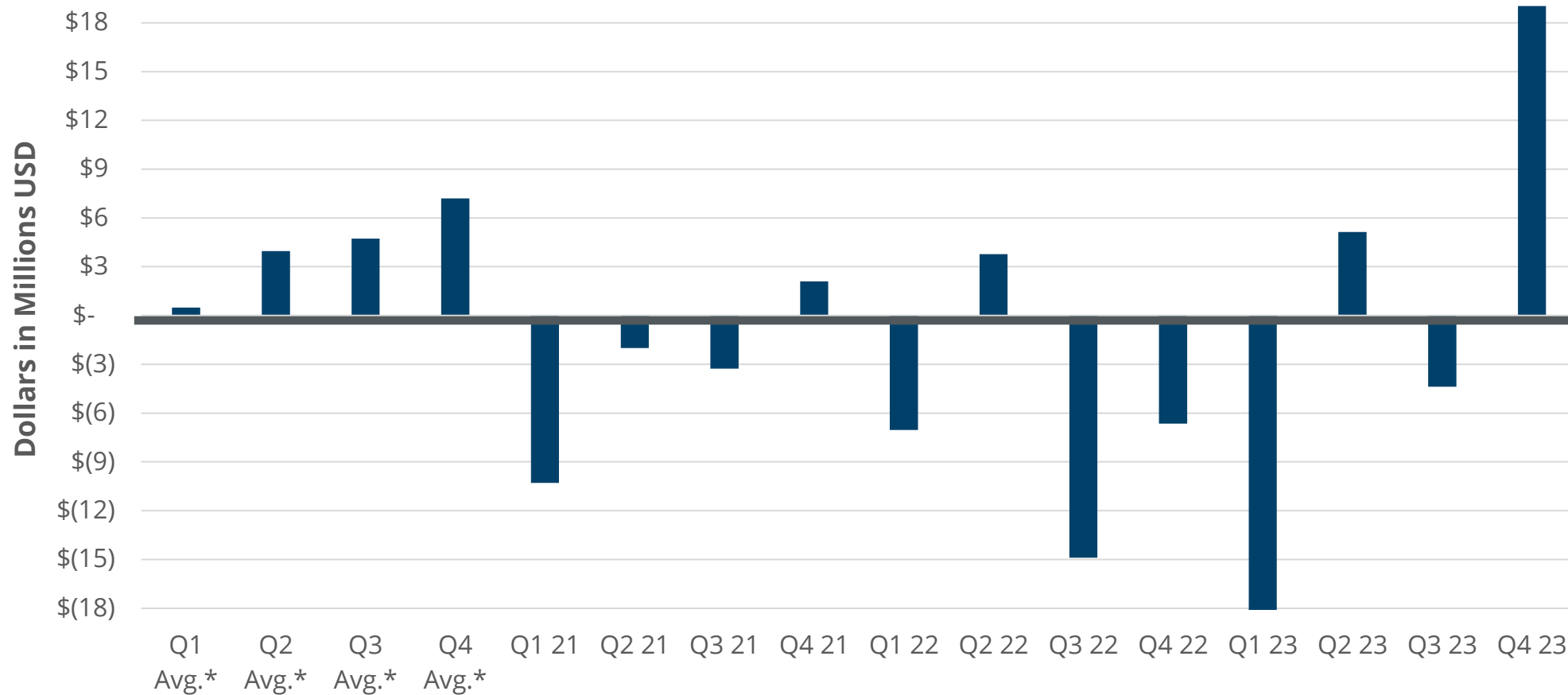
# Non-GAAP Margins



- Material input cost increases and lower revenue levels drive gross margin erosion
- High operating leverage and low revenue growth drive lower profit margins

Note: Reconciliation of the non-GAAP measures to GAAP counterparts is provided at the end of this presentation.

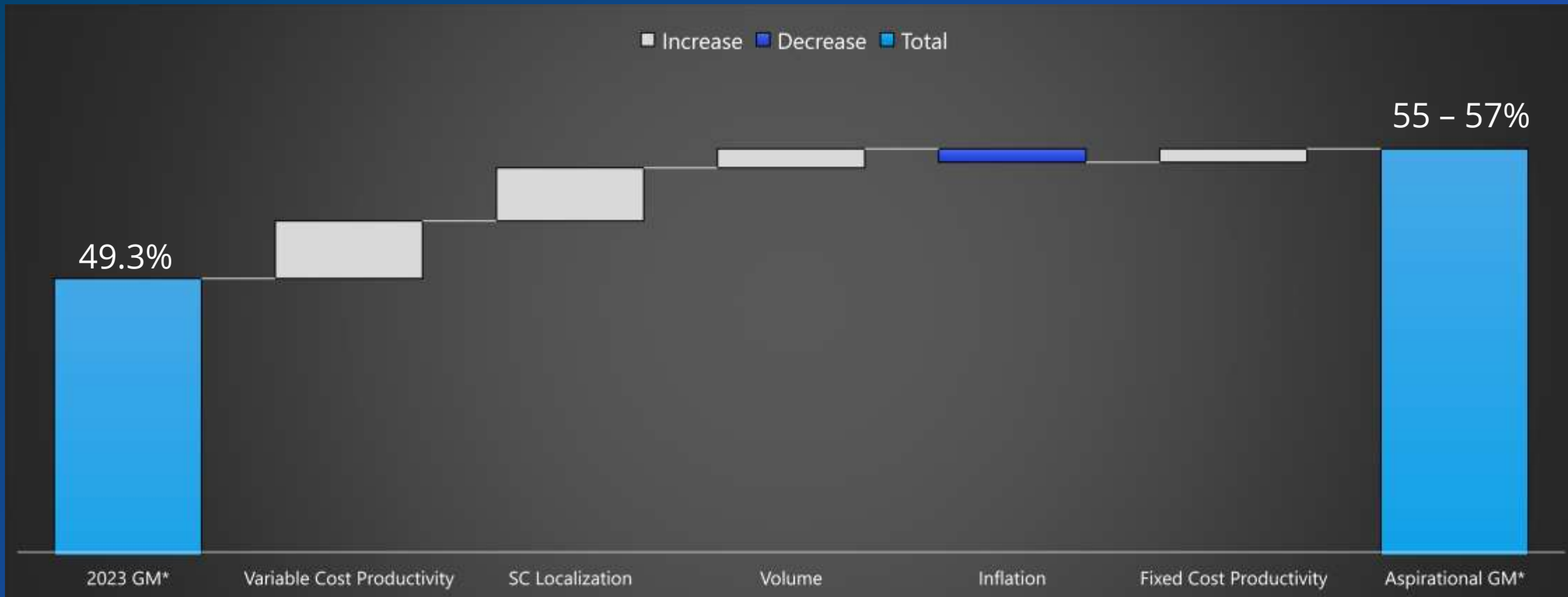
# Cash Flow from Ops



- Pre-COVID profit levels drove consistent cash flow from operations
- Profit levels and restructuring driving inconsistent performance

\* Quarter average calculated for 2017 - 2019

# Non-GAAP Gross Margin | 2023 to Aspirational Goal



- Variable cost productivity and supply chain localization drives meaningful expansion
  - Other drivers include volume, fixed cost productivity and inflation

\* Non-GAAP Gross Margin. Aspirational goals are not guidance, not guaranteed and are subject to risks and uncertainties.

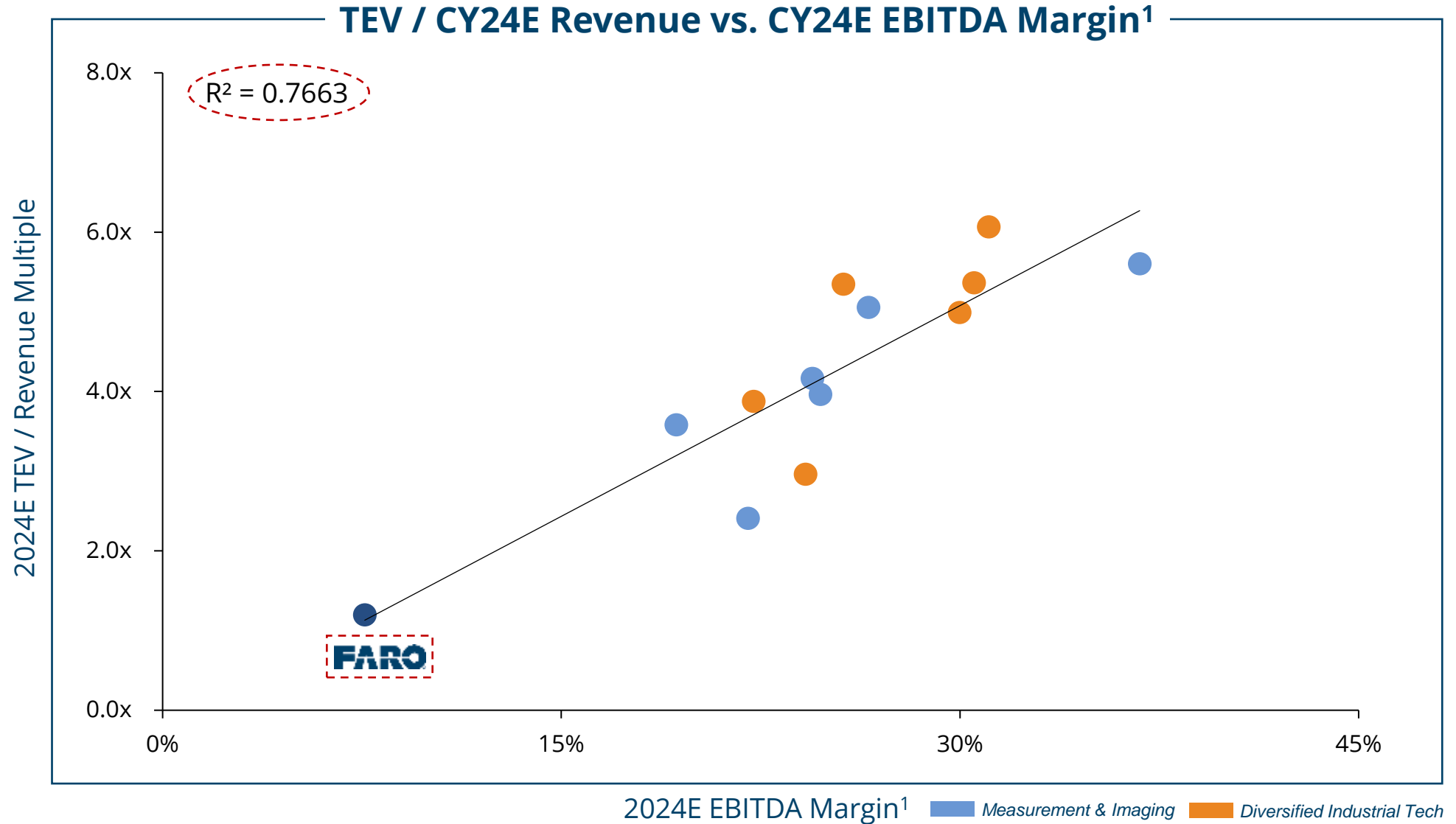
# Adjusted EBITDA Margin | Aspirational Goal

Annual Revenue Scenarios	~ \$359M	\$375M	<b>\$400M</b>	\$425M
<b>Gross Margin improvement*</b>	600 bps	650 bps	750 bps	800 bps
<b>Total Opex Growth*</b>	(2)-0%	(2)-0%	1-3%	1-3%
<b>Adj. EBITDA Margin %</b>	9-11%	10-12%	15%	16-18%
<b>FCF Conversion</b>	> 50%	> 55%	> 70%	> 75%
<b>Annual FCF</b>	> \$15M	> \$20M	> \$40M	> \$50M

**Goal = Adjusted EBITDA margin goal of 15% at \$400M in revenue**

\* Gross margin improvement vs Non-GAAP fiscal year 2023; total non-GAAP operating expense growth assumes TTM at the mid-point of Q1 2024 guidance range. Aspirational goals are not guidance, not guaranteed and are subject to risks and uncertainties. Note: \$ in millions, Gross Margin, Operating Expense and Adjusted EBITDA are on a non-GAAP basis.

# Estimated Valuation

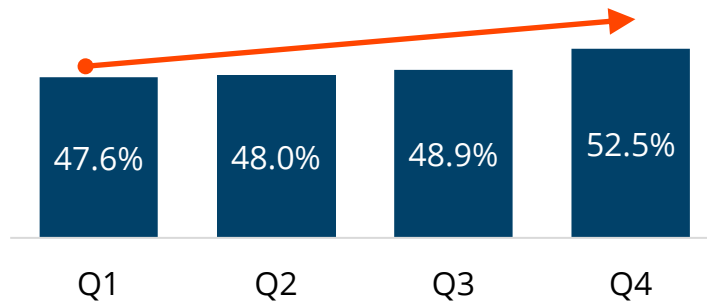


Source: Consensus 2024 (Factset on 2/29/24)  
1. EBITDA margin pre-stock-based compensation  
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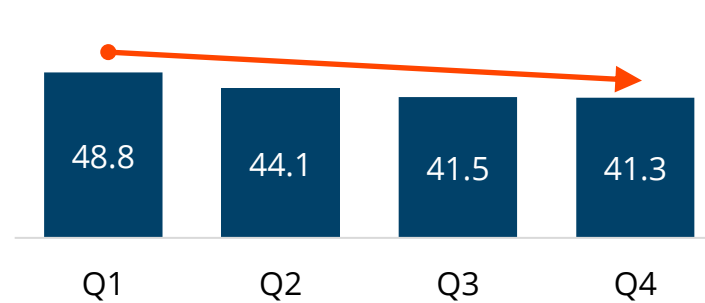
# Financial Playbook

## Demonstrated Improvement in 2023

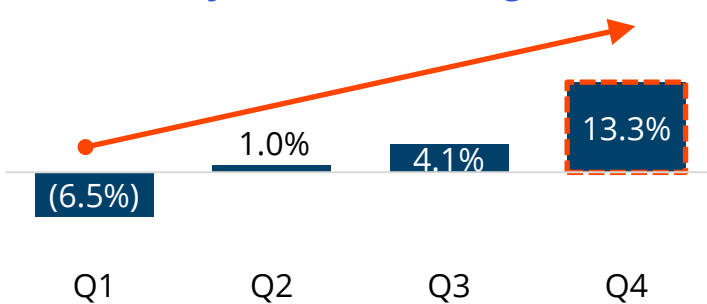
Non-GAAP Gross Margin



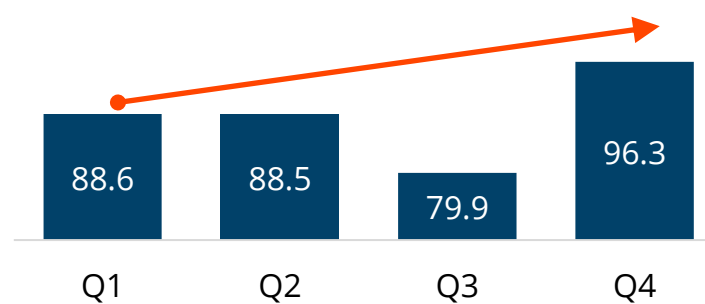
Non-GAAP Operating Expense



Adjusted EBITDA Margin



Cash & ST Investments



### Margin Expansion

- Decreased input costs exiting Q4
- Improved cost structure
- Disciplined investment levels
- Significant second-half improvement in Adj. EBITDA margin
- Q4 Adj. EBITDA margin up 200 bps YoY on lower revenue

### Cash & ST Investment Position

- Significant cash generation in Q4
- Cash & STI , net of debt of \$21 million exiting Q4 2023

Note: \$ in millions  
Gross Margin, Operating Expense and Adjusted EBITDA Margin are on a non-GAAP basis.

Note: Reconciliation of the non-GAAP measured to GAAP counterparts is provided at the end of this presentation.



# FARO Playbook for Sustainable Financial Growth



Playbook enables meaningful, multi-year value creation



## Summary

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- **Strong foundation, improving financial performance**
- **Focus to grow and expand in our core markets**
- **Update operating model to drive value through improved execution**
- **Poised to create significant shareholder value**

# Historical GAAP to Non-GAAP Reconciliations

	2018	2019	2020	2021	2022	2023
<b>Total revenue, as reported</b>	\$403.6	\$381.8	\$303.8	\$337.8	\$345.8	\$358.8
<b>GSA revenue adjustment</b>	4.8	5.8	0.6	-	-	-
<b>Non-GAAP total revenue</b>	\$408.4	\$387.6	\$304.4	\$337.8	\$345.8	\$358.8

Prior to FY 2018 there were no revenue adjustments.

Note: \$ in millions; For more information related to the historical GAAP to Non-GAAP reconciliations, refer to our website at <https://www.faro.com/en/About-Us/Investor-Relations>

# Historical GAAP to Non-GAAP Reconciliations

	2018	2019	2020	2021	2022	2023
<b>Gross profit, as reported</b>	\$221.6	\$198.1	\$159.8	\$183.9	\$175.8	\$165.0
<b>GSA sales adjustment</b>	4.8	5.8	0.6	-	-	-
<b>Stock-based compensation</b>	0.8	1.0	0.7	0.6	1.1	1.3
<b>Inventory reserve charge</b>	4.7	12.8	-	-	-	9.3
<b>Product recall charge</b>	-	1.3	-	-	-	-
<b>Purchase accounting intangible amortization and fair value adjustments</b>	-	-	-	-	3.6	-
<b>Restructuring and other costs</b>	-	-	-	-	-	1.4
<b>Non-GAAP gross profit</b>	\$231.9	\$219.1	\$161.2	\$184.6	\$180.4	\$177.1
<b>Gross margin, as reported</b>	54.9%	51.9%	52.6%	54.4%	50.8%	46.0%
<b>Non-GAAP gross margin</b>	56.8%	56.5%	52.9%	54.6%	52.2%	49.3%

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# Historical GAAP to Non-GAAP Reconciliations

	2018	2019	2020	2021	2022	2023
<b>Net income (loss)</b>	\$4.9	(\$62.1)	\$0.6	(\$40.0)	(\$26.8)	(\$56.6)
<b>Interest expense (income), net</b>	0.1	0.1	(0.3)	0.1	-	3.3
<b>Income tax (benefit) expense</b>	(0.4)	1.1	(31.4)	31.4	5.1	2.5
<b>Depreciation and amortization</b>	18.3	18.5	14.2	13.4	17.5	15.4
<b>EBITDA</b>	\$22.9	(\$42.4)	(\$16.9)	\$4.9	(\$4.2)	(\$35.3)
<b>Other (income) expense, net</b>	1.1	1.1	0.4	0.1	(3.2)	1.2
<b>Stock-based compensation</b>	7.6	11.1	8.3	11.5	13.3	17.8
<b>GSA sales adjustment</b>	4.8	5.8	0.6	-	-	-
<b>Inventory reserve charge</b>	4.7	12.8	-	-	-	-
<b>Advisory fees for GSA Matter</b>	-	1.2	-	-	-	-
<b>Product recall and other product charges</b>	-	1.3	1.6	-	-	-
<b>Restructuring and other costs</b>	-	38.7	15.8	7.4	7.5	19.0
<b>Adjusted EBITDA</b>	\$41.2	\$29.7	\$9.9	\$23.8	\$13.5	\$12.1
<b>Adjusted EBITDA margin</b>	10.1%	7.7%	3.3%	7.0%	3.9%	3.4%

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# Quarterly 2023 GAAP to Non-GAAP Reconciliations

	Q1	Q2	Q3	Q4
<b>Gross profit, as reported</b>	\$39.7	\$33.3	\$41.7	\$50.3
<b>Stock-based compensation</b>	0.3	0.4	0.3	0.4
<b>Inventory reserve charge</b>	-	8.1	-	1.2
<b>Restructuring and other costs</b>	0.4	0.4	0.5	0.1
<b>Non-GAAP gross profit</b>	\$40.4	\$42.3	\$42.4	\$51.9
<b>Gross margin, as reported</b>	46.7%	37.8%	48.0%	50.9%
<b>Non-GAAP gross margin</b>	47.6%	48.0%	48.9%	52.5%

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# Quarterly 2023 GAAP to Non-GAAP Reconciliations

	Q1	Q2	Q3	Q4
<b>Operating expenses, as reported</b>	\$58.3	\$58.7	\$48.6	\$48.9
<b>Stock-based compensation</b>	(3.4)	(4.5)	(3.4)	(5.2)
<b>Restructuring and other costs</b>	(5.0)	(8.8)	(2.5)	(1.3)
<b>Purchase accounting intangible amortization</b>	(1.2)	(1.2)	(1.2)	(1.1)
<b>Non-GAAP operating expenses</b>	\$48.8	\$44.1	\$41.5	\$41.3

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# Quarterly 2023 GAAP to Non-GAAP Reconciliations

	Q1	Q2	Q3	Q4
<b>Net (loss) income</b>	(\$21.2)	(\$28.2)	(\$8.8)	\$1.6
<b>Interest expense (income), net</b>	0.8	1.0	0.7	0.8
<b>Income tax expense (benefit)</b>	1.9	1.4	1.5	(2.4)
<b>Depreciation and amortization</b>	4.0	3.9	3.8	3.6
<b>EBITDA</b>	(\$14.4)	(\$21.9)	(\$2.7)	\$3.7
<b>Other (income) expense, net</b>	(0.2)	0.5	(0.4)	1.3
<b>Stock-based compensation</b>	3.6	5.0	3.7	5.6
<b>Inventory reserve charge</b>	-	8.1	-	1.2
<b>Restructuring and other costs</b>	5.5	9.2	3.0	1.4
<b>Adjusted EBITDA</b>	(\$5.5)	\$0.9	\$3.5	\$13.2
<b>Adjusted EBITDA margin</b>	(6.5%)	1.0%	4.1%	13.3%

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