



Investor Presentation

Peter Lau – President & CEO

January 17, 2024

FARO[®]



Safe Harbor Statement

Certain statements made or incorporated by reference in this presentation 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. 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. Financial information in this presentation are as of the quarters presented. The Company has no duty to update, is in a quiet period and no information concerning Q4 2023 will be presented or discussed.

FARO Overview

TTM Revenue

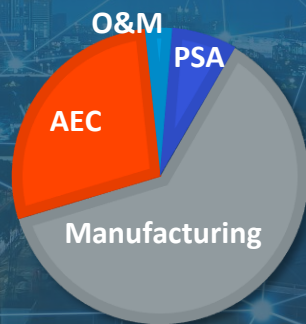
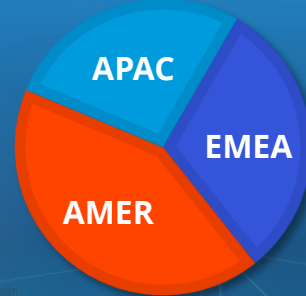
\$364M
+6% YoY

TTM Non-GAAP
Gross Margin

49%

TTM Adjusted
EBITDA Margin

3%



**Broad Set of
3D Capture
Devices**

**Software
Unlocks
Customer Value**

**15,000+
3D Customers**

**76%
Brand Loyalty**

**1098
Patents**

**#1 or 2 in
served markets**

FARO foundation poised to create shareholder value

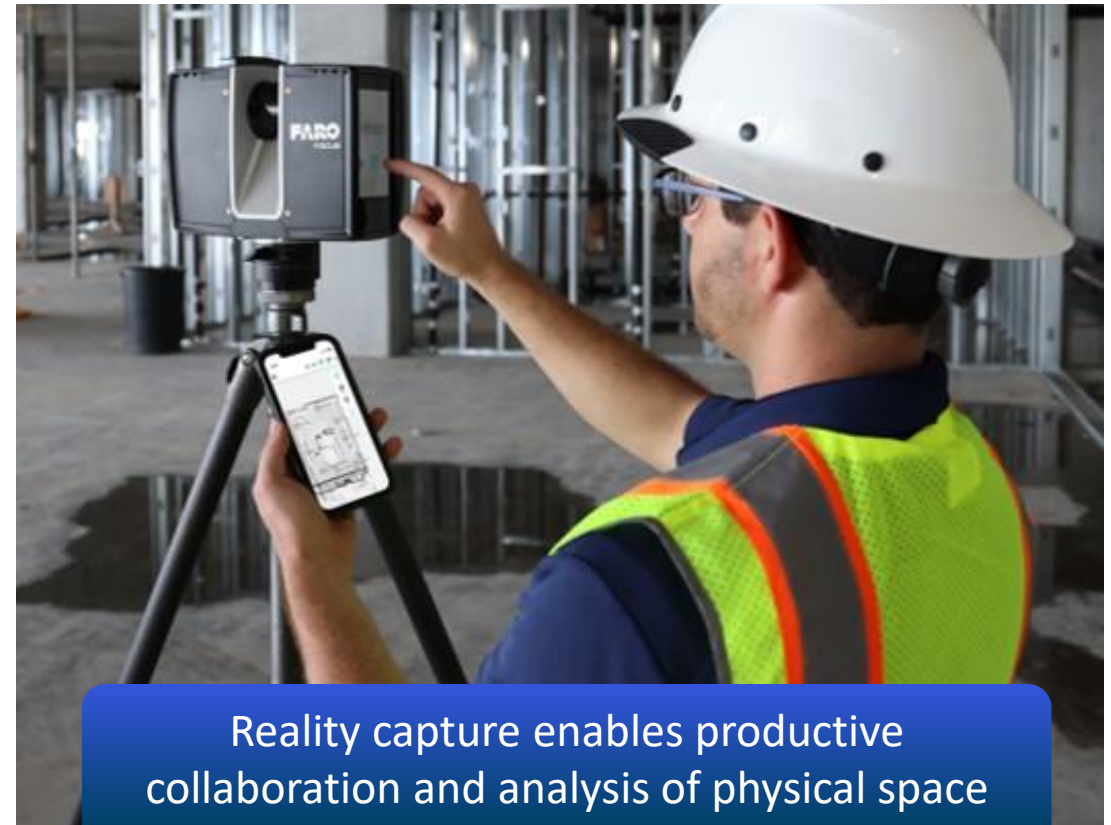


Note: Revenue, Non-GAAP Gross Margin and Adjusted EBITDA margin are for the trailing twelve months ending September 30, 2023. Non-GAAP Gross Margin and Adjusted EBITDA margin are on a non-GAAP basis as of September 2023. Reconciliations to GAAP counterparts available in FARO's public SEC filings which are available on its website.

FARO – What we do

We enable customers to scan the physical world using optical, laser and camera devices, and re-create it digitally to measure, interact and share 3D data. Our leading hardware and software platforms drive productivity in organizations of all sizes.

Pioneers in Virtualization of the Physical World



40+ years of FARO enabling productivity and quality



A Complete Solution to Measure and Digitize the Physical World



Capture

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

Hardware:

Orbis, Focus, Quantum, Vantage



Register

Alignment of multi format data into one 3D Model or digital twin

Software:

Sphere XG Cloud & Desktop



Analyze

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

Software:

Sphere XG, CAM2, BuildIT, Zone, 3RD Party APIs



Collaborate & Manage

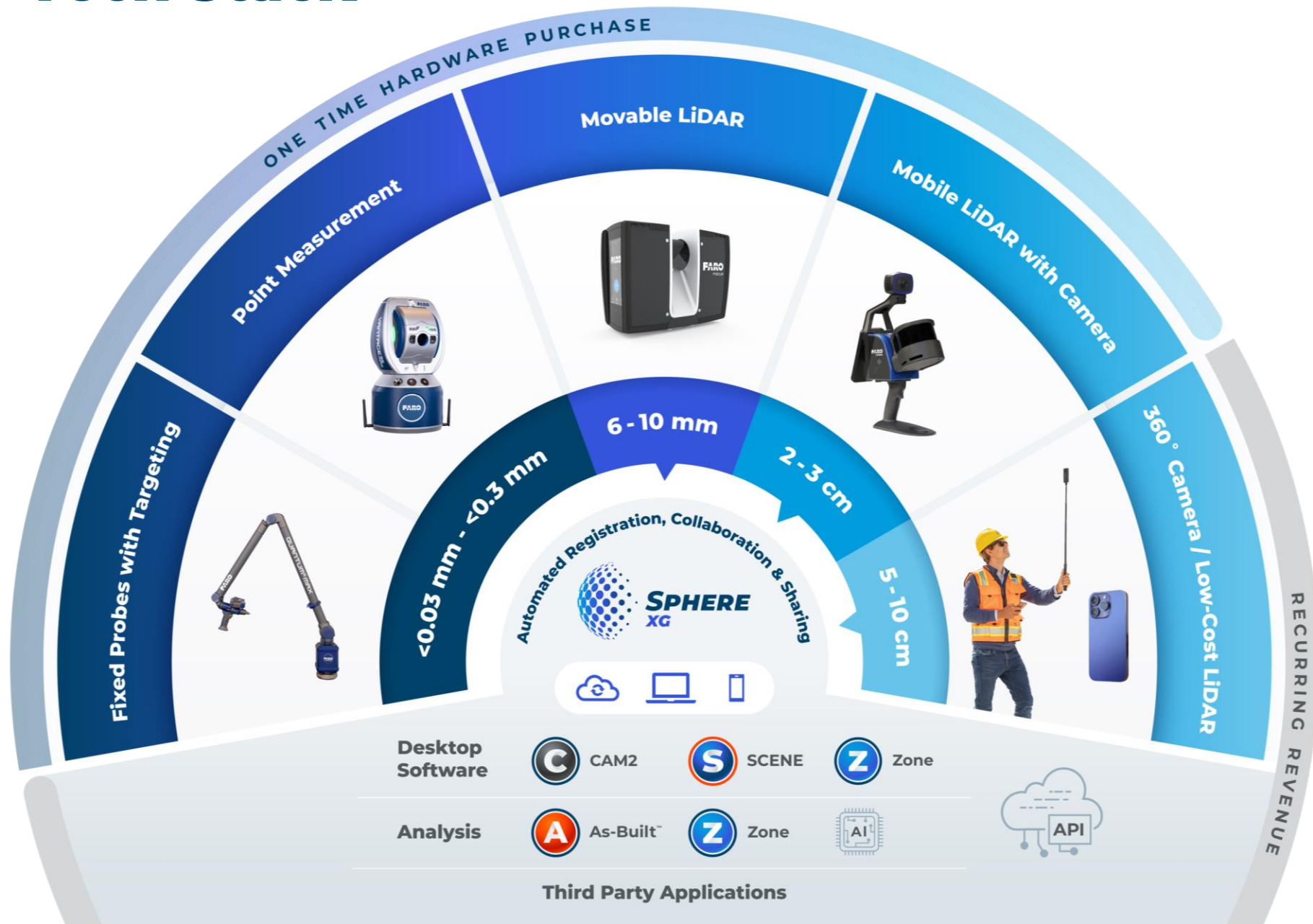
The information you need to efficiently manage your processes and assets virtually

Software:

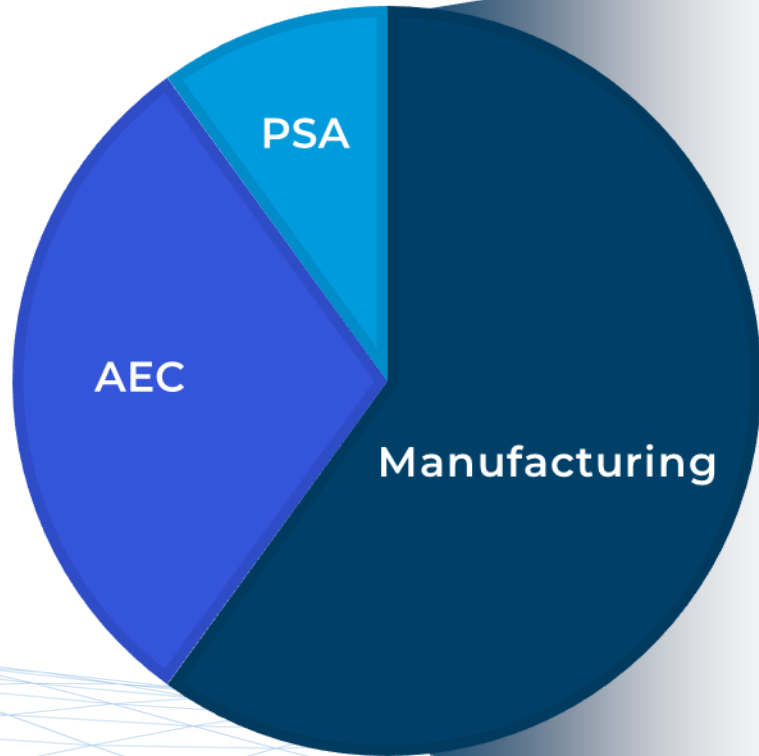
Sphere XG Cloud & Desktop






Automated and intuitive workflows enable customer productivity

FARO Tech Stack



Key Verticals Aligned with Megatrends



	Near - Shoring	Increased Capacity needs 3D Measurement
	Digitization	Productivity by digitally cataloging physical world
	Skilled Labor	Intuitive workflows reduce human intervention
	Remote Work	Software enables collaboration for disparate sites
	Artificial Intelligence	Consumes data at scale collected for 3D

Megatrends further solidify an already vibrant market

Creating Value for Customers

Why Do Businesses Need to Use 3D Data?



Digitalized Assets

Crucial information of the physical world catalogued and readily available



Time to Data

Rapid need for business-critical information, enhancing productivity



Increased Productivity

Comprehensive data collection without re-work or re-visits

FARO®

How FARO Differentiates to Customers



Reliable Accuracy

Market leading precision measurement



Global Presence

Broad geographic coverage



One Stop Shop

Broadest set of portable capture devices



Easy Collaboration

Harmonized software platform on Cloud, mobile or desktop



Customer Intimacy

Market leading application expertise



Ease of Use

Simple operation without the need for highly skilled labor

3D Data adoption growing exponentially, FARO well positioned

Case Studies



By utilizing laser scanning and avoiding rework, \$200,000 saved or more on a single project.

[Read the case study](#) →



Columbia College Chicago



Saved 4,680 man hours annually for site photo documentation.

[Read the case study](#) →



Harvey Milk Terminal 1 at the San Francisco International Airport



Planned production increase of 65% in 2024 ⁽¹⁾

[Read the case study](#) →



Growth in electric vehicle manufacturing

(1) Source BoA Securities Summit

FARO adds quantifiable productivity to blue chip customers



FARO Path to Sustainable Financial Growth



Enables meaningful, multi-year value creation

Demonstrated Operational Improvement in 2023

Non-GAAP Gross Margin

- SE Asia supply chain initiatives showing results
- 90bps sequential improvement in Q3 on lower revenue

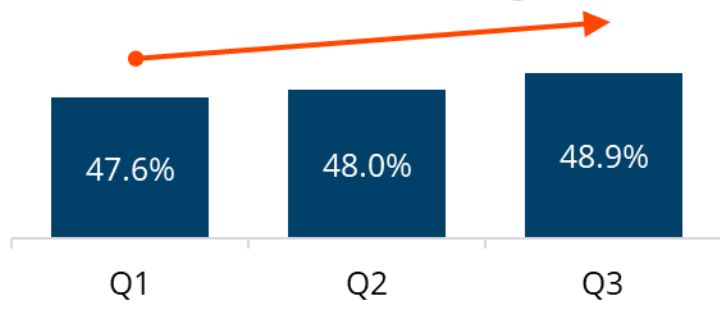
Non-GAAP Operating Expenses

- Restructuring activities in 2023 lowered expense levels to \$41-43 million
- Disciplined investment levels going forward

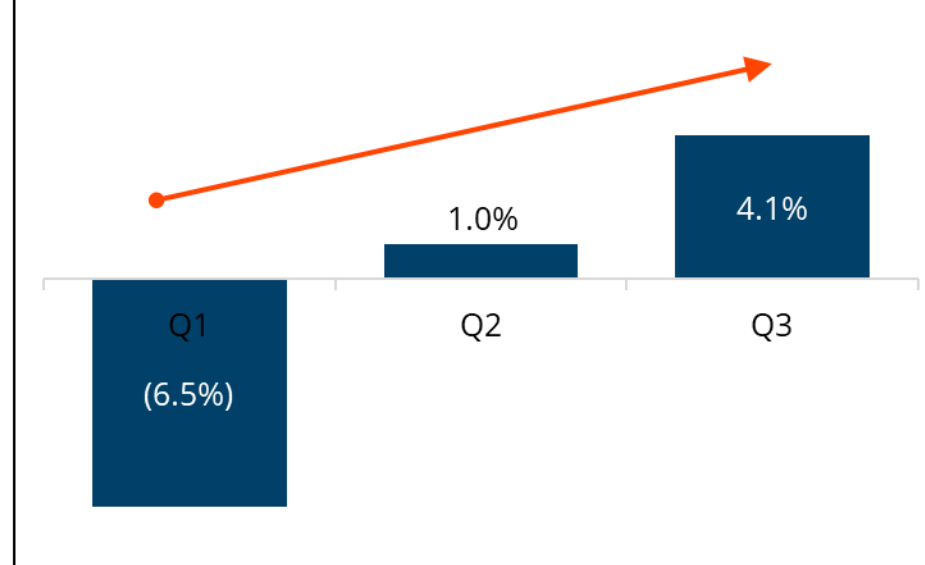
Adjusted EBITDA Margin

- Dramatic expansion throughout 2023
- Further opportunities to expand going forward

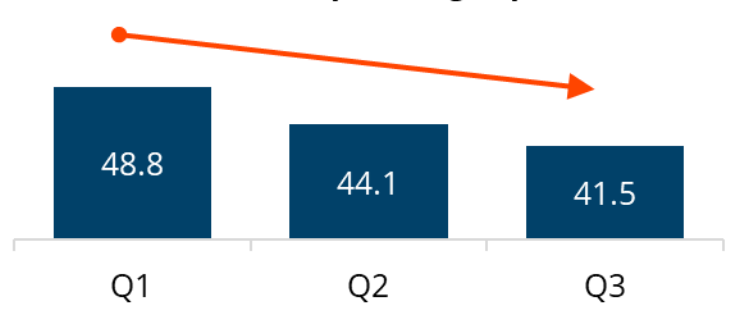
Non-GAAP Gross Margin



Adjusted EBITDA Margin



Non-GAAP Operating Expense



Note: Non-GAAP Gross Margin, Non-GAAP Operating Expense and Adjusted EBITDA margin are on a non-GAAP basis for the quarter indicated. Reconciliations to GAAP counterparts available in FARO's public SEC filings which are available on its website.

Note: \$ in millions

Summary

Grow Revenue Faster than Market

- Deep heritage in 3D capture and collaboration
- FARO technology aligned well with mega-trends fueling market growth

Grow Earnings Faster than Revenue

- Line-of-sight on gross margin expansion opportunities
- Focused execution to accelerate value creation

Grow Cashflow Faster than Earnings

- Optimize working capital