

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 16, 2023

FARO TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

0-23081
(Commission
File Number)

59-3157093
(IRS Employer
Identification No.)

250 Technology Park, Lake Mary, Florida 32746
(Address of principal executive offices, including zip code)

(407) 333-9911
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, \$.001 par value per share	FARO	Nasdaq Global Select Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective January 16, 2023, the Board of Directors (the “Board”) of FARO Technologies, Inc. (the “Company”) increased the authorized number of directors on the Board from nine to ten directors and appointed Jawad Ahsan to the Board effective as of February 1, 2023. Mr. Ahsan’s initial term as a director will run until the Company’s 2024 annual meeting of shareholders. The Board also appointed Mr. Ahsan to its Audit Committee.

There are no arrangements or understandings between Mr. Ahsan and any other person pursuant to which Mr. Ahsan was selected as a director. In addition, there are no transactions in which Mr. Ahsan has an interest that require disclosure under Item 404(a) of Regulation S-K.

Mr. Ahsan will receive compensation for his service pursuant to the Company’s director compensation program. This includes an annual cash retainer of \$60,000 per year for service as a non-employee director, an initial grant of restricted stock units (“RSUs”) with a value equal to \$100,000 on the date of grant (the “Initial Grant”) and an annual equity award of RSUs with a value equal to \$175,000 on the date following the annual meeting of shareholders (the “Annual Grant”). The Initial Grant will vest on the third anniversary of Mr. Ahsan’s appointment to the Board and the Annual Grant will vest on the day prior to the subsequent annual meeting of shareholders, such vesting events are subject to Mr. Ahsan’s continued membership on the Board through such vesting dates. In addition, Mr. Ahsan is expected to enter into the Company’s standard form of director indemnification agreement.

In connection with Mr. Ahsan’s appointment, Mr. Stephen Cole, a current member of the Board, has confirmed that he will be retiring from the Board upon the expiration of his current term at the Company’s 2023 annual meeting of shareholders. Mr. Cole’s decision is not the result of any disagreement with the Company on any matter relating to the Company’s operations, policies or practices. Mr. Cole is expected to continue to serve as a member of the Board and as member of the Audit Committee until the 2023 annual meeting of shareholders, but in light of his pending retirement has stepped down as Chair of the Audit Committee. Mr. Alex Davern is now serving as Chair of the Audit Committee.

A copy of the press release announcing Mr. Ahsan’s appointment as a director and related matters is attached hereto as Exhibit 99.1.

Item 8.01 Other Events.

On January 19, 2023, the Company issued a press release announcing the Company’s proposed private placement of \$60 million aggregate principal amount of convertible senior notes due 2028 to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Offering”). A copy of the press release is filed as Exhibit 99.2 hereto and is incorporated herein by reference.

In connection with the Offering, the Company also disclosed that, while no formal decisions have been made yet, the Company anticipates taking further steps to optimize the business consistent with the Company’s strategic plan, potentially as early as the first quarter of 2023, which would lead to total charges in the range of \$10 million to \$16 million. The Company anticipates that most of these charges would be recorded in 2023.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

EXHIBIT INDEX

Exhibit	Description
<u>99.1</u>	<u>Press Release of FARO Technologies, Inc. dated January 19, 2023</u>
<u>99.2</u>	<u>Press Release of FARO Technologies, Inc. dated January 19, 2023</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FARO Technologies, Inc.

January 19, 2023

/s/ Allen Muhich

By: Allen Muhich

Its: Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)



FARO Announces Board of Director Changes

LAKE MARY, FL, January 19, 2023 - FARO® (Nasdaq: FARO), a global leader of 3D measurement, imaging and realization solutions for the 3D Metrology, AEC (Architecture, Engineering & Construction), and Public Safety Analytics markets, today announced the appointment of Jawad Ahsan to its Board of Directors effective February 1, 2023, the planned retirement of long-time Board member, Stephen Cole, and the appointment of Alex Davern as the Chair of the Company's Audit Committee in connection with Mr. Cole's upcoming retirement.

Appointment of Jawad Ahsan to the FARO Board of Directors

Mr. Ahsan has held numerous senior financial leadership positions at General Electric Company (NYSE: GE) and most recently as the Chief Financial Officer of Axon Enterprises, Inc. (Nasdaq: AXON), where he was instrumental in Axon's successful transition to providing hardware-software solutions.

"I'm pleased to welcome Jawad to FARO's Board of Directors" said Michael Burger, FARO's Chief Executive Officer. "Axon's successful transition from a hardware focused company to a hardware-enabled solutions company is very similar to the strategic transition we have initiated at FARO. His experience and counsel will be invaluable as we continue our journey."

Mr. Ahsan's appointment to the Board will become effective on February 1, 2023. He will be in the class up for reelection at FARO's 2024 annual shareholders meeting.

Retirement of Stephen Cole and appointment of Alex Davern to Audit Committee Chair

After 23 years of providing guidance and direction to FARO's management teams and most recently as the Chair of the Audit Committee, Stephen Cole has announced he will not seek re-election to the Board of Directors when his term expires at FARO's 2023 annual shareholders meeting.

In preparation for Mr. Cole's retirement, Alex Davern, who joined FARO's Board of Directors in 2021, assumed the role of Audit Committee Chair.

"I want to thank Steve for his dedication and tireless contributions to FARO. His insightful advice has enabled the success of FARO as the Company transitioned from a small enterprise with an interesting product idea to the launch of transformational products that allowed FARO to pioneer customer applications in 3D measurement," said Yuval Wasserman, Chair of the FARO Board of Directors. "I'm pleased that Alex Davern's experience, both as the Chief Executive Officer and Chief Financial Officer of National Instruments as well as his active role as a Board Member of FARO over the last 18 months, led to a seamless transition as he assumed the Audit Committee Chair position earlier in January."

About FARO

For 40 years, FARO has provided industry-leading technology solutions that enable customers to measure their world, and then use that data to make smarter decisions faster. FARO continues to be a pioneer in bridging the digital and physical worlds through data-driven reliable accuracy, precision, and immediacy.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties, such as statements about the performance of FARO and its Board of Directors. Such forward-looking statements may be identified by the use of the following words (among others): "believes," "expects," "may," "will," "plan," "should" or "anticipates," or comparable words and their negatives. These forward-looking statements are not guarantees but are subject to risks and uncertainties that could cause actual results to differ materially from the expectations contained in these statements. For a discussion of such risks and uncertainties, please see Part I, Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 that was filed on February 16, 2022, with the Securities and Exchange Commission ("SEC"), as well as in other documents FARO files from time to time with the SEC. FARO assumes no obligation to update any forward-looking statements contained in this press release in the event of changing circumstances or otherwise, and such statements are current only as of the date they are made.

Contacts

FARO Technologies, Inc.
Allen Muhich, Chief Financial Officer
+1 407-562-5005

Sapphire Investor Relations, LLC
Michael Funari or Erica Mannion
+1 617-542-6180



FARO Technologies Announces Proposed \$60 Million Convertible Senior Notes Offering

Lake Mary, Fl, – January 19, 2023 - FARO® Technologies, Inc. (Nasdaq: FARO) (“FARO”) announced that it intends to offer, subject to market conditions and other considerations, \$60 million aggregate principal amount of convertible senior notes due 2028 (the “Notes”) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). FARO also expects to grant the initial purchaser of the Notes a 13-day option to purchase up to an additional \$15 million in aggregate principal amount of Notes.

The Notes will be general unsecured obligations of FARO and will accrue interest payable semiannually in arrears and will mature on February 1, 2028, unless repurchased, redeemed or converted prior to such date. The interest rate, conversion rate and certain other terms of the Notes will be determined upon pricing of the offering.

Prior to November 1, 2027, the Notes will be convertible at the option of holders only upon satisfaction of certain conditions and during certain periods. On and after November 1, 2027, the Notes will be convertible at the option of holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion of the Notes, FARO will pay or deliver, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at FARO’s election.

FARO may redeem for cash all or (subject to certain limitations) any part of the Notes, at its option, on or after February 5, 2026, if the last reported sale price of FARO’s common stock has been at least 130% of the conversion price for the Notes then in effect on (1) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately preceding the date on which FARO sends the related notice of redemption, and (2) the trading day immediately before the date FARO sends notice. The redemption price will be 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

Holders of the Notes will have the right to require FARO to repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a fundamental change (as defined in the indenture relating to the Notes).

FARO, under certain circumstances, will also be required to increase the conversion rate for holders who convert their Notes in connection with a make-whole fundamental change (as defined in the indenture relating to the Notes) occurring prior to the maturity date. The definition of make-whole fundamental change includes the calling of Notes for redemption.

FARO intends to use the net proceeds from this offering for working capital and other general corporate purposes.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The offer and sale of the Notes and the shares of common stock issuable upon conversion of the Notes, if any, have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction, and the Notes and such shares may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties, such as statements about the proposed terms of the Notes, the completion, timing and size of the proposed offering and the anticipated use of proceeds from the offering. Statements that are not historical facts or that describe FARO's plans, beliefs, objectives, projections, expectations, assumptions, strategies, goals or future events are forward-looking statements. In addition, words such as "is," "will," "intend," "believe," "expect," "may," "might," "would," "will," "will be," "future," "strategy," "believe," "plan," "should," "could," "seek," "expect," "anticipate," "intend," "estimate," "goal," "objective," "project," "forecast," "target" and similar words identify forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to various known and unknown risks, uncertainties, and other factors that may cause actual results, performances, or achievements to differ materially from future results, performances or achievements expressed or implied by such forward-looking statements. Consequently, undue reliance should not be placed on these forward-looking statements. Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to, those risks detailed in Part I, Item 1A, Risk Factors in FARO's Annual Report on Form 10-K for the year ended December 31, 2021 that was filed with the Securities and Exchange Commission ("SEC") on February 16, 2022, and in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 that was filed with the SEC on November 2, 2022, as well as in other documents FARO files from time to time with the SEC. Forward-looking statements in this release represent FARO's judgment as of the date of this release. FARO 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.

Media Contact: Jessica Hale, 407-333-9911.