

**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): July 15, 2021

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) (Zip Code)

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

N/A
(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 each exchange on which registered
Common Stock, par value \$.001	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 1.01. Entry into a Material Definitive Agreement

On July 15, 2021, FARO Technologies, Inc. (the “Company”) entered into a manufacturing services agreement (the “Agreement”) with Sanmina Corporation (“Sanmina”), in connection with the Company’s previously announced global restructuring plan. Under the Agreement, Sanmina will provide comprehensive manufacturing services for the Company’s measurement device products currently manufactured by the Company at the Company’s Lake Mary, Florida; Exton, Pennsylvania; and Stuttgart, Germany manufacturing sites.

Under the Agreement, the Company will provide Sanmina with an initial ninety day firm purchase order (“Order”) and a forecast for product requirements for an additional nine months (“Forecast”). The Company will provide an updated forecast on a rolling monthly basis, and the first month of the updated forecast will become part of the Order so that a rolling 90 day firm Order is maintained. The Orders are binding, and the Company is also responsible for Sanmina’s delivered cost of all components in support of the then-current forecast based on an inventory turnover model. The Company is obligated to provide a cash deposit to Sanmina to establish an inventory reserve account against future consumption for inventory in excess of the agreed level of inventory turnover. The inventory reserve account will be used by Sanmina to offset future inventory deemed excess or obsolete. The Company and Sanmina will perform a reconciliation of the inventory reserve account on a quarterly basis. Cash payments will be made by the Company as needed to maintain the inventory reserve account based on the inventory turnover model and to pay for Sanmina’s delivered cost of any components deemed excess or obsolete that are not covered by the inventory reserve account.

The initial term of the Agreement is three years (“Initial Term”) with automatic renewals of one year terms unless either party provides notice to the other at least twelve months prior to the end of the then-current term. The Agreement may be terminated by either party for cause and either party may terminate the Agreement for convenience after the end of the Initial Term with prior notice of twelve months.

The foregoing summary of the Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Agreement, a copy of which will be filed with the Company’s Quarterly Report for the quarter ended September 30, 2021.

Item 8.01. Other Events.

On July 16, 2021, the Company issued a press release announcing that it had entered into the Agreement. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are furnished with this Current Report on Form 8-K:

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated July 16, 2021
104	Cover Page Interactive Data File - The cover page of this Current Report on Form 8-K filed on July 16, 2021, formatted in Inline XBRL

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.

July 16, 2021

FARO Technologies, Inc.

/s/ Allen Muhich

By: Allen Muhich
Its: Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)



FARO Announces Consolidation and Outsourcing of Manufacturing

LAKE MARY, FL, July 16, 2021 - FARO® Technologies, Inc. (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 signing of an agreement to outsource its manufacturing to Sanmina Corporation (Nasdaq: SANM), a US-based Fortune-500 Electronic Manufacturing Service (EMS) provider.

“As the next step in our business transformation, we plan to transition FARO production from our three manufacturing sites in Lake Mary, Florida, Exton, Pennsylvania and Stuttgart, Germany to Sanmina,” stated Michael Burger, President and Chief Executive Officer. “Following a rigorous selection process, we selected Sanmina as our partner based upon their proven ability to deliver quality products on required timelines. Together, we are confident in our ability to meet customer demand throughout the transition process.”

“While this decision is not easy as it directly affects FARO employees, once complete our new operational model greatly simplifies operations, reduces costs and allows our management team to focus on the development and sale of differentiated technology to customers in our target markets,” Burger continued.

The phased transition to a Sanmina production facility is expected to be completed over the next twelve months and result in approximately \$12 million in annualized labor and material savings when complete. FARO believes the expected savings will have a negligible impact on 2021, followed by steady improvement through 2022, with the full benefit to be realized in the first quarter of 2023.

The Company expects to incur a cash charge of approximately \$6 million in the second half of 2021, primarily consisting of cash severance and total pre-tax charges of \$15 to \$20 million through the first half of 2022 when including the impact of facility and other asset write-downs. With these charges, the Company expects it will fully realize the \$75 to \$85 million in restructuring charges announced in February 2020.

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. For more information, visit www.faro.com.

Investor Contacts

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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 FARO's expectations regarding its consolidation and outsourcing of manufacturing operations, FARO's ability to meet customer demand, FARO's expectations regarding the planned transition to a Sanmina production facility, FARO's expectations regarding Sanmina's ability to deliver quality and cost on required deadlines, and FARO's strategic and restructuring plans and initiatives, including but not limited to the additional restructuring charges expected to be incurred in connection with our restructuring plan and the timing and amount of cost savings and other benefits expected to be realized from the restructuring plan and other strategic initiatives. Statements that are not historical facts or that describe the Company's plans, objectives, projections, expectations, assumptions, strategies, or goals are forward-looking statements. In addition, words such as "is," "will" and similar expressions or discussions of FARO's plans or other intentions 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:

- the Company's ability to realize the intended benefits of its undertaking to transition to a company that is reorganized around functions to improve the efficiency of its sales organization and to improve operational effectiveness;
- the Company's inability to successfully execute its new strategic plan and restructuring plan, including but not limited to additional impairment charges and/or higher than expected severance costs and exit costs, and its inability to realize the expected benefits of such plans;
- the Company's inability to realize the anticipated benefits of its partnership with Sanmina and to successfully transition its manufacturing operations to Sanmina's production facility;
- development by others of new or improved products, processes or technologies that make the Company's products less competitive or obsolete;
- the Company's inability to maintain its technological advantage by developing new products and enhancing its existing products;
- declines or other adverse changes, or lack of improvement, in industries that the Company serves or the domestic and international economies in the regions of the world where the Company operates and other general economic, business, and financial conditions;
- the effect of the COVID-19 pandemic, including on our business operations, as well as its impact on general economic and financial market conditions;
- the impact of fluctuations in foreign exchange rates; and
- other risks detailed in Part I, Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 that was filed on February 17, 2021.

Forward-looking statements in this release represent the Company's judgment as of the date of this release. 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.