

**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): November 10, 2023**

**Sarcos Technology and Robotics Corporation**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-39897**  
(Commission File Number)

**85-2838301**  
(IRS Employer  
Identification No.)

**650 South 500 West, Suite 150**  
**Salt Lake City, Utah**  
(Address of Principal Executive Offices)

**84101**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (888) 927-7296**

(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:

- 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 \$0.0001 per share	STRC	The Nasdaq Stock Market LLC
Redeemable warrants, exercisable for shares of Common Stock at an exercise price of \$69.00 per share	STRCW	The Nasdaq Stock 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 2.02 Results of Operations and Financial Condition.**

On November 14, 2023, Sarcos Technology and Robotics Corporation (the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2023, and certain other information. A copy of the press release is furnished herewith as Exhibit 99.1.

## **Item 2.05. Costs Associated with Exit or Disposal Activities**

On November 10, 2023, the Company’s board of directors (the “Board”) determined to pivot the Company’s business to focus on its artificial intelligence/machine learning software platform. In connection with this change in business strategy, the Company will carry out a reduction in force affecting approximately 150 employees, representing approximately 70% of the Company’s workforce. In connection with the reduction in force, the Company currently estimates it will incur up to approximately \$4 million of costs, consisting primarily of personnel expenses such as salaries and wages, one-time severance payments, and other benefits. The majority of the cash payments related to these expenses will be paid out during the fourth quarter of 2023 and the first quarter of 2024. The reduction in force is expected to be completed by the end of the first quarter of 2024.

The Company has incurred impairment charges of \$5.7 million during the three months ended September 30, 2023 in connection with the streamlining of the organization and business, including \$5.2 million due to the write-down of inventory and \$0.5 million related to the impairment of other current assets. The Company anticipates incurring additional charges related to the restructuring in the range of approximately \$22 million to \$24 million during the fourth quarter of 2023 and the first quarter of 2024, which includes the \$4 million in salaries, wages, severance and benefit payments noted above. The remainder will be non-cash expenses related to expected accelerated amortization of intangible and other assets due to the strategic shift initiated during the fourth quarter.

The Company’s estimates are subject to a number of assumptions. The Company will file an amendment to this Current Report on Form 8-K, as necessary and in accordance with Item 2.05 of Form 8-K, when estimates of costs and charges, or a range of costs and charges, expected to be incurred in connection with the reduction in force are determined.

A copy of the press release regarding the reduction in force is attached as Exhibit 99.2.

## **Item 7.01 Regulation FD Disclosure.**

The Company announces material information to the public through a variety of means, including filings with the SEC, public conference calls, the Company’s website ([www.sarcos.com](http://www.sarcos.com)), its investor relations website (<https://www.sarcos.com/investor-relations/>), and its news site (<https://www.sarcos.com/company/news/#press-releases>). The Company uses these channels, as well as its social media, including its X (@Sarcos\_Robotics) and LinkedIn accounts (<https://www.linkedin.com/company/sarcos/>), to communicate with investors and the public news and developments about the Company, its products and other matters. Therefore, the Company encourages investors, the media, and others interested in the Company to review the information it makes public in these locations, as such information could be deemed to be material information.

## **Forward-Looking Statements**

This Current Report on Form 8-K, including the accompanying exhibits, contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, but are not limited to, those related to products to be commercialized, the creation of long-term value, the nature, timing and scope of the change in business strategy and reduction in force, the expected costs and benefits associated with the change in business strategy and reduction in force, including estimated impairment charges, estimated costs, including salaries, wages, severance and benefit payments, as well as the Company’s timeline for completing the reduction in force and recognition of associated costs. These forward-looking statements are based on the Company’s current expectations and inherently involve significant risks and uncertainties, including those described in the Company’s most recent Quarterly report on Form 10-Q and Annual Report on Form 10-K. Therefore, the Company’s actual results could differ materially from those expressed, implied or forecast in any such forward-looking statements. For example, the expected costs associated with the reduction in force may be greater than anticipated, completion of the reduction in force may take longer than anticipated, the Company may be unable to realize the contemplated benefits in connection with the reduction in force, and the reduction in force may have an adverse impact on the Company’s performance. Except as required by law, the Company undertakes no duty or obligation to update any forward-looking statements contained in this Current Report on Form 8-K, whether as a result of new information, future events or otherwise.

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**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#"><u>Press release dated November 14, 2023, entitled “Sarcos Technology and Robotics Corporation Announces Third Quarter 2023 Financial Results”</u></a>
99.2	<a href="#"><u>Press release dated November 14, 2023, entitled “Sarcos Pivots to Robotics AI Software Near-Term Opportunity”</u></a>
104	Cover Page Interactive Data File (formatted as Inline XBRL)

The information furnished in this Current Report under Items 2.02 and 7.01 and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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**SIGNATURES**

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

**Sarcos Technology and Robotics Corporation**

Date: November 14, 2023

By: /s/ Andrew Hamer  
Name: Andrew Hamer  
Title: Chief Financial Officer

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## Sarcos Technology and Robotics Corporation Announces Third Quarter 2023 Financial Results

### *Pivots to Artificial Intelligence, Machine Learning Software Business*

**SALT LAKE CITY – November 14, 2023** – Sarcos Technology and Robotics Corporation (“Sarcos”) (NASDAQ: STRC and STRCW, a leader in advanced robotic technology designed to increase the intelligence, efficiency, capability and productivity of advanced robotic systems through applied autonomy, today announced financial results for the quarter ended September 30, 2023.

#### Highlights

- Laura Peterson appointed as President and CEO; Ben Wolff, co-founder and Board member named Executive Vice Chairman
- Sarcos artificial intelligence (AI) and machine learning (ML) software business bolstered by \$13.8 million contract from the U.S. Air Force to advance its AI/ML software
- Pivoting business to focus on robotic AI/ML software platform; aligning cost structure with business priorities

#### CEO Commentary

“Since I assumed the role of CEO in May, our leadership team has conducted an ongoing rigorous, data-driven analysis and review of our business, market opportunities, products and development programs,” said Laura Peterson, President and Chief Executive Officer of Sarcos.

“With the consideration of our cash position, as well as third party dependencies, customer decision timing, and the cost and time to achieve a significant and steady revenue stream from our hardware products, it was clear that we should adjust course rapidly to right size the company and get our cash usage down to a level that we believe will provide the best opportunity for success with our available resources. We made the decisions to suspend our hardware commercialization efforts, implement a significant reduction in force and focus our resources on our AI/ML platform.

“By de-coupling our advanced AI/ML software from our own robotic systems, we believe we have the opportunity to reach a much broader market more quickly by targeting existing deployed robotic systems and new sales of third-party systems. We can provide customers with the solutions they need through the intellectual capital that Sarcos brings to the table, but without requiring significant investment in hardware development and production.

“In addition, as previously announced, we already have AI software-related contracts with various U.S. government agencies, including a \$13.8 million, four-year development contract with the U.S. Airforce to advance artificial intelligence and machine learning software. The contract supports the development, integration and validation of our AI and ML software framework for success-based learning, which will allow robots to perceive their environment, determine reasonable behavior in unforeseen situations, and quickly change their actions.

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“In connection with our plans to focus on robotic AI/ML software, we are realigning our resources, including taking steps to reduce our headcount and operating expenses, which we expect to result in a significant reduction in our monthly cash usage after the restructuring is completed.”

### **Q3 Financial Results**

Third quarter 2023 total revenue was \$1.8 million, compared to \$4.7 million during the third quarter of 2022. Revenues decreased on a year-over-year basis as a result of fewer product development contracts being worked during the current year, offset slightly by an increase in product revenue.

Total operating expenses for the third quarter of 2023 were \$32.6 million, compared to operating expenses of \$31.9 million during the third quarter of 2022. In connection with the July 12, 2023, announced restructuring, the Company incurred charges of \$5.5 million in the third quarter of 2023, including \$1.1 million in severance and benefit payments and \$4.4 million due to the acceleration of stock-based compensation expense resulting from the early termination of the Company's redemption right over certain shares held by the Company's former Chief Operating Officer in connection with the termination of his employment. Further, reflecting the restructuring actions announced today, the Company incurred \$5.7 million of restructuring costs in the third quarter 2023, including a write-down of inventory of \$5.2 million and \$0.5 million related to the write-down of certain assets. Cost of revenue decreased to \$1.2 million in the third quarter 2023 as compared to \$3.6 million in the third quarter 2022, mainly due to decreased labor and material expenses charged to product development contracts. Third quarter 2023 gross margin was 33%, compared to 23% in the third quarter of 2022.

Research and development expenses decreased to \$10.0 million in the third quarter 2023 as compared to \$10.5 million in the third quarter of 2022, due mainly to reduced third party professional service expenses connected with our prioritization of efforts. General and administrative expenses decreased to \$7.6 million in Q3 2023 as compared to \$14.6 million in the third quarter 2022, primarily due to decreased stock-based compensation expenses.

Third quarter 2023 net loss was \$29.0 million or \$1.13 per share, compared to a net loss of \$22.5 million or \$0.89 per share in the third quarter of the prior year.

Third quarter 2023 non-GAAP net loss was \$17.0 million or \$0.66 per diluted share. Reconciliation of net loss to non-GAAP net loss is included at the end of this release.

Sarcos ended the quarter with \$55.1 million in unrestricted cash, cash equivalents, and marketable securities.

### **Financial Guidance**

Due to the many variables associated with the organizational and business changes announced today, we will not provide revenue guidance for the fourth quarter. We expect to end the year with approximately \$39 million of cash, cash equivalents and marketable securities. Further, we expect net cash usage should average approximately \$1.6 million per month in 2024, which could be reduced further by revenue realized from customer purchases of the service.

We anticipate incurring additional restructuring expenses, related to the restructuring actions taken during 2023, in the range of \$22 million to \$24 million during the fourth quarter of 2023 and the first quarter of 2024. These expenses include approximately \$4 million dollars in personnel expenses such as salaries, wages, benefits and severance related to the eliminated headcount. The remainder will be non-cash expenses related to expected accelerated amortization of intangible and other assets due to the strategic shift initiated during the fourth quarter.

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## **Conference Call and Webcast**

A conference call and audio webcast with analysts and investors will be held today at 4:30 p.m. Eastern Time/1:30 p.m. Pacific Time to discuss the results and answer questions.

- To access the conference call, please pre-register using this link. Registrants will receive confirmation with dial-in details.
- Live and archived webcast will be available on Sarcos investor relations website at [investor.sarcos.com](http://investor.sarcos.com).

## **About Sarcos Technology and Robotics Corporation**

Sarcos Technology and Robotics Corporation (NASDAQ: STRC and STRCW) is a leader in advanced robotic technology designed to increase the intelligence, efficiency, capability and productivity of advanced robotic systems. Sarcos robotic artificial intelligence and machine learning software enables generalizable autonomy to address challenging, dynamic, environments for industries that require a high degree of adaptability and efficiency. For more information, please visit [www.sarcos.com](http://www.sarcos.com) and connect with us on LinkedIn at [www.linkedin.com/company/sarcos](http://www.linkedin.com/company/sarcos).

## **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the timing and amount of revenues and revenue growth, products to be commercialized, the creation of long-term value, product capabilities and functionality including reductions in robotic training times achieved by Sarcos' software platform, future cash usage and balances and future restructuring costs. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning possible, intended, or assumed future actions, business strategies, events, business conditions or results of operations, are forward-looking statements. These statements may be preceded by, followed by, or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "aim," "should," "seeks," "plans," "scheduled," "anticipates," "intends" or "continue" or similar expressions. Such forward-looking statements involve risks and uncertainties that may cause actual events, results, or performance to differ materially from those indicated by such statements. These forward-looking statements are based on Sarcos' management's current expectations and beliefs, as well as a number of assumptions concerning future events. However, there can be no assurance that the events, results, or trends identified in these forward-looking statements will occur or be achieved. Forward-looking statements speak only as of the date they are made, and Sarcos is not under any obligation and expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Readers should carefully review the statements set forth in the reports which Sarcos has filed or will file from time to time with the Securities and Exchange Commission (the "SEC"), in particular the risks and uncertainties set forth in the sections of those reports entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements," for a description of risks facing Sarcos and that could cause actual events, results or performance to differ from those indicated in the forward-looking statements contained herein. The documents filed by Sarcos with the SEC may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov).

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**SARCOS TECHNOLOGY AND ROBOTICS CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(Unaudited)**

*(in thousands, except share data)*

	As of	
	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 35,310	\$ 35,159
Marketable securities	19,811	79,337
Accounts receivable	1,402	1,866
Unbilled receivables	1,613	4,160
Inventories, net	1,108	3,562
Prepaid expenses and other current assets	2,146	5,015
<b>Total current assets</b>	<b>61,390</b>	<b>129,099</b>
Property and equipment, net	6,693	7,640
Intangible assets, net	16,660	19,116
Operating lease assets	10,394	11,283
Other non-current assets	446	487
<b>Total assets</b>	<b>\$ 95,583</b>	<b>\$ 167,625</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,056	\$ 3,620
Accrued liabilities	4,580	6,025
Current operating lease liabilities	1,311	887
<b>Total current liabilities</b>	<b>7,947</b>	<b>10,532</b>
Operating lease liabilities	11,389	12,387
Other non-current liabilities	92	256
<b>Total liabilities</b>	<b>19,428</b>	<b>23,175</b>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.0001 par value, 165,000,000 shares authorized as of September 30, 2023, and December 31, 2022; 25,850,832 and 25,708,519 shares issued and outstanding as of September 30, 2023, and December 31, 2022, respectively	3	3
Additional paid-in capital	457,888	447,085
Accumulated other comprehensive income (loss)	2	(17)
Accumulated deficit	(381,738)	(302,621)
<b>Total stockholders' equity</b>	<b>76,155</b>	<b>144,450</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 95,583</b>	<b>\$ 167,625</b>

*See Sarcos 10-Q filing dated November 14, 2023, for accompanying notes to the consolidated financial statements.*

**SARCOS TECHNOLOGY AND ROBOTICS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

*(in thousands, except share and per share data)*

	Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, net	\$ 1,827	\$ 4,667	\$ 5,400	\$ 8,448
Operating expenses:				
Cost of revenue (exclusive of items shown separately below)	1,222	3,578	3,951	7,212
Research and development	10,011	10,497	31,120	23,947
General and administrative	7,557	14,646	25,544	50,584
Sales and marketing	1,750	2,405	9,901	7,202
Intangible amortization expense	819	791	2,457	1,365
Asset write-down and restructuring	11,222	—	16,328	—
Total operating expenses	32,581	31,917	89,301	90,310
Loss from operations	(30,754)	(27,250)	(83,901)	(81,862)
Interest income, net	806	806	2,779	965
Gain on warrant liability	96	1,484	99	12,011
Other income (loss), net	871	(4)	1,909	(4)
Loss before income tax benefit (expense)	(28,981)	(24,964)	(79,114)	(68,890)
Income tax benefit (expense)	—	2,465	(3)	4,071
Net loss	\$ (28,981)	\$ (22,499)	\$ (79,117)	\$ (64,819)
Net loss per share				
Basic and diluted	\$ (1.13)	\$ (0.89)	\$ (3.09)	\$ (2.68)
Weighted-average shares used in computing net loss per share				
Basic and diluted	25,706,023	25,156,756	25,563,895	24,180,445

*See Sarcos 10-Q filing dated November 14, 2023, for accompanying notes to the consolidated financial statements.*

**SARCOS TECHNOLOGY AND ROBOTICS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(Unaudited)**  
*(in thousands)*

	Nine Months Ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss	\$ (79,117)	\$ (64,819)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	10,808	29,586
Depreciation of property and equipment	1,261	954
Amortization of intangible assets	2,457	1,365
Change in fair value of warrant liability	(99)	(12,011)
Amortization of investment discount	(1,833)	(690)
Asset write-down	10,827	—
Changes in operating assets and liabilities		
Accounts receivable	465	(991)
Unbilled receivable	2,547	367
Inventories	(7,169)	(1,747)
Prepaid expenses and other current assets	2,343	6,407
Other non-current assets	930	634
Accounts payable	(1,525)	549
Accrued liabilities	(1,021)	363
Other non-current liabilities	(997)	(4,415)
Net cash used in operating activities	<u>(60,123)</u>	<u>(44,448)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(1,033)	(1,046)
Acquisition of a business, net of cash acquired	—	(29,687)
Purchases of marketable securities	(58,622)	(138,696)
Maturities of marketable securities	120,000	20,000
Net cash provided by (used in) investing activities	<u>60,345</u>	<u>(149,429)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	—	663
Shares repurchased for payment of tax withholdings	(68)	(7,677)
Payment of obligations under capital leases	(3)	(94)
Net cash used in financing activities	<u>(71)</u>	<u>(7,108)</u>
Net increase (decrease) in cash, cash equivalents	151	(200,985)
Cash and cash equivalents at beginning of period	35,159	217,114
Cash and cash equivalents at end of period	<u>\$ 35,310</u>	<u>\$ 16,129</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ 3	\$ —
<b>Supplemental disclosure of non-cash activities:</b>		
Common stock and assumed equity awards in connection with a business acquisition	\$ —	\$ 59,410
Purchases of property and equipment included in accounts payable at period-end	\$ —	\$ 13

*See Sarcos 10-Q filing dated November 14, 2023, for accompanying notes to the consolidated financial statements.*

**SARCOS TECHNOLOGY AND ROBOTICS CORPORATION**  
**REVENUE BY TYPE**  
**(Unaudited)**  
*(in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Product Development Contract Revenue	\$ 1,044	\$ 4,488	\$ 4,614	\$ 8,203
Product Revenue	783	179	786	245
Revenue, net	<u>\$ 1,827</u>	<u>\$ 4,667</u>	<u>\$ 5,400</u>	<u>\$ 8,448</u>

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**SARCOS TECHNOLOGY AND ROBOTICS CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**  
**(Unaudited)**

To supplement our financial statements presented in accordance with GAAP and to provide investors with additional information regarding our financial results, we have presented in this release non-GAAP net loss and non-GAAP net loss per share, each of which are non-GAAP financial measures. Non-GAAP net loss and non-GAAP net loss per share are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies.

We define non-GAAP net loss as our GAAP measured net loss excluding the impacts of stock-based compensation expense, gain on forgiveness of notes payable, gain or loss on change in fair value of derivative instruments and warrant liabilities, expenses related to a business combination, asset write-down and restructuring expenses, goodwill impairment and other non-recurring non-operating expenses. We define non-GAAP net loss per share as non-GAAP net loss divided by weighted average outstanding shares.

The most directly comparable GAAP measure to non-GAAP net loss is net loss. The most directly comparable GAAP measure to non-GAAP net loss per share is net loss per share. We believe excluding the impact of the previously listed items in calculating non-GAAP net loss and non-GAAP net loss per share can provide a useful measure for period-to-period comparisons of our core operating performance. We monitor, and have presented in this release, non-GAAP net loss and non-GAAP net loss per share because they are each a key measure used by our management and board of directors to understand and evaluate our operating performance and to establish budgets. We believe non-GAAP net loss and non-GAAP net loss per share help identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we include in net loss but not in non-GAAP net loss. Accordingly, we believe non-GAAP net loss and non-GAAP net loss per share provide useful information to investors, analysts and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance.

Non-GAAP net loss and non-GAAP net loss per share are not prepared in accordance with GAAP and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of non-GAAP net loss and non-GAAP net loss per share rather than net loss and net loss per share, which is for each the most directly comparable financial measure calculated and presented in accordance with GAAP. In addition, the expenses and other items that we exclude in our calculations of non-GAAP net loss and non-GAAP net loss per share may differ from the expenses and other items, if any, that other companies may exclude from non-GAAP net loss and non-GAAP net loss per share when they report their operating results, limiting the usefulness of non-GAAP net loss and non-GAAP net loss per share for comparative purposes.

In addition, other companies may use other measures to evaluate their performance, all of which could reduce the usefulness of non-GAAP net loss and non-GAAP net loss per share as tools for comparison.

The following table reconciles non-GAAP net loss to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP (in thousands, except share and per share data):

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	Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (28,981)	\$ (22,499)	\$ (79,117)	\$ (64,819)
Non-GAAP adjustments:				
Stock-based compensation expense	1,679	8,466	6,413	29,586
Gain on warrant liability	(96)	(1,484)	(99)	(12,011)
Asset write-down and restructuring <sup>(1)</sup>	11,222	—	16,328	—
Employee Retention Credit	(876)	—	(1,895)	—
Expenses related to business combinations <sup>(2)</sup>	—	(591)	—	1,935
Income tax benefit related to business combinations	—	(2,465)	—	(4,071)
Non-GAAP net loss	\$ (17,052)	\$ (18,573)	\$ (58,370)	\$ (49,380)
Net loss per share				
Basic and diluted	\$ (1.13)	\$ (0.89)	\$ (3.09)	\$ (2.68)
Non-GAAP net loss per share				
Basic and diluted	\$ (0.66)	\$ (0.74)	\$ (2.28)	\$ (2.04)
Weighted-average shares used in computing net loss per share				
Basic and diluted	25,706,023	25,156,756	25,563,895	24,180,445

(1) Expenses related to our asset write-down and restructuring for the three months ended September 30, 2023, includes \$1.1 million in cash severance and benefit payments, \$4.4 million related to the acceleration of stock-based compensation expense, \$5.2 million due to the write-down of inventory, and a \$0.5 million impairment charge for certain assets as a result of our product development reprioritization. Expenses related to our asset write-down and restructuring for the nine months ended September 30, 2023, includes \$1.1 million in cash severance and benefit payments, \$4.4 million related to the acceleration of stock-based compensation expense, \$9.6 million due to the write-down of inventory, and a \$1.2 million impairment charge for certain assets as a result of our product development reprioritization.

(2) Expenses related to our business combination with RE2, Inc., which are included within general and administrative expenses within the condensed consolidated statements of operations.

**Investor Contact:**

Julie Kegley  
Financial Profiles  
310.622.8246  
STRC@finprofiles.com

**Press Contact:**

Tricia Ross  
Financial Profiles  
310.622.8226  
STRC@finprofiles.com

## Sarcos Pivots to Robotics AI Software Near-Term Opportunity

*AI Software Platform to be Launched by mid-2024; Leverages Years of Sarcos R&D and Recent Momentum from U.S. Department of Defense Contract Wins*

*Reduction in Force to Align Resources with AI Focus*

**SALT LAKE CITY– Nov. 14, 2023** – Sarcos Technology and Robotics Corporation (“Sarcos”) (NASDAQ: STRC and STRCW), a leader in advanced robotic technology designed to increase the intelligence, efficiency, capability and productivity of advanced robotic systems through applied autonomy, today announced that it is pivoting its business to focus on the larger, near-term opportunity of its robotic artificial intelligence (AI) and machine learning (ML) software platform.

“The underlying power of what Sarcos offers is in the software we have developed over many years,” said Laura Peterson, President and Chief Executive Officer of Sarcos. “After continued extensive analysis of our business that led to a deeper understanding of the risks and work necessary to bring our robotic systems to market, we determined that our AI software platform offers the greatest risk-adjusted revenue opportunity for the company in the near- and mid-term. We believe that our AI software platform will enable, for the majority of the industrial robots being sold around the world, a dramatic reduction in robotic training times while also making industrial robots far more agile, meaning they can perform more tasks with greater variability similar to how humans can perform a wide variety of tasks. In our lab environment and in simulations, we have trained commercially available robotic arms to do simple tasks in minutes.

“Our DNA is robotics, which gives us a unique and valuable perspective on how to use software to tackle the challenges associated with training and managing industrial robots in complex and dynamic environments. With the large number of robotic systems throughout the world and a product that we believe is unlike anything else currently available, we see a broad addressable market and an opportunity to build a robust software business that is scalable at a substantially faster rate than our hardware solutions.”

Sarcos’s vision for its AI software platform began in 2017 and progressed to its first CYTAR™ (Cybernetic Training for Autonomous Robots) government proposal in 2019. Significant design and development work began in 2020 when Chief Technology Officer Dr. Denis Garagić joined the Company. AI software development contracts with the U.S. Air Force provide funding for the development of the AI software platform and opportunities to test the platform in real-world use cases. Sarcos anticipates bringing a version of its AI software platform, compatible with most industrial robots being sold today, to market in the first half of 2024. A subsequent version with additional features is planned for release by the end of 2024.

“With the need to ensure we have sufficient financial resources to pursue our software opportunity, we have made the difficult decision to suspend for the foreseeable future commercialization efforts on our subsea, aviation and solar robotics hardware programs. We will, however, continue to address these markets through our AI/ML software platform,” Peterson said. “By decoupling our AI and ML software from our own robotic systems, we believe we can reach a much broader market more quickly. We believe this is the right decision for both the short-term and long-term health of and opportunities for the business. We can run a leaner business that is more efficient, reduce our cash usage and put ourselves in a stronger position to reach profitability without the need to raise additional financing.”

As a result of streamlining its business, Sarcos will reduce its workforce by approximately 150 employees. Affected employees will receive 60 days’ notice of termination, as required by the Worker Adjustment and Retraining Notification (WARN) Act. Also, Sarcos intends to close its Pittsburgh office and consolidate operations in Salt Lake City. Sarcos had previously announced that it would cease manufacturing operations in its Pittsburgh location.

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“While it is always a difficult decision to make staffing cuts, especially one this significant, it is important that Sarcos is resourced appropriately and that we are good stewards of our capital,” Peterson said. “We believe the prioritization of our AI software platform meets our previously announced goal of pursuing significant near-term revenue tied to acute customer needs, reduces our capital requirements and related risks in line with available resources, and will lead to long-term stockholder value creation.”

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### **About Sarcos Technology and Robotics Corporation**

Sarcos Technology and Robotics Corporation (NASDAQ: STRC and STRCW) is a leader in advanced robotic technology designed to increase the intelligence, efficiency, capability and productivity of advanced robotic systems. Sarcos robotic artificial intelligence and machine learning software enables generalizable autonomy to address challenging, dynamic, environments for industries that require a high degree of adaptability and efficiency. For more information, please visit [www.sarcos.com](http://www.sarcos.com) and connect with us on LinkedIn at [www.linkedin.com/company/sarcos](http://www.linkedin.com/company/sarcos).

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Sarcos' prioritization of its AI software platform, product capabilities, robotic training time reductions, the timing of product development and release, market size, robots compatible with the software, potential to scale the software business, availability and sufficiency of available resources, whether additional financing will be needed, time to significant revenue, the scope of the planned reduction in force, funding from government contracts and the closing of the Pittsburgh facilities. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. These statements may be preceded by, followed by, or include the words “believes,” “estimates,” “expects,” “projects,” “forecasts,” “may,” “will,” “should,” “seeks,” “plans,” “scheduled,” “anticipates,” “intends” or “continue” or similar expressions. Such forward-looking statements involve risks and uncertainties that may cause actual events, results, or performance to differ materially from those indicated by such statements. These forward-looking statements are based on Sarcos' management's current expectations and beliefs, as well as a number of assumptions concerning future events. However, there can be no assurance that the events, results, or trends identified in these forward-looking statements will occur or be achieved. Forward-looking statements speak only as of the date they are made, and Sarcos is not under any obligation and expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Readers should carefully review the statements set forth in the reports which Sarcos has filed or will file from time to time with the Securities and Exchange Commission (the “SEC”), in particular the risks and uncertainties set forth in the sections of those reports entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements,” for a description of risks facing Sarcos and that could cause actual events, results or performance to differ from those indicated in the forward-looking statements contained herein. The documents filed by Sarcos with the SEC may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov).

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