



Symbotic Inc

Q4 FY 2024 Financials Call

OFFICIAL TRANSCRIPT

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PRESENTATION

Operator

Thank you for standing by, and welcome to Symbotic's Fourth Quarter and Fiscal 2024 Financial Results Conference Call.

(Operator Instructions)

I would now like to hand the call over to Charlie Anderson, VP, Investor Relations.

Please go ahead.

Charlie Anderson Symbotic Inc. - VP, IR and Corporate Development

Thank you. Hello. Welcome to Symbotic's fourth quarter 2024 financial results webcast.

I'm Charlie Anderson, Symbotic's VP of Investor Relations.

Some of the statements that we make today regarding our business operations and financial performance may be considered forward-looking.

Such statements are based on current expectations and assumptions that are subject to a number of risks and uncertainties. Actual results could differ materially.

Please refer to our Form 10-K including the risk factors.

We undertake no obligation to update any forward-looking statements.

In addition, during this call we will present both GAAP and non-GAAP financial measures.

A reconciliation of GAAP to non-GAAP measures is included in today's press release, which is distributed and available to the public through our Investor Relations website located at ir.symbotic.com.

On today's call we are joined by Rick Cohen, Symbotic's Founder, Chairman and Chief Executive Officer; and Carol Hibbard, Symbotic's Chief Financial Officer.

These executives will discuss our fourth quarter and full year fiscal 2024 results and our outlook, followed by Q&A.

With that, I'll turn it over to Rick to begin.

Rick?

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

Thank you, Charlie. Good afternoon. And thank you for joining us to review our most recent results.

We had a strong finish to the year, delivering on our commitment to quickly return to high growth and historical gross margin levels. This was highlighted by completing a record number of system deployments in the fourth quarter, reflecting solid project execution.

System starts also reaccelerated to a record level. For the full year, we grew revenue 55%, more than doubled the number of sites in operation and more than doubled our software revenue, reflecting our ability to convert our backlog and scale.

Importantly, we expect to maintain a high rate of year-over-year revenue growth while continuing to stabilize our gross margin in our first quarter. Carol will expand on this in the guidance.

On the customer front, we recently announced a new customer, Walmex.

By expanding into a new geography, Mexico, we are now officially executing on all five of the growth vectors laid out at our Investor Day in May, namely customer penetration and expansion, new verticals, new products and now new geographies.



Working with Walmex drives home the point that our solution can deliver significant ROI for customers in new geographies and further expands our addressable market.

We believe customers in these geographies see the value of our palletizing and transportation savings on top of labor savings. The bottom line is that the number of opportunities we see for our technology portfolio continues to expand, and I'm excited by what that means in both the short and long term for my fellow shareholders.

Turning to GreenBox. I'm pleased to report GreenBox continues to make progress building out its team, customer pipeline and site network. This quarter, we began deployment on a second GreenBox location. This time in the state of Georgia.

On the innovation front, we highlighted last quarter that we added vision capabilities to SymBots at customer sites. Among other features, Vision gives our customers the ability to perform tele-ops, which enables remote bot control for enhanced productivity.

We have now successfully demonstrated this capability at multiple sites and view it as a key differentiator.

Last, we are making targeted investments in both people and products given the expanding opportunities we see in both new products and new geographies to augment our growth.

In summary, this quarter, we delivered on our commitment to quickly return to higher system gross margin, strong top line growth and reaccelerate system starts.

Our key objectives for 2025 are scaling for growth and investing in our innovation engine, all while maintaining a focus on delivering high-quality systems for our customers.

By doing so, we look forward to another year of strong top line growth, a significant rise in completed sites as our deployment process improves and expanding profitability.

I want to thank our entire team for their efforts, our customers for their trust and our investors for their support.

Now Carol will discuss our financial results and outlook. Carol?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Thank you, Rick.

Before I discuss our financial results, I wanted to address the restatements to our quarterly financial statements included in the earnings press release.

As we were reviewing our business processes and preparing our full year financial statements, we identified occurrences during fiscal year 2024 where goods and services, primarily relating to specific milestone achievements were expensed prior to the time that the corresponding milestones were achieved.

The net result is essentially timing differences between the quarters within fiscal 2024 and has no impact on our full year results since the appropriate expenses were properly recorded in the fourth quarter.



Our earnings press release describes the restatements in greater detail, and we have also posted a supplemental presentation with the variances to our Investor Relations website, which is also included as an exhibit to the 8-K we filed today.

As a result of the restatement of the financial results for the previously reported quarters, we will be filing amended Form 10-Qs for fiscal year 2024 to reflect the amounts that are included in the earnings press release.

We also plan to timely file our 10-K next week. With that, let me turn to our financial results.

Fourth quarter revenue grew to \$577 million with strong revenue growth driven by solid progress across our 44 systems in the process of deployment.

Our exceptionally strong fourth quarter results reflect a favorable alignment of Symbotic vendor and customer collaboration and helped contribute to \$1.8 billion of full year revenue.

This quarter, we also recorded our first quarter of net income as a public company.

We also delivered on our commitment to increase system starts sequentially.

We began nine new system deployments and completed four systems, bringing us up to a total of 25 operational systems.

Turning to backlog. Our backlog of committed contracted orders of \$22.4 billion remained largely consistent with last quarter as the revenue recognized during the quarter was partially offset by final pricing on contracts already in the backlog.

I will note that Walmex was signed after the quarter end and will be additive to the backlog next quarter.

As mentioned earlier, system margins rebounded strongly, returning to historical levels. Gross margin on software maintenance and support eclipsed 50% for the quarter, trending toward typical industry software margins as more systems go operational.

In Operations Services, we did experience a slight negative gross margin as we added resources at certain sites where we have large projects and are adding new capabilities.

We do expect to improve upon this performance and return to modest profitability in Operations Services as we move through the fiscal year.

We finished the year with cash and equivalents of \$727 million, which declined sequentially from \$870 million in the third quarter. This was driven primarily by the timing of cash receipts that we have since received in the first week of October.

For the first quarter of fiscal 2025, we expect revenue of \$495 million to \$515 million and adjusted EBITDA between \$27 million and \$31 million, reflecting continued strong year-over-year growth, stable gross margins and an uptick in OpEx due to investments Rick alluded to.

In short, we are making the improvements outlined this quarter and expect to realize strong EBITDA margin expansion as we scale.



We now welcome your questions.

Operator, please begin the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from the line of Andy Kaplowitz of Citibank. Your question please, Andy?

Natalia Bak Citibank -- Analyst

This is Natalie Bak on behalf of Andy Kaplowitz from Citigroup.

First question I'd like to ask the first question I'd like to ask is the margins in the quarter were better than you had guided. And for fiscal -- and for the first quarter, you're calling for stable gross margins with EBITDA margin sequentially lower.

Can you help us bridge what is pressuring the margin in the quarter? And as we think about the remainder of the year, would you say that 1Q could be the lowest margin quarter and that margins could inflect sequentially over the course of the year?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

All right, good evening and thanks for the question.

So our gross margin this quarter hit 19.6%, which was a rebound back to historical levels.

So we quickly returned to those historical gross margins.

If you remember, our 3Q margin was depressed due to elongated construction schedules and the implementation of several improvements that we had put in place. And we see that same occurrence in 4Q.

As we think through our 1Q '25 guide, it really reflects a continuation in a period of transition to higher gross margins as we focus on achieving several significant milestones across some of our larger systems.

We continue to prioritize quality deployments. And then we're going to still be on a trajectory to continue to improve schedule and improve costs and expand those gross margins throughout year.

Natalia Bak *Citibank -- Analyst*

Okay. Helpful. And then if I could just ask one more question.

I think you've spoken about increasing sales penetration in Europe. Can you briefly touch on any updates that you have in that region?



And then this quarter you announced an agreement in Mexico. Would you say that relatively lower cost geographies could potentially be either Symbotic or GreenBox's customers? Or was it more of a onetime opportunity with Walmex given your relationship with Walmart?

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

Yes. So, we have nothing new to report on Europe. We continue to have discussions but nothing new to report there.

On Mexico and new geographies, certainly it speaks highly of the relationship that we have with Walmart and the fact that they're happy with us.

But in working with Walmart on understanding these new geographies, I think we're appreciating some of the value creation opportunities that we're creating in other markets other than just the U.S. where supply chains are different, transportation is different, wage rates are different, but there are other things that we add value to.

So I don't think Mexico is a one-off. I don't think that South America, Central America are one-offs. But right now we have our first customer, and we're very excited.

Operator

Our next question comes from the line of Jim Ricchiuti of Needham & Company.

James Ricchiuti *Needham & Company -- Analyst*

Hi, thank you. I was wondering if we could just go back to the quarter and the revenue coming in above guidance. Maybe you could talk a little bit about what drove that and the follow-up on that is, we don't obviously have a lot of history with the company, but don't recall many instances where we've seen sequentially down revenues.

So maybe if you could just help us understand what drove the Q4 revenue performance? And what's baked into the Q1 guidance?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. So, our 4Q '24 operation performance resulted in the \$577 million of revenue. This was a really strong quarter driven by several factors.

So we talked about significant progress being made on our 44 systems that are in deployment.

We completed four systems, which was a record, and we completed -- and we started nine systems, which was also a record for Symbotic.

And the schedule delays that we had in the third quarter that we talked about those elongated construction delays, they corrected faster than we had planned, which allowed us to complete additional milestones this quarter. And so as we think through the strong quarter, our fourth quarter tends to be very strong.

We pull in -- tends to be similar to fourth quarter last year, our year-end, we come in at a strong level.

Our 1Q guide still reflects continued strong growth. We're guiding to 40% year-over-year as we head into the first quarter.



James Ricchiuti *Needham & Company -- Analyst*

Got it. And Rick, you alluded to vision technology that you're adding.

I wonder if you could talk a little bit about the technology acquisition you made of Veo Robotics, what it brings to you. And just in general, how you're viewing the M&A environment, if we could potentially see additional technology type acquisitions.

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

Yes. So Veo is a very unique company that has some really valuable IP on safety and access which is very important because our robots move very quickly. And so the opportunity at Veo was really unique, and we jumped on it right away, hired the whole company. They are working here now great people.

So -- and I think we are going to find, even in the last quarter, we have a lot more inbound.

We're very focused on being a good acquirer and building good relationships with these companies that we're acquiring. The vision technology that we're employing allows for safety and a bunch of other things to be used in applications that typically aren't used in mobile robotics.

So we think there's lots of opportunities, and we continue to get inbound for new technologies.

Operator

Thank you. Our next question comes from the line of Ross Sparenblek of William Blair. Please go ahead Ross.

Ross Sparenblek *William Blair -- Analyst*

The GreenBox is in Georgia announcement, maybe I missed it. Was that with C&S wholesalers? Or is that a new customer?

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

No. The GreenBox is our first GreenBox facility that we're building, and we're developing the market now to get customers in there.

So we're building this without an anchor customer right now but it will take about two years before or 18 months before the building actually come live. And so we're very actively recruiting customers, and we're very focused on a multi-tenant solution, which is where we think GreenBox really offers a lot of opportunity. And we've had a number of inbounds from both small and large CPG companies and other e-commerce companies. And so now that we have a building, we're very excited that we hopefully will be closing some deals on some customers in the next year or so.

But it will take a while before the building is actually ready for deployment.

Ross Sparenblek *William Blair -- Analyst*

Yes. I can imagine. That's helpful.

I mean how should we think about the financing of that? Is it a CapEx or OpEx decision with you and SoftBank? And this is all to ask. I mean CapEx has started to tick up a little bit. Is this related to GreenBox? Or is it just more capacity expansion as you guys look to kind of double your ability to deliver in the next couple of years?



Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

Yes. It's both. I mean there will be CapEx that will be spent on the -- getting the infrastructure and the Atlanta facility ready, and we're also continuing to invest in new R&D here at Symbotic.

Operator

Thank you. Our next question comes from the line of Mark Delaney of Goldman Sachs.

Will Bryant *Goldman Sachs -- Analyst*

Thanks. You have Will on for Mark Delany

For my first question, in fiscal '24, you guys have been targeting one or two new customers per year.

Is that for the right framework to think about for fiscal '25. And just kind of on that, when you think about your go-to-market margin and expanding it to some of these new verticals and geographies, do you need to expand your sales force as well?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

I was going to -- I'll start and then, Rick, you can talk to what we need to do to potentially expand our sales force.

So if I think about one to two customers per year, for 2024, our new customer of Southern Glazers, we accomplished that in the first quarter of the year, it seems like forever ago. And as we look forward to 2025, as we announced a few weeks ago, Walmex will be our first new customer in 2025 that will bring our customer set to 10.

So I think we're still on that trajectory of one to two new customers per year.

We always want to make sure we're prioritizing the build-out of our \$22 billion backlog with our existing customers and make sure that we're deploying and executing to the systems we have in our backlog as we create capacity going forward to identify additional new customers.

Rick, do you have anything?

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

And we also made the decision this year that we will be expanding our sales force, and we're in the process of designing what that sales force would look like and how big it will be. But we will be expanding our sales force.

Will Bryant *Goldman Sachs -- Analyst*

Okay, thank you for the color there. And just for my follow-up, on the Walmex deal, I believe you said it was two new systems. Pardon me if I missed it, but how much of that adds to the backlog? And then on the pricing side, do those sites have preferential pricing similar to Walmart, given the relationship there? Or is this somewhere or is it closer to the Southern Glazers?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

So Walmart Mexico will add about \$400 million to the backlog. And again, we'll do that in first quarter. So that's for two sites.



So the two first sites that we have in Mexico are much larger than what we have seen in what we've deployed so far, and they're also greenfield sites. And so the timeline in terms of when you actually see revenue contributing for Symbotic will be a little bit different timeframe.

But the sites are large. We're excited that they are greenfield because it also shows that we have the capability to not only do a brownfield site, but it is a greenfield. Walmart Mexico is not part of the existing contract geometry. And so that's why it's a new customer and a new opportunity for us going forward.

We believe that Walmart has clear ambitions to deploy further than the two, but we're excited to get started on the first two.

Operator

Our next question comes from the line of Ken Newman of KeyBanc Capital Markets.

Kenneth Newman *KeyBanc Capital Markets -- Analyst*

Maybe just to start on the OpEx side. Carol, I'm sorry if I missed it but can you just give a little bit more color on sizing the OpEx increases in 1Q? Just relative to the tech innovations versus maybe some of the EPC in-sourcing initiatives you highlighted last quarter. Just to clarify, is the in-sourcing done? Or just how far are we into it before that's all settled?

Carol Hibbard *Symbotic Inc. -- Chief Financial Officer*

Yes. So I'll start on the EPC.

So, EPC is not going -- you're not going to see increases in our OpEx because that actually flows through our cost of goods sold. So, by bringing in the EPC, that is contractual that is part of our build-out of our system. So, that's not what you're seeing going in terms of the OpEx.

Just to pull on that thread a little bit, as a reminder, we will have a phased transition for bringing the EPC back in-house. And so, we continue to phase out our prior and Symbotic is taking over incrementally several sites.

We have begun the resourcing and hiring associated with the sites that we are taking over. So that work is going well, and we will continue to identify both schedule and cost improvements associated with bringing that in-house.

From the OpEx perspective, what you're seeing tick up in 1Q '25 is primarily around R&D and then additional SG&A as we continue to scale.

And Rick highlighted a couple of things in the overall script just related to we're going to continue to focus on bringing innovation, and that's really what you're seeing in our tick-up in OpEx in 1Q.

Kenneth Newman *KeyBanc Capital Markets -- Analyst*

Okay. That's helpful. And then maybe just thinking about the gross margin line.

Obviously, I think you're highlighting expectations for that to be stable, 4Q to 1Q. I know steel prices have been a larger portion of your cost, and we've seen that rebound here since the end of September. Obviously, there's some debate on just how much higher that could go just given the tariff situation. Just curious, what are you embedding from a nominal gross margin impact from higher steel costs in 1Q? And any early thoughts you have on what margins could be -- how they could be impacted from tariffs?



Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

So, the majority of our contracts on steel have pass-through clauses. And so, what we've focused on is making sure that we're identifying a shorter return once we're on contract going and turning on our steel contracts so that we don't have any pricing issues.

So, we're maximizing that pricing power. And taking advantage of the fact that we've got pass-through clauses in our contracts, and that will continue. So that will give us protection around steel in the event that there are tariffs and higher prices we need to go worry about.

Kenneth Newman *KeyBanc Capital Markets -- Analyst*

Just to clarify that there. I mean gross profit dollars are protected, correct? But nominally, margins could be impacted. Is that the right way to think about it?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Correct. Yes, correct. Think about it that way. Yep.

Operator

Our next question comes from the line of Damian Karas of UBS. Your question, please, Damian.

Damian Karas *UBS -- Analyst*

Good evening, everyone.

So obviously it seems like a fair amount has changed since you guys reported some 3.5 months ago or so, last time around. There's been the removal of some uncertainties out there for investors and the market and the economy just thinking about kind of some of the uncertainty around the U.S. election. And obviously kind of we're moving forward in this said rate cutting cycle.

Just curious if that's changed or helped advance any of your conversations with customers at all or not really just yet and it's kind of still slow and steady on thinking about some of the expansion opportunities with newer customers.

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. I think we always look at the macroeconomic trends, and I fall back on one of the advantages of -- or several of the advantages of our system revolve around the benefits in terms and the return that for a customer in going ahead and making the CapEx commitment, the returns around labor, the returns around availability of resources, inventory reduction. All of that will continue as we go into any macro uncertainty in the environment.

Damian Karas *UBS -- Analyst*

Okay. Understood. And then a follow-up question on Walmex.

So, beyond the two DCs that you spoke to, what's a good way to think about the potential timing of winning further opportunities with Walmex beyond those two sites and how that potentially plays out over time?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

So how we're thinking about Walmex, we're excited to start with that customer, and we're going to focus on the two deployments that we have in front of us. There is an opportunity. There are



several thousand stores across Mexico for Walmart. So, we do believe there is expanding opportunities there.

But first and foremost, we have to perform on the existing sites that we have just contracted for, and that's what's going to be our focus.

Operator

Our next question comes from the line of Matt Summerville of D.A. Davidson. Please go ahead, Matt.

Matt Summerville *D.A. Davidson -- Analyst*

Carol, in your prepared remarks, you mentioned the 44 systems ongoing, a record four completed, a record nine started. How should we think about those metrics, those KPIs, if you will, how they move over the course of '25.

I mean the jump from 39 as an example, to 44 ongoing deployments. I think that's the biggest jump or equal to the biggest jump, obviously off of a larger jumping off point. But just help me understand how I should think about those three KPIs evolving over the course of the year?

And then I have a follow-up.

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. Thanks, Matt.

So certainly the jump from 39 to 44 in deployment is our biggest one we've seen, and that is driven by the fact that this quarter, we started nine new projects, which is a record for us. And I think we've talked about before that we're not going to see a level of nine every single quarter. The considerations around starting a project are a collaboration between ourselves and our customers.

We've got to be ready to start as well as they have to be ready to start.

I think what we saw this quarter is the four completes. So that's also the highest number we've seen.

We've been ticking up from two per quarter to three per quarter, and now we hit 4. I think you're going to see that continue in that neighborhood of 4.

And then we've got a lot in progress. And the more we focus on making sure we're adhering to schedule, I think you're going to see that consistent throughout the year.

We don't guide on number of new starts, which I think we've talked about before. Nine is an unusual amount for the quarter. A lot of things pulled together for us to be able to start nine, the confidence from our customer as well as we were ready to start.

So I think if you think about 2025 from an annual perspective, you'll see additional starts than what we had in 2024, but it's certainly not going to be nine every quarter.

Matt Summerville *D.A. Davidson -- Analyst*

Got it. I appreciate that. And then maybe just a little color on -- Rick, you mentioned the remote bot capability as part of your prepared remarks.



Can you help me understand how that drives more efficiency or more transactions per hour, whatever the right metric is? And then can you also comment on where you're at with your non-ambient system development?

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

Yes. So the vision really helps us with the reliability of the robots. So, the packaging that we deal with, one of the reasons that what we do is difficult is lids pop open, there's dust, bottles leak. And so in the past, when we started on this journey, our robots had sensors, but essentially they were blind.

So now what's happening is that the robot actually sees where there's a problem, can communicate with the operator. And so there's a process of machine learning where we actually teach the robot how to handle these situations. And we can actually run these robots now remotely from anywhere in the world. And so that has made the systems more reliable and it's given the customers a lot more confidence on our ability to scale and to do bigger systems.

So that's the real value of vision. And the vision is complicated because these are not controlled environments. It's not like a fab plan. I mean the humidity changes, there's dust, there's different products, they leak. So, the ability to see and to use the vision and to teach the bot how to do better is very, very important to us. And it's been a long journey, but we made huge progress there.

As far as non-ambient at work, we continue to get discussions with our customers.

We're continuing to work on that as part of our R&D backlog but nothing new to report on that at this time.

Operator

Our next question comes from the line of Derek Soderberg of Cantor Fitzgerald.

Derek Soderberg *Cantor Fitzgerald -- Analyst*

Just another question on Walmex. Carol, you mentioned that Walmex, you think has ambitions to go beyond those two facilities. I think Walmex has something like 40 or 50 distribution centers.

I'm wondering if you can quantify that opportunity, should Walmex sort of roll out Symbotic's across their distribution network as they have plans for Walmart U.S. What does that opportunity look like?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. We don't want to get ahead of our customer. And again, we're excited to start with the first two, and we want to prove that out.

As we look at the overall contribution across Mexico, Central America, South America in terms of the opportunity that's out there. That has never been contemplated in our TAM or our SAM.

And so we think there's billions of opportunity in that space. I certainly wouldn't attribute all of that to Walmart, certainly not all of Walmex. We have not quantified what the total amount is.

I think you're right to think about it in terms of -- they have a number of distribution centers servicing thousands of stores, and we hope that we're part of that opportunity.



Derek Soderberg *Cantor Fitzgerald -- Analyst*

Got it. That's helpful. And then, Rick, as my follow-up, just around GreenBox.

I'm wondering if you could talk a bit more about the Georgia facility. I'm wondering if that facility, is the point of that to be a profit center or a center to sort of prove as a proof of concept for the market?

And then just taking a step back, the GreenBox agreement that you have with SoftBank, I think they committed to \$11 billion in orders by 2029. Otherwise, they have to pay you.

Is that still generally the framework of that agreement? And do you think you're tracking well along to sort of hit that agreement?

Rick Cohen *Symbotic Inc. – Chairman of the Board and Chief Executive Officer*

Yes. So I'll answer the first question.

Atlanta is one of those places where there's always opportunity to fill up a distribution center. So, Atlanta was almost from day one, the site that we wanted to go first. We got a good facility. It's over 1 million square feet. a lot of potential customers there. So, Atlanta is -- will be a multi-tenant facility.

And in some cases, what we're having discussions with people now is some people might say, well instead of buying a whole system, maybe I just want to run 100,000 cases a week through your system, and it's a good test pilot.

So, we think Atlanta will be very successful and will create a lot of growth opportunities. And some of the customers have already said, well if we like Atlanta, where else are you going to go?

So, we feel good about the ability to build out multiple systems. And to your second question, nothing has changed between the relationship between SoftBank and Symbotic, the way we've done this partnership with GreenBox, and we're very excited about where we are.

Operator

Our next question comes from the line of Michael Anastasiou of TD Cowen. Please go ahead, Michael.

Michael Anastasiou *TD Cowen -- Analyst*

Great. So yes, I just wanted to dive a little bit deeper into the GreenBox announcement I think like initial headlines said it was about \$150 million or so for a 1 million square foot facility.

So how does that -- how should we be thinking about that from a sizing of Symbotic content perspective? And then just looking at like the revenue margin opportunity for GreenBox, how does that compare to pure Symbotic customer sites?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

So I'll start with that one and then Rick pile on top, if you like.

So the GreenBox Atlanta announcement or Georgia announcement that I believe you're referring to at \$150 million, the press release that was out there. Think about that as the entire warehouse and facility.



So, a GreenBox site similar to where we go in and build a system in with our other customers has a whole lot of other infrastructure associated with it, of which Symbotic is a piece of it.

So, you could consider Symbotic system similar to what our average modified has been on our contracts that we've gotten flow right now for our Symbotic system.

So, it's no different. But that number that you saw that was out there includes more than just the Symbotic piece of it. That's where the overall -- how GreenBox will operate that warehouse.

In terms of GreenBox revenue and margin opportunity, and so our systems that we are selling into GreenBox are a Symbotic system. And so, they're similar in revenue and gross margin like we are selling to our other customers. And so, it's our portion of that, then we are a 35% JV partner in that, and some of that comes back to Symbotic.

Operator

Our next question comes from the line of Rob Mason of Baird.

Robert Mason Baird -- Analyst

Carol, I wanted to just circle back to gross margin. Your expectation for the first quarter sounds similar to the fourth quarter in that regard.

But how should we be thinking in fiscal '25, the ability to scale that from that level? Have you worked through some of the issues that you talked about last quarter that were pulling gross margin lower? Just where we are on that in terms of the progression.

Carol Hibbard Symbotic Inc. – Chief Financial Officer

Yes. Thanks for the question, Rob.

So, we've worked through several of the issues that depressed our 3Q margin to lower than historical levels.

So, I'd say what we've rebounded in the fourth quarter is a level we will likely see as we head into the first half of next year.

What we'll continue to focus on are what are those opportunities to improve as we look at the back half of 2025 and then into 2026.

We recognize we're not at the gross margin we want to be. So, we're focused on what can we do to improve schedule, which we've talked about in the past. The faster we can complete, the more we can save from a cost perspective, and we're continuing to look at ways that we maximize our cost performance as we're building a system.

Robert Mason Baird -- Analyst

Very good. And then next question is just maybe this is for Rick.

I noticed during the quarter you added a new leader with the title around Transformation Initiatives. And I'm just -- to the extent you can speak to that role, what do you expect that person to bring to Symbotic?

Rick Cohen Symbotic Inc. – Chairman of the Board and Chief Executive Officer



Yes. So, we've added quite a few new leaders. But I think who you're talking about is a leader who we expect to be able to help us develop new products faster and is a champion for our R&D efforts.

So not necessarily the R&D -- doing the R&D work, but actually helping us focus on which R&D projects would be the most valuable to our customers.

Operator

Our next question comes from the line of Greg Palm of Craig-Hallum. Your question please, Greg.

Greg Palm *Craig-Hallum -- Analyst*

I wanted to follow up on the Walmex, if I could, first.

I think what struck me as maybe most surprising as your first international win was in Mexico, a lower cost sort of labor wage region, which I guess kind of begs the question of what does that mean for your broader TAM? And I'm thinking, broadly speaking, Asia, for instance, does this maybe increase the TAM potential in terms of opportunities of deploying Symbotic in regions maybe you thought weren't maybe at an appetite that you saw previously?

Carol Hibbard *Symbotic Inc. -- Chief Financial Officer*

Yes. Thanks for the question, Greg. Yes. We're -- that's why we're really excited about this particular one.

It does emphasize the ROI even in those lower-cost geographies. And so Rick alluded to it on an earlier question, it emphasizes sites in lower-cost geographies are also valuing the inventory improvement, the transportation costs and just the overall quality of what we are able to deploy.

So, we do think that opens up the geography and really gives another proof point that the system provides the ROI even in a low-cost geography.

Rick Cohen *Symbotic Inc. -- Chairman of the Board and Chief Executive Officer*

In some ways, what is so interesting and reassuring for us is, in some ways, the U.S. is the hardest market because it really has one of the best supply chains in the world.

But when you get to some other markets where the supply chains really are not very sophisticated there's lots of opportunity to take inventory out, probably in labor in terms of inefficient labor and transportation in terms of getting all the right products in the right place at the right time.

So, we're very excited, and we continue to learn about the opportunities that there are in these markets.

Greg Palm *Craig-Hallum -- Analyst*

Got it. That makes sense.

And then I guess my other question on gross margin, maybe it's a two-parter. You had a restructuring charge in the quarter, I think, of \$775,000. Where was that? What segment was that in? And you alluded to operation services. By my math, I think that was almost like a 100 basis point drag on total gross margin. So, I don't know if the restructuring was in there as well.

But like broadly speaking, as you look to Q1, especially in operation services, I think you said it may be rebounds a little bit, but can you just go in a little bit more detail exactly what happened in the quarter there?



Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. So, the restructuring charge was actually a benefit. And so what you're seeing there is the restructuring that we did around inventory two quarters ago, and we had obsolete inventory.

We are working to go sell some of that inventory, and we had a pickup associated with the settling of that. And so that's what that \$800,000 roughly was sitting in the restructuring charge. It was actually a benefit.

From an Operations Services perspective, we did have a significant drop in terms of the margin on that.

What we saw this quarter is we added resources at a couple of sites where we have some large projects in deployment, and we expect that run rate going forward will improve over time.

We don't expect to see that negative run rate. We had a few sites where we provided additional resources to ensure our projects were moving forward.

Operator

Our next question comes from the line of Mike Latimore of Northland Capital Markets. Your line is open Mike.

Mike Latimore *Northland Capital Markets -- Analyst*

Yes. In terms of cash flow from operations, how should we think about that over the course of the year? Should that maybe as a percent of EBITDA?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

So, we really don't have any change to our fundamentals of our working capital.

Our cash inflows continue to be front-loaded. What you saw in our cash for this quarter was really focused on timing of receipts. And we expect that to rebound as we head into 2025.

Mike Latimore *Northland Capital Markets -- Analyst*

Got it. Great. And then on the -- basically on the EPC investments, I guess you're hiring basically project managers there. Can you just maybe tell us how many project managers you've hired? How many you expect to hire over the course of the year?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. So, I won't quantify the number of people, but we have hired the resources for the first five to seven sites where we're ready to go deploy.

We've got program managers in place as well as a couple of the other resources for each of those sites, and we're moving forward, taking that work on as we indicated last quarter.

Operator

Our next question comes from the line of Guy Hardwick of Freedom Capital Markets. Your question please, Guy.

Guy Hardwick *Freedom Capital Markets -- Analyst*



Carol, I just wanted to understand your comments on the backlog a little bit. I think you said the backlog was stable. I assume you're talking sequentially there, even though there was over \$500 million of revenue burn from the excellent quarter you had in systems revenue.

So can you kind of explain a little bit more what happened? I think you said something about rig contracts being revised upwards. I mean to borrow a phrase from another industry, it sounds like there's some sort of plus ups there.

Can you explain that a little bit further, please?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

Yes. So you've got it. It's that simple.

So last quarter, we were at \$22.8 million from backlog, and now we're at \$22.4 million. And you're going to see our backlog adjust as we continue to deploy systems.

And so that reflects the revenue of \$575 million for this quarter or \$577 million. And then every time we sign an individual project, there are pluses and minuses, puts and takes around what our final configuration might look for that particular project. And so that's what you're seeing as the offsets to the reduction from revenue this quarter.

But there were no other specific customers additive to the backlog in this quarter. So, the nine new projects that we all came from backlog.

Guy Hardwick *Freedom Capital Markets -- Analyst*

And I just was trying to reconcile your -- what you said about systems in the 44 systems at the end of the year, what you said about completions and starts going forward.

I'm just kind of struggling to -- it seems like your revenue guidance is quite conservative given what you said about where you are at the year-end and where you should be in terms of potentially further completions and starts throughout the year.

So, it looks like Q1 guidance implies that you have quite a big step down in revenue per average system, whether you look on just the systems deployed at the end of the year -- in deployment at the end of the year or taking the average of the last eight quarters.

Is there a particular reason why that should be the case that revenue steps down on an average system in deployment per basis?

Carol Hibbard *Symbotic Inc. – Chief Financial Officer*

So, our 1Q guide reflects strong year-over-year growth. And what you're seeing is fourth quarter was a unique quarter in which we had the highest number of starts that we've seen as well as the highest number of completes and really achievement of significant milestones in this quarter.

So, our revenue in an individual quarter is more driven by the amount of systems that we have in deployment at a time and just the nature of the timing of the milestones and where they're at in their life cycle. And so as we look forward to 1Q, and we've looked at what we have out in front of us in terms of what's in deployment, that's what our guide reflects.



Operator

Thank you. I'd like to turn the call back over to Charlie Anderson for any closing remarks.

Charlie Anderson *Symbotic Inc. - VP, IR and Corporate Development*

Thank you everyone for joining our call tonight. We appreciate your interest in Symbotic. And we look forward to seeing many of you during the quarter at the various investor conferences we will be attending. Thank you and goodbye.

Operator

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

ABOUT SYMBOTIC

Symbotic is an automation technology leader reimagining the supply chain with its end-to-end, A.I.-powered robotic and software platform. Symbotic reinvents the warehouse as a strategic asset for the world's largest retail, wholesale, and food & beverage companies. Applying next-generation technology, high-density storage and machine learning to solve today's complex distribution challenges, Symbotic enables companies to move goods with unmatched speed, agility, accuracy and efficiency. As the backbone of commerce Symbotic transforms the flow of goods and the economics of the supply chain for its customers. For more information, visit www.symbotic.com.

