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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to

Commission file number 001-40175

SYMBOTIC INC.

(Exact name of registrant as specified in its charter)

Delaware	**98-1572401**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Research Drive
Wilmington, MA 01887
(978) 284-2800
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	SYM	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of February 5, 2024, the following shares of common stock were outstanding:

89,060,350 shares of Class A common stock, par value $0.0001 per share

81,485,643 shares of Class V-1 common stock, par value $0.0001 per share

406,512,941 shares of Class V-3 common stock, par value $0.0001 per share

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CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, but are not limited to, our expectations or predictions of future financial or business performance or conditions. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning our 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," or "intends" or similar expressions.

Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about our ability to, or expectations that we will:

- meet the technical requirements of existing or future supply agreements with our customers, including with respect to existing backlog;
- expand our target customer base and maintain our existing customer base;
- realize the benefits expected from the GreenBox joint venture and the Commercial Agreement with GreenBox (each as defined herein);
- anticipate industry trends;
- maintain and enhance our platform;
- maintain the listing of the Symbotic Class A Common Stock on NASDAQ;
- develop, design, and sell systems that are differentiated from those of competitors;
- execute our research and development strategy;
- acquire, maintain, protect, and enforce intellectual property;
- attract, train, and retain effective officers, key employees, or directors;
- comply with laws and regulations applicable to our business;
- stay abreast of modified or new laws and regulations applicable to our business;
- execute our growth strategy;
- successfully defend litigation;
- issue equity securities in connection with future transactions;
- meet future liquidity requirements and, if applicable, comply with restrictive covenants related to long-term indebtedness;
- timely and effectively remediate any material weaknesses in our internal control over financial reporting;
- anticipate rapid technological changes; and
- effectively respond to general economic and business conditions

Forward-looking statements made in this Quarterly Report on Form 10-Q also include, but are not limited to, statements with respect to:

- the future performance of our business and operations;
- expectations regarding revenues, expenses, Adjusted EBITDA and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- expectations regarding capital expenditures;
- the anticipated benefits of Symbotic's leadership structure;
- the effects of pending and future legislation;
- business disruption;
- disruption to the business due to our dependency on certain customers;
- increasing competition in the warehouse automation industry;

- any delays in the design, production or launch of our systems and products;
- the failure to meet customers' requirements under existing or future contracts or customer's expectations as to price or pricing structure;
- any defects in new products or enhancements to existing products; and
- the fluctuation of operating results from period to period due to a number of factors, including the pace of customer adoption of our new products and services and any changes in our product mix that shift too far into lower gross margin products.

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. Certain of these risks are identified and discussed in other sections of this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on December 11, 2023. These risk factors will be important to consider in determining future results and should be reviewed in their entirety. These forward-looking statements are expressed in good faith, and we believe there is a reasonable basis for them. 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 are provided for the purposes of assisting the reader in understanding our financial performance, financial position and cash flows as of and for periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned not to place undue reliance on these forward-looking statements because of their inherent uncertainty and to appreciate the limited purposes for which they are being used by management. While we believe that the assumptions and expectations reflected in the forward-looking statements are reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made and are based on the beliefs, estimates, expectations and opinions of management on that date. We are not under any obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statements made in this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise, except as required by law.

In addition to factors previously disclosed in our Annual Report on Form 10-K filed with the SEC on December 11, 2023, and those identified elsewhere in this Quarterly Report on Form 10-Q, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: failure to realize the benefits expected from adding to Symbotic's base of outsourcing partners and the effects of pending and future legislation.

Annualized, projected and estimated numbers are not forecasts and may not reflect actual results.

In this Quarterly Report on Form 10-Q, the terms "Symbotic," "we," "us," and "our" refer to Symbotic Inc. and its subsidiaries, unless the context indicates otherwise.

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Symbotic Inc.
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share data)

	December 30, 2023	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 485,952	$ 258,770
Marketable securities	189,011	286,736
Accounts receivable	153,058	69,206
Unbilled accounts receivable	147,956	121,149
Inventories	137,666	136,121
Deferred expenses	41,736	34,577
Prepaid expenses and other current assets	104,324	85,236
Total current assets	1,259,703	991,795
Property and equipment, net	34,990	34,507
Intangible assets, net	—	217
Other long-term assets	29,611	24,191
Total assets	$ 1,324,304	$ 1,050,710
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 106,088	$ 109,918
Accrued expenses	114,771	99,992
Sales tax payable	37,571	28,322
Deferred revenue	840,028	787,227
Total current liabilities	1,098,458	1,025,459
Deferred revenue	17,169	—
Other long-term liabilities	36,802	27,967
Total liabilities	1,152,429	1,053,426
Commitments and contingencies (Note 11)	—	—
Equity:		
Class A Common Stock, 3,000,000,000 shares authorized, 85,106,588 and 82,112,881 shares issued and outstanding at December 30, 2023 and September 30, 2023, respectively	10	8
Class V-1 Common Stock, 1,000,000,000 shares authorized, 81,489,643 and 66,931,097 shares issued and outstanding at December 30, 2023 and September 30, 2023, respectively	8	7

Class V-3 Common Stock, 450,000,000 shares authorized, 406,512,941 and 407,528,941shares issued and outstanding at December 30, 2023 and September 30, 2023, respectively	41	41
Additional paid-in capital - warrants	—	58,126
Additional paid-in capital	1,474,681	1,254,022
Accumulated deficit	(1,312,363)	(1,310,435)
Accumulated other comprehensive loss	(1,770)	(1,687)
Total stockholders' equity	160,607	82
Noncontrolling interest	11,268	(2,798)
Total equity	171,875	(2,716)
Total liabilities and equity	$ 1,324,304	$ 1,050,710

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Symbotic Inc.

Unaudited Condensed Consolidated Statements of Operations

(in thousands, except share and per share information)

	For the Three Months Ended	
	December 30, 2023	**December 24, 2022**
Revenue:		
Systems	$ 356,212	$ 197,901
Software maintenance and support	2,169	1,237
Operation services	10,069	7,174
Total revenue	368,450	206,312
Cost of revenue:		
Systems	286,403	160,931
Software maintenance and support	1,726	1,671
Operation services	10,214	8,516
Total cost of revenue	298,343	171,118
Gross profit	70,107	35,194
Operating expenses:		
Research and development expenses	42,144	50,740
Selling, general, and administrative expenses	47,012	54,023
Total operating expenses	89,156	104,763
Operating loss	(19,049)	(69,569)
Other income, net	6,199	1,834
Loss before income tax	(12,850)	(67,735)
Income tax expense	(117)	(251)
Net loss	(12,967)	(67,986)
Net loss attributable to noncontrolling interests	(11,039)	(60,793)
Net loss attributable to common stockholders	$ (1,928)	$ (7,193)
Loss per share of Class A Common Stock:		
Basic and Diluted	$ (0.02)	$ (0.12)
Weighted-average shares of Class A Common Stock outstanding:		
Basic and Diluted	83,320,943	58,235,506

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Symbotic Inc.
Unaudited Condensed Consolidated Statements of Comprehensive Loss
(in thousands)

	For the Three Months Ended	
	December 30, 2023	December 24, 2022
Net loss	$ (12,967)	$ (67,986)
Less: Net loss attributable to noncontrolling interests	(11,039)	(60,793)
Net loss attributable to common stockholders	$ (1,928)	$ (7,193)
Other comprehensive income (loss):		
Foreign currency translation adjustments	360	(192)
Changes in unrealized gain on investments, net of income taxes of $— for the three months ended December 30, 2023 and December 24, 2022	(911)	—
Total other comprehensive loss	(551)	(192)
Less: other comprehensive loss attributable to noncontrolling interests	(468)	(172)
Other comprehensive loss attributable to common stockholders	$ (83)	$ (20)
Comprehensive loss	(13,518)	(68,178)
Less: Comprehensive loss attributable to noncontrolling interests	(11,507)	(60,965)
Total comprehensive loss attributable to common stockholders	$ (2,011)	$ (7,213)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Symbotic Inc.

Unaudited Condensed Consolidated Statements of Changes in Equity (Deficit)

(in thousands, except share information)

Three Months Ended December 30, 2023

	Class A Common Stock		Class V-1 Common Stock		Class V-3 Common Stock		Additional Paid-in Capital - Warrants	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Noncontrolling Interest	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at September 30, 2023	82,112,881	$ 8	66,931,097	$ 7	407,528,941	$ 41	$ 58,126	$1,254,022	$ (1,687)	$ (1,310,435)	$ (2,798)	$ (2,716)
Net loss	—	—	—	—	—	—	—	—	—	(1,928)	(11,039)	(12,967)
Issuance of common stock under stock plans, net of shares withheld for employee taxes	665,842	—	—	—	—	—	—	(8)	—	—	(50)	(58)
Exchange of Class V-1 and V-3 common stock	2,327,865	2	(1,311,865)	(2)	(1,016,000)	—	—	(536)	—	—	536	—
Stock-based compensation	—	—	—	—	—	—	—	4,375	—	—	25,087	29,462
Other comprehensive loss	—	—	—	—	—	—	—	—	(83)	—	(468)	(551)
Exercise of warrants	—	—	15,870,411	3	—	—	(58,126)	216,828	—	—	—	158,705
Balance at December 30, 2023	85,106,588	$ 10	81,489,643	$ 8	406,512,941	$ 41	$ —	$1,474,681	$ (1,770)	$ (1,312,363)	$ 11,268	$171,875

Three Months Ended December 24, 2022

	Class A Common Stock		Class V-1 Common Stock		Class V-3 Common Stock		Additional Paid-in Capital - Warrants	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Noncontrolling Interest	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at September 24, 2022	57,718,836	$ 6	79,237,388	$ 8	416,933,025	$ 42	$ 58,126	$1,237,865	$ (2,294)	$ (1,286,569)	$ 61,756	$68,940
Net loss	—	—	—	—	—	—	—	—	—	(7,193)	(60,793)	(67,986)
Issuance of common stock under stock plans	17,500	—	—	—	—	—	—	—	—	—	—	—
Exchange of Class V-1 common stock	848,354	—	(848,354)	—	—	—	—	110	—	—	(110)	—
Stock-based compensation	—	—	—	—	—	—	—	5,242	—	—	44,298	49,540
Other comprehensive loss	—	—	—	—	—	—	—	—	(20)	—	(172)	(192)
Balance at December 24, 2022	58,584,690	$ 6	78,389,034	$ 8	416,933,025	$ 42	$ 58,126	$1,243,217	$ (2,314)	$ (1,293,762)	$ 44,979	$50,302

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Symbotic Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	For the Three Months Ended	
	December 30, 2023	December 24, 2022
Cash flows from operating activities:		
Net loss	$ (12,967)	$ (67,986)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,197	2,077
Foreign currency losses	22	10
Provision for excess and obsolete inventory	70	—
Stock-based compensation	29,462	49,540
Changes in operating assets and liabilities:		
Accounts receivable	(83,789)	(48,959)
Inventories	(1,567)	(19,096)
Prepaid expenses and other current assets	(41,160)	1,249
Deferred expenses	(7,152)	(5,963)
Other long-term assets	(5,906)	(6,107)
Accounts payable	(3,830)	(7,514)
Accrued expenses and other current liabilities	14,687	34,133
Deferred revenue	69,966	164,090
Other long-term liabilities	8,817	5,578
Net cash provided by (used in) operating activities	(30,150)	101,052
Cash flows from investing activities:		
Purchases of property and equipment	(2,173)	(6,990)
Capitalization of internal use software development costs	(820)	—
Proceeds from maturities of marketable securities	150,000	—
Purchases of marketable securities	(48,317)	(96,813)
Net cash provided by (used in) investing activities	98,690	(103,803)
Cash flows from financing activities:		
Payment for taxes related to net share settlement of stock-based compensation awards	(56)	—
Proceeds from exercise of warrants	158,702	—
Net cash provided by financing activities	158,646	—
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2)	18
Net increase (decrease) in cash, cash equivalents, and restricted cash	227,184	(2,733)
Cash, cash equivalents, and restricted cash — beginning of period	260,918	353,457
Cash, cash equivalents, and restricted cash — end of period	$ 488,102	$ 350,724
Non-cash activities:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 5,818	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Symbotic Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Organization and Operations

SVF Investment Corp. 3, formerly known as SVF Investment III Corp., ("SVF 3" and, after the transactions described below, "Symbotic" or the "Company") was a blank check company incorporated as a Cayman Islands exempted company on December 11, 2020. Warehouse Technologies LLC ("Legacy Warehouse"), was formed in December 2006 to make investments in companies that develop new technologies to improve operating efficiencies in modern warehouses. Symbotic LLC, a technology company that develops and commercializes innovative technologies for use within warehouse operations, and Symbotic Group Holdings, ULC were wholly owned subsidiaries of Legacy Warehouse. On December 12, 2021, (i) SVF 3 entered into an Agreement and Plan of Merger (the "Merger Agreement") with Legacy Warehouse, Symbotic Holdings LLC ("Symbotic Holdings"), and Saturn Acquisition (DE) Corp., a wholly owned subsidiary of SVF 3 ("Merger Sub") and (ii) Legacy Warehouse entered into an Agreement and Plan of Merger (the "Company Merger Agreement") with Symbotic Holdings.

On June 7, 2022, as contemplated by the Company Merger Agreement, Legacy Warehouse merged with and into Symbotic Holdings (the "Company Reorganization"), with Symbotic Holdings surviving the merger ("Interim Symbotic"). Immediately following such merger, on June 7, 2022, as contemplated by the Merger Agreement, SVF 3 transferred by way of continuation from the Cayman Islands and domesticated as a Delaware corporation, changing its name to "Symbotic Inc.". Immediately following the domestication of SVF 3, on June 7, 2022, as contemplated by the Merger Agreement, Merger Sub merged with and into Interim Symbotic (the "Merger" and, together with the Company Reorganization, the "Business Combination"), with Interim Symbotic surviving the merger as a subsidiary of Symbotic ("New Symbotic Holdings").

Symbotic Inc. is an automation technology company established to develop technologies to improve operating efficiencies in modern warehouses. The Company's vision is to make the supply chain work better for everyone. The Company does this by developing innovative, end-to-end technology solutions that dramatically improve supply chain operations. The Company currently automates the processing of pallets and cases in large warehouses or distribution centers for some of the largest retail companies in the world. Its systems enhance operations at the front end of the supply chain, and therefore benefit all supply partners further down the chain, irrespective of fulfillment strategy.

The Company's headquarters are located in Wilmington, Massachusetts, and its Canadian headquarters are located in Montreal, Quebec.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in U.S. dollars, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Certain information and note disclosures normally included in the Company's annual audited consolidated financial statements and accompanying notes prepared in accordance with GAAP have been condensed in, or omitted from, these interim financial statements. Accordingly, these unaudited condensed consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto as of and for the year ended September 30, 2023, which are included within the Company's Annual Report on Form 10-K filed with the SEC on December 11, 2023. The September 30, 2023 consolidated balance sheet included herein is derived from the Company's audited consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiaries and reflect all adjustments (consisting solely of normal, recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements include 100% of the accounts of wholly owned and majority-owned subsidiaries and the ownership interest of the minority investor is recorded as a non-controlling interest in a subsidiary. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

The Company operates and reports using a 52-53 week fiscal year ending on the last Saturday of September of each calendar year. Each of the Company's fiscal quarters end on the last Saturday of the third month of each quarter.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, and the amounts disclosed in the related notes to the consolidated financial statements. Actual results and outcomes may differ materially from management's estimates, judgments, and assumptions. Significant estimates, judgments, and assumptions used in these financial statements include, but are not limited to, those related to revenue, useful lives and realizability of long-lived assets, accounting for income taxes and related valuation allowances, and stock-based compensation. Estimates are periodically reviewed in light of changes in circumstances, facts, and experience.

Significant Accounting Policies

The Company's significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies*, to the audited consolidated financial statements and related notes thereto as of and for the year ended September 30, 2023. Except as noted below, there have been no material changes to the significant accounting policies during the three month period ended December 30, 2023.

Presentation of Restricted Cash

Restricted cash consists of collateral required for a credit card processing program. The short-term or long-term classification is determined in accordance with the required amount of time the cash is to be held as collateral, which is short-term for less than 12 months, and long-term for greater than 12 months from the balance sheet date. As the cash is required to be held as collateral for a period which is greater than 12 months from December 30, 2023, it is presented in other long-term assets. The following table summarizes the end-of-period cash and cash equivalents from the Company's Consolidated Balance Sheets and the total cash, cash equivalents, and restricted cash as presented on the accompanying Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended	
	December 30, 2023	**December 24, 2022**
Cash and cash equivalents	$ 485,952	$ 350,724
Restricted cash classified in:		
Other long-term assets	2,150	—
Cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 488,102	$ 350,724

Volume of Business

The Company has concentration in the volume of purchases it conducts with its suppliers. For the three months ended December 30, 2023, there was one supplier that accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $40.0 million. For the three months ended December 24, 2022, there was one supplier that accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $28.3 million.

Emerging Growth Company

The Company is an emerging growth company ("EGC"), as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Section 102(b)(1) of the JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an EGC can elect to opt out of the extended transition period and comply with the requirements that apply to non-EGCs but any such an election to opt out is irrevocable. The Company has not elected to opt out of such extended transition period which means that when a financial accounting standard is issued or revised and it has different application dates for public or private companies, the Company, as an EGC, can adopt the new or revised standard at the time private companies adopt the new or revised standard. The Company will be eligible to use this extended transition period under the JOBS Act until the earlier of the date it (i) is no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make comparison of the Company's financials to those of other public companies more difficult.

The Company will cease to be an EGC on the date that is the earliest of (i) the end of the fiscal year in which total annual gross revenue exceeds $1.235 billion, (ii) the last day of the Company's fiscal year following March 11, 2026 (the fifth anniversary of the date on which SVF 3 consummated the initial public offering of SVF 3), (iii) the date on which the Company has issued more than $1.0 billion in non-convertible debt during the preceding three-year period; or (iv) the end of the fiscal year in which the market value of the Company's common stock held by non-affiliates exceeds $700 million as of the last business day of the most recently completed second fiscal quarter. As of the last business day of the most recently completed second fiscal quarter ended March 25, 2023, the market value of the Company's common stock held by non-affiliates was approximately $517.0 million (based on the closing sales price of the Class A common stock on March 24, 2023 of $21.68), and therefore, the Company continues to be classified as an EGC for the current period ended December 30, 2023.

Recent Accounting Pronouncements

The Company has implemented all applicable accounting pronouncements that are in effect and there are no new accounting pronouncements that have been issued that would have a material impact on its financial position or results of operations.

3. Noncontrolling Interests

Noncontrolling interests represent the portion of net assets in consolidated entities that are not owned by the Company.

The following table summarizes the ownership of Symbotic Inc. stock for the three months ended December 30, 2023.

	Class A Common Stock	Class V-1 and Class V-3 Common Stock	Total	Class A Common Stock	Class V-1 and Class V-3 Common Stock	Total
Balance at September 30, 2023	82,112,881	474,460,038	556,572,919			
Issuances	665,842	15,870,411	16,536,253			
Exchanges	2,327,865	(2,327,865)	—			
Balance at December 30, 2023	85,106,588	488,002,584	573,109,172	14.8 %	85.2 %	100 %

4. Revenue

The Company generates revenue through its design and installation of modular inventory management systems (the "Systems") to automate customers' depalletizing, storage, selection, and palletization warehousing processes. The Systems have both a hardware component and an embedded software component that enables the system to be programmed to operate within specific customer environments. The Company enters into contracts with customers that can include various combinations of services to design and install the Systems. These services are generally distinct and accounted for as separate performance obligations. As a result, each customer contract may contain multiple performance obligations. The Company determines whether performance obligations are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether the Company's commitment to provide the services to the customer is separately identifiable from other obligations in the contract.

The Company recognizes revenue upon transfer of control of promised goods or services in a contract with a customer, generally as title and risk of loss pass to the customer, in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognized only to the extent that it is probable that a significant reversal of revenue will not occur and when collection is considered probable. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts do not include a significant financing component. Taxes collected from customers, which are subsequently remitted to governmental authorities, are excluded from revenue. Shipping and handling costs billed to customers are included in revenue and the related costs are included in cost of revenue when control transfers to the customer. The Company presents amounts collected from customers for sales and other taxes net of the related amounts remitted.

The design, assembly, and installation of a System includes substantive customer-specified acceptance criteria that allow the customer to accept or reject systems that do not meet the customer's specifications. When the Company cannot objectively determine that acceptance criteria will be met upon contract inception, revenue relating to systems is deferred and recognized at a point in time upon final acceptance from the customer. If acceptance can be reasonably certain upon contract inception, revenue is recognized over time based on an input method, using a cost-to-cost measure of progress.

Disaggregation of Revenue

The Company provides disaggregation of revenue based on product and service type on the consolidated statements of operations as it believes these categories best depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Contract Balances

The following table provides information about accounts receivable, unbilled accounts receivable, and contract liabilities from contracts with customers (in thousands):

	December 30, 2023	September 30, 2023
Accounts receivable	$ 153,058	$ 69,206
Unbilled accounts receivable	$ 147,956	$ 121,149
Contract liabilities	$ 857,197	$ 787,227

The change in the opening and closing balances of the Company's accounts receivable primarily results from the increase in customer system implementations in the current fiscal year as well as the timing of when customer payments are due. The change in the opening and closing balances of the Company's contract liabilities primarily results from the timing difference between the Company's performance and customer payments. The Company's performance obligations are typically satisfied over time as work is performed. Payment from customers can vary, and is often received in advance of satisfaction of the performance obligations, resulting in a contract liability balance. During the three months ended December 30, 2023 and December 24, 2022, the Company recognized $251.3 million and $196.6 million, respectively, of the contract liability balance as revenue upon transfer of the products or services to customers.

Remaining Performance Obligations

Remaining performance obligations represent the aggregate amount of the transaction price allocated to performance obligations not delivered, or partially undelivered, at the end of the reporting period. Remaining performance obligations include deferred revenue plus unbilled amounts not yet recorded in deferred revenue. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidation, adjustments for revenue that have not materialized, adjustments for inflation, and adjustments for currency. For contracts with a duration of greater than one year, the transaction price allocated to performance obligations that are unsatisfied as of December 30, 2023 was $23.2 billion, which is primarily comprised of undelivered or partially undelivered Systems under contract, and which a substantial majority relates to undelivered or partially undelivered Systems in connection with the Master Automation Agreement with Walmart Inc. ("Walmart") to implement Systems in all of Walmart's 42 regional distribution centers, and in connection with the Commercial Agreement with GreenBox (as defined below) under which Symbotic will implement its warehouse automation system into GreenBox distribution center locations. The definition of remaining performance obligations excludes those contracts that provide the customer with the right to cancel or terminate the contract without incurring a substantial penalty. The Company expects to recognize approximately 9% of its remaining performance obligations as revenue in the next 12 months, approximately 60% of its remaining performance obligations as revenue within 5 years, and the remaining thereafter, which is dependent on the timing of System installation timelines. The Company does not disclose the value of remaining performance obligations for contracts with an original expected duration of one year or less.

Significant Customers

For the three months ended December 30, 2023, there was one customer that individually accounted for 10% or more of total revenue, and for the three months ended December 24, 2022, there were two customers that accounted for 10% or more of total revenue. The following table represents these customers' aggregate percent of total revenue. The symbol "n/a" indicates that such customer did not exceed 10% or more of total revenue for the period indicated within the table below.

	Three Months Ended	
	December 30, 2023	December 24, 2022
Customer A	82.5 %	81.4 %
Customer B	n/a	10.5 %
Aggregate Percent of Total Revenue	82.5 %	91.9 %

At December 30, 2023, one customer accounted for over 10% of the Company's accounts receivable balance, and two customers accounted for over 10% of the Company's accounts receivable balance at September 30, 2023. The following table represents these customers' aggregate percent of total accounts receivable. The symbol "n/a" indicates that such customer's accounts receivable balance at the period indicated within the table did not exceed 10% of the Company's accounts receivable balance.

	December 30, 2023	September 30, 2023
Customer A	85.0 %	86.6 %
Customer B	n/a	10.3 %
Aggregate Percent of Total Accounts Receivable	85.0 %	96.9 %

The concentration in the volume of business transacted with these customers may lead to a material impact on the Company's results from operations if a total or partial loss of the business relationship were to occur. As of the date of the issuance of these financial statements, the Company is not aware of any specific event or circumstance which would result in a material adverse impact to its results of operations or liquidity and financial condition.

5. Leases

The Company leases office space in Wilmington, MA and Montreal, QC through operating lease arrangements. The Company has no finance lease agreements. The operating lease arrangements expire at various dates through December 2030.

The following table presents the balance sheet location of the Company's operating leases for each of the periods presented (in thousands):

	December 30, 2023	September 30, 2023
ROU assets:		
Other long-term assets	$ 17,609	$ 12,398
Lease Liabilities:		
Accrued expenses and other current liabilities	$ 1,874	$ 1,347
Other long-term liabilities	17,369	12,291
Total lease liabilities	$ 19,243	$ 13,638

The following table presents maturities of the Company's operating lease liabilities as of December 30, 2023, presented under ASC Topic 842 (in thousands):

	December 30, 2023
Remaining fiscal year 2024	$ 2,370
Fiscal year 2025	3,113
Fiscal year 2026	3,524
Fiscal year 2027	3,681
Fiscal year 2028 and thereafter	12,747
Total future minimum payments	$ 25,435
Less: Implied interest	(6,192)
Total lease liabilities	$ 19,243

The Company uses its estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of operating lease payments. To determine the estimated incremental borrowing rate, the Company uses publicly available credit ratings for peer companies. The Company estimates the incremental borrowing rate using yields for maturities that are in line with the duration of the lease payments. The weighted average discount rate for operating leases as of December 30, 2023 was 7.9%.

As of December 30, 2023, the weighted-average remaining lease term of the Company's operating leases was approximately 6.2 years. Operating cash flows for amounts included in the measurement of the Company's operating lease liabilities were $0.3 for the three months ended December 30, 2023.

6. Inventories

Inventories at December 30, 2023 and September 30, 2023 consist of the following (in thousands):

	December 30, 2023	September 30, 2023
Raw materials and components	$ 115,883	$ 124,446
Finished goods	21,783	11,675
Total inventories	$ 137,666	$ 136,121

7. Property and Equipment

Property and equipment at December 30, 2023 and September 30, 2023 consists of the following (in thousands):

	December 30, 2023	September 30, 2023
Computer equipment and software, furniture and fixtures, and test equipment	$ 41,306	$ 40,437
Internal use software	6,458	5,638
Leasehold improvements	8,433	7,194
Total property and equipment	56,197	53,269
Less accumulated depreciation	(21,207)	(18,762)
Property and equipment, net	$ 34,990	$ 34,507

For the three months ended December 30, 2023 and December 24, 2022, depreciation expense was $2.3 million and $1.6 million, respectively.

8. Income Taxes

The Company is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its allocable share of any taxable income or loss of Symbotic Holdings, LLC. The remaining share of Symbotic Holdings income or loss is non-taxable to the Company and is not reflected in current or deferred income taxes. The Company's foreign subsidiaries are subject to income tax in their local jurisdictions.

For the three months ended December 30, 2023, the Company recorded a current income tax expense of $0.1 million, and for the three months ended December 24, 2022, the Company recorded a current income tax expense of $0.3 million. The Company incurred a pre-tax loss for the three month period and recorded a full valuation allowance against its domestic deferred tax assets and a partial valuation allowance against its foreign deferred tax assets. The Company incurs state tax expense by Symbotic US at the flow-through entity level and foreign tax expense at its foreign subsidiaries. The effective tax rate for the three months ended December 30, 2023 is (0.9)% and differs from the federal statutory income tax rate primarily due to the flow-through entity level taxes and the effect of the valuation allowance against its net federal, state, and foreign deferred income taxes.

As of December 30, 2023, the Company continues to conclude that the negative evidence regarding its ability to realize its deferred tax assets outweighs the positive evidence, and the Company has a full valuation allowance against its domestic federal and state net deferred tax assets and a partial valuation allowance against its foreign net deferred tax assets. The Company has a history of cumulative pre-tax losses for the three previous fiscal years which it believes represents significant negative evidence in evaluating whether its deferred tax assets are realizable. Given these cumulative losses, lack of forecast history, the competitive environment, and uncertainty of general economic conditions, the Company does not believe it can rely on projections of future taxable income exclusive of reversing taxable temporary differences to support the realization of its deferred tax assets. In upcoming quarters, the Company will continue to evaluate both the positive and negative evidence surrounding its ability to realize its deferred tax assets.

Tax Receivable Agreement

As of December 30, 2023 future payments under the Tax Receivable Agreement ("TRA") with respect to the purchase of Symbotic Holdings Units which occurred as part of or subsequent to the Business Combination are expected to be $382.0 million. Payments made under the TRA represent payments that otherwise would have been made to taxing authorities in the absence of attributes obtained by the Company as a result of exchanges by its pre-IPO members. Such amounts will be paid only when a cash tax savings is realized as a result of attributes subject to the TRA. That is, payments under the TRA are only expected to be made in periods following the filing of a tax return in which the Company is able to utilize certain tax benefits to reduce its cash taxes paid to a taxing authority. The impact of any changes in the projected obligations under the TRA as a result of changes in the geographic mix of the Company's earnings, changes in tax legislation and tax rates or other factors that may impact the Company's tax savings will be reflected in income or loss before taxes on the consolidated statement of operations in the period in which the change occurs. As of December 30, 2023, no TRA liability was recorded based on current projections of future taxable income taking into consideration the Company's full valuation allowance against its net deferred tax asset.

9. Fair Value Measures

The Company measures certain financial assets at fair value. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability

The following table presents the Company's financial assets measured and recorded at fair value on a recurring basis using the above input categories as of December 30, 2023 and September 30, 2023 (in thousands):

	December 30, 2023				September 30, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Money market funds	$ 446,217	$ —	$ —	$ 446,217	$ 219,945	$ —	$ —	$ 219,945
U.S. Treasury securities	—	189,011	—	189,011	—	286,736	—	286,736
Total assets	$ 446,217	$ 189,011	$ —	$ 635,228	$ 219,945	$ 286,736	$ —	$ 506,681

The Company had no liabilities measured and recorded at fair value on a recurring basis as of December 30, 2023 and September 30, 2023.

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The fair value of the Company's investments in certain money market funds is their face value and such instruments are classified as Level 1 and are included in cash and cash equivalents on the consolidated balance sheets. At December 30, 2023, Level 2 securities were priced by pricing vendors. These pricing vendors utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs like market transactions involving identical or comparable securities.

At December 30, 2023, the amortized cost of the Company's U.S. Treasury securities is $184.4 million, with unrealized gains of $4.6 million and no unrealized losses, resulting in a fair value of $189.0 million. As applicable, when making the determination as to whether unrealized losses are other-than-temporary, the Company considers the length of time and extent to which each investment has been in an unrealized loss position, the financial condition and near-term prospects of the issuers, the issuers' credit rating, and the time to maturity. There were no cash and cash equivalents related to U.S. Treasury securities with an original maturity of three months or less included in the amortized cost of $184.4 million.

10. Related Party Transactions

Aircraft Time Sharing Agreement

In December 2021 and May 2022, the Company entered into aircraft time-sharing agreements with C&S Wholesale Grocers, Inc. ("C&S") whereby the Company's officials, employees, and guests are permitted to use the two C&S aircraft on an as-needed and as-available basis, with no minimum usage being required. As there is no defined period of time stated within these aircraft time-sharing agreements, the Company does not consider these to meet the definition of a lease, and as such, records payments in the period in which the obligation for the payment is incurred. For the three months ended December 30, 2023 and December 24, 2022, the Company incurred expense of $0.2 million and $0.1 million, respectively, related to these aircraft time-sharing agreements.

Usage of Facility and Employee Services

The Company has a license arrangement with C&S whereby C&S is providing receiving and logistics services for the Company within a C&S distribution facility. The arrangement also provides for C&S employees assisting with certain of the Company's operations. For the three months ended December 30, 2023 and December 24, 2022, the Company incurred expense of $0.7 million and $0.3 million, respectively, related to this arrangement.

Customer Contracts

The Company has customer contracts with C&S relating to systems implementation, software maintenance services and the operations of a warehouse automation system. Revenue of $12.6 million and $5.5 million was recognized for the three months ended December 30, 2023 and December 24, 2022, respectively, relating to these customer contracts. There was $13.8 million accounts receivable due from C&S at December 30, 2023, and $0.9 million accounts receivable due from C&S at September 30, 2023. There was $10.5 million and $9.3 million of deferred revenue related to contracts with C&S at December 30, 2023 and September 30, 2023, respectively.

11. Commitments and Contingencies

Contingencies

Liabilities for any loss contingencies arising from claims, assessments, litigation, fines, penalties, and other matters are recorded when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. As of December 30, 2023, the Company has made appropriate provisions related to such matters and does not believe that such matters will have a material adverse effect on the Company's consolidated operations, financial position, or liquidity.

Indemnifications

In the ordinary course of business, the Company enters into various contracts under which it may agree to indemnify other parties for losses incurred from certain events as defined in the relevant contract, such as litigation, regulatory penalties, or claims relating to past performance. Such indemnification obligations may not be subject to maximum loss clauses. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification obligations. As a result, the Company believes the estimated fair value of these obligations is minimal. Accordingly, the Company has no liabilities recorded for these obligations as of December 30, 2023 and September 30, 2023.

Warranty

The Company provides a limited warranty on its warehouse automation systems and has established a reserve for warranty obligations based on estimated warranty costs. The reserve is included as part of accrued expenses and other long-term liabilities in the accompanying consolidated balance sheets.

Activity related to the warranty accrual is as follows (in thousands):

	Three Months Ended	
	December 30, 2023	**December 24, 2022**
Balance at beginning of period	$ 18,948	$ 9,004
Provision	6,195	2,217
Warranty usage	(2,820)	(1,231)
Balance at end of period	$ 22,323	$ 9,990

12. Variable Interest Entities (“VIE”)

VIEs are entities with any of the following characteristics: (i) the entity does not have enough equity to finance its activities without additional financial support; (ii) the equity holders, as a group, lack the characteristics of a controlling financial interest; or (iii) the entity is structured with non-substantive voting rights.

Consolidation of a VIE is required for the party deemed to be the primary beneficiary, if any. The primary beneficiary is the party who has both (a) the power to direct the activities of a VIE that most significantly impact the entity’s economic performance and (b) an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity.

On July 23, 2023, the Company, New Symbotic Holdings, and Symbotic US (collectively, the “Symbotic Group”), entered into a Framework Agreement (the “Framework Agreement”) with Sunlight Investment Corp., a Delaware corporation (“Sunlight”), SVF II Strategic Investments AIV LLC, a Delaware limited liability company (“SVF” and, together with Sunlight, “SoftBank”), and GreenBox Systems LLC, a Delaware limited liability company (“GreenBox”), related to the formation of GreenBox as a venture between the Symbotic Group and SoftBank, the entry into a Limited Liability Company Agreement of GreenBox and Master Services, License and Equipment Agreement (the “Commercial Agreement”) and issuance of a warrant to purchase Class A Common Stock of Symbotic (the “GreenBox Warrant”).

GreenBox was established on July 21, 2023, to build and automate supply chain networks globally by operating and financing the Company’s advanced artificial intelligence (“A.I.”) and automation technology for the warehouse. Symbotic Holdings and Sunlight own 35% and 65% of GreenBox, respectively. On July 23, 2023, GreenBox entered into the Commercial Agreement with Symbotic US with respect to the purchase of Symbotic’s automated case handling systems. The Company evaluated for VIEs upon the formation of GreenBox in accordance with ASC 810, *Consolidation*. The Company holds a variable interest in GreenBox through its equity interest in GreenBox. GreenBox is a VIE resulting from GreenBox’s lack of sufficient equity to finance its operations without additional subordinated financial support from both the Company and SoftBank. The consolidation of GreenBox is not required as the Company is not the primary beneficiary of this VIE as it does not have the power to direct the activities that most significantly impact GreenBox’s economic performance. Such power is conveyed through GreenBox’s board of directors and the Company does not have control over GreenBox’s board of directors. The Company calculated its maximum exposure to loss while considering its equity investment in the VIE, any amounts owed to the Company for services which may have been provided, net of any unearned revenue commitments from the VIE under the Commercial Agreement, and future funding commitments. As of December 30, 2023, there is no carrying value of the VIE as no significant activity had occurred in the period related to the VIE. As of December 30, 2023 the Company does not have a maximum exposure to loss as the Company’s future funding commitment is less than the revenue commitment from the VIE under the Commercial Agreement.

13. Net Loss per Share

Basic earnings per share of Class A common stock is computed by dividing net loss attributable to common shareholders by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing net loss attributable to common shareholders adjusted for the assumed exchange of all potentially dilutive securities, by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive elements. Since the Company incurred net losses for each of the periods presented, diluted net loss per share is the same as basic net loss per share.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock (in thousands, except per share information):

	Three Months Ended	
	December 30, 2023	December 24, 2022
Numerator - basic and diluted		
Net loss	$ (12,967)	$ (67,986)
Less: Net loss attributable to the noncontrolling interest post Business Combination	(11,039)	(60,793)
Net loss attributable to common stockholders	$ (1,928)	$ (7,193)
Denominator - basic and diluted		
Weighted-average shares of Class A common shares outstanding	83,320,943	58,235,506
Loss per share of Class A common stock - basic and diluted	$ (0.02)	$ (0.12)

The Company's Class V-1 Common Stock and Class V-3 Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class V-1 Common Stock and Class V-3 Common Stock under the two-class method has not been presented.

The Company uses the treasury stock method and the average market price per share during the period for calculating any potential dilutive effect of the restricted stock units ("RSUs"), 2022 Employee Stock Purchase Plan (the "ESPP") and Warrant Units. The average stock price for the three months ended December 30, 2023 was $43.84. For the three months ended December 30, 2023, there were 10.4 million and 0.5 million potentially dilutive common stock equivalents related to the RSUs and Warrant Units, respectively.

14. Stock-Based Compensation and Warrant Units

The following two tables show stock-based compensation expense by award type and where the stock-based compensation expense is recorded in the Company's consolidated statements of operations (in thousands):

	Three Months Ended	
	December 30, 2023	December 24, 2022
RSUs (service-based and performance-based)	$ 28,987	$ 49,223
Employee stock purchase plan	475	317
Total stock-based compensation expense	$ 29,462	$ 49,540

Effect of stock-based compensation expense on income by line item (in thousands):

	Three Months Ended	
	December 30, 2023	December 24, 2022
Cost of revenue, Systems	$ 2,715	$ 7
Cost of revenue, Software maintenance and support	175	9
Cost of revenue, Operation services	541	296
Research and development	12,297	22,828
Selling, general, and administrative	13,734	26,400
Total stock-based compensation expense	$ 29,462	$ 49,540

Total stock-based compensation expense for the three months ended December 30, 2023 decreased as compared to the three months ended December 24, 2022 as a result of the issuance of restricted stock to our employees in August 2022 following the Business Combination with application of the graded-vesting method of expense recognition. There was no such grant in the same period of fiscal year 2023. For the three months ended December 30, 2023, the Company capitalized $0.2 million of stock-based compensation expense to property and equipment related to internal use software projects. There were no stock-based compensation costs capitalized for the three months ended December 24, 2022.

Warrant Units

GreenBox Warrant

On July 23, 2023, in connection with its entry into the Commercial Agreement with GreenBox, the Company issued Sunlight the GreenBox Warrant to acquire up to an aggregate of 11,434,360 shares of the Company's Class A Common Stock, subject to certain vesting conditions. The GreenBox Warrant had a grant date fair value of $19.90 per unit. The GreenBox Warrant may vest in connection with conditions defined by the terms of the GreenBox Warrant, as GreenBox makes additional expenditures to the Company in connection with the Framework Agreement. There are up to eight tranches based on increments of expenditures where approximately 1,429,295 additional warrant units may vest per tranche, subject to certain conditions defined by the terms of the GreenBox Warrant. Upon vesting, warrant units may be acquired at an exercise price of $41.9719. The warrant units contain customary anti-dilution, down-round, and change-in-control provisions. The right to purchase units in connection with the GreenBox Warrant expires 36 months following the end of the initial term of the Framework Agreement which is July 23, 2027, or if applicable, the extension term of the Framework Agreement, which is July 23, 2029. As of December 30, 2023, none of the GreenBox Warrant units had vested.

Walmart Warrant

On May 20, 2022, in connection with its entry into the 2nd Amended and Restated Master Automation Agreement, the Company issued Walmart a warrant to acquire up to an aggregate of 258,972 Legacy Warehouse Class A Units ("May 2022 Warrant"), subject to certain vesting conditions. The May 2022 Warrant had a grant date fair value of $224.45. In connection with the closing of the Company's initial public offering in June 2022, the May 2022 Warrant was converted into a new warrant to acquire up to an aggregate of 15,870,411 common units of Symbotic Holdings LLC ("June 2022 Warrant" and, the common units of Symbotic Holdings LLC issuable thereunder, the "Warrant Units"). The June 2022 Warrant vested in the second quarter of fiscal year 2023, as the installation commencement date for certain Systems which the Company is installing in Walmart's 42 regional distribution centers had occurred. In December 2023, Walmart elected to gross exercise the vested warrants for $158.7 million. As a result of this gross exercise, 15,870,411 shares of Class V-1 Common Stock were issued to Walmart.

15. Segment and Geographic Information

The Company operates as one operating segment. Revenue and property and equipment, net by geographic region, based on physical location of the operations recording the sale or the assets are as follows:

Revenue by geographical region for the three months ended December 30, 2023 and December 24, 2022 are as follows (in thousands):

	Three Months Ended	
	December 30, 2023	**December 24, 2022**
United States	$ 367,393	$ 205,420
Canada	1,057	892
Total revenue	$ 368,450	$ 206,312
Percentage of revenue generated outside of the United States	nil	nil

Total property and equipment, net by geographical region at December 30, 2023 and at September 30, 2023 are as follows (in thousands):

	December 30, 2023	**September 30, 2023**
United States	$ 34,414	$ 33,828
Canada	576	679
Total property and equipment, net	$ 34,990	$ 34,507
Percentage of property and equipment, net held outside of the United States	2 %	2 %

16. Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the unaudited condensed consolidated financial statements were issued. Other than as described in these unaudited condensed consolidated financial statements and below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the unaudited condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes thereto as of and for the year ended September 30, 2023, as included within our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on December 11, 2023. As discussed in the section titled "Cautionary Note on Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below.

Company Overview

At Symbotic, our vision is to make the supply chain work better for everyone. We do this by developing, commercializing, and deploying innovative, end-to-end technology solutions that dramatically improve supply chain operations. We currently automate the processing of pallets and cases in large warehouses or distribution centers for some of the largest retail companies in the world. Our systems enhance operations at the front end of the supply chain, and therefore benefit all supply partners further down the chain, irrespective of fulfillment strategy.

The Symbotic platform is based on a unique approach to connecting producers of goods to end users, in a way that resolves the mismatches of quantity, timing and location that arise between the two, while reducing costs. The underlying architecture of our platform is what differentiates our solution from anything else in the marketplace. It utilizes fully autonomous robots, collectively controlled by our A.I. enabled system software to achieve at scale, real world supply chain improvements that are so compelling that we believe our approach can become the de facto standard approach for how warehouses operate.

Key Components of Consolidated Statements of Operations

Revenue

We generate revenue through our design and installation of modular inventory management systems (the "Systems") to automate customers' depalletizing, storage, selection, and palletization warehousing processes. The Systems have both a hardware component and an embedded software component that enables the systems to be programmed to operate within specific customer environments. We enter into contracts with customers that can include various combinations of services to design and install the Systems. These services are generally distinct and accounted for as separate performance obligations. As a result, each customer contract may contain multiple performance obligations. We determine whether performance obligations are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether our commitment to provide the services to the customer is separately identifiable from other obligations in the contract.

We have identified the following distinct performance obligations in our contracts with customers:

Systems: We design, assemble, and install modular hardware systems and perform configuration of embedded software. Systems include the delivery of hardware and an embedded software component, sold as either a perpetual or term-based on-premise license, that automate our customers' depalletizing, storage, selection, and palletization warehousing processes. The modular hardware and embedded software are each not capable of being distinct because our customers cannot benefit from the hardware or software on their own. Accordingly, they are treated as a single performance obligation. Fees for systems are typically either fixed or cost-plus fixed fee amounts that are due based on the achievement of a variety of milestones beginning at contract inception through final acceptance. The substantial majority of our embedded software component is sold as a perpetual on-premise license, however, we do sell an immaterial amount of term-based on-premise licenses.

Software maintenance and support: Software maintenance and support refer to support services that provide our customers with technical support, updates, and upgrades to the embedded software license. Fees for the software maintenance and support services are typically payable in advance on a quarterly, or annual basis over the term of the software maintenance and support service contract, which term can range from one to 15 years but, for a substantial majority of our software maintenance and support contracts, is 15 years.

Operation services: We provide our customers with assistance operating the system and ensuring user experience is optimized for efficiency and effectiveness. Fees for operation services are typically invoiced to our customers on a time and materials basis monthly in arrears or using a fixed fee structure.

Cost of Revenue

Our cost of revenue is composed of the following for each of our distinct performance obligations:

Systems: Systems cost of revenue consists primarily of material and labor consumed in the production and installation of customer Systems, as well as depreciation expense. The design, assembly, and installation of a system includes substantive customer-specified acceptance criteria that allow the customer to accept or reject systems that do not meet the customer's specifications. When we cannot objectively determine that acceptance criteria will be met upon contract inception, cost of revenue relating to systems is deferred and expensed at a point in time upon final acceptance from the customer. If acceptance can be reasonably certain upon contract inception, systems cost of revenue is expensed as incurred.

Software maintenance and support: Cost of revenue attributable to software maintenance and support primarily relates to labor cost for our maintenance team providing routine technical support, and maintenance updates and upgrades to our customers. Software maintenance and support cost of revenue is expensed as incurred.

Operation services: Operation services cost of revenue consists primarily of labor cost for our operations team who is providing services to our customers to run their System within their distribution center. Operation services cost of revenue is expensed as incurred.

Research and Development

Costs incurred in the research and development of our products are expensed as incurred. Research and development costs include personnel, contracted services, materials, and indirect costs involved in the design and development of new products and services, as well as depreciation expense.

Selling, General, and Administrative

Selling, general, and administrative expenses include all costs that are not directly related to satisfaction of customer contracts or research and development. Selling, general, and administrative expenses include items for our selling and administrative functions, such as sales, finance, legal, human resources, and information technology support. These functions include costs for items such as salaries and benefits and other personnel-related costs, maintenance and supplies, professional fees for external legal, accounting, and other consulting services, intangible asset amortization, and depreciation expense.

Other Income (Expense), Net

Other income (expense), net primarily consists of dividend and interest income earned on our money market accounts and the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities.

Income Taxes

We are subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to our allocable share of any taxable income or loss of Symbotic Holdings LLC. We also have foreign subsidiaries which are subject to income tax in their local jurisdictions.

Results of Operations for the Three Months Ended December 30, 2023 and December 24, 2022

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. The data has been derived from the unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q which include, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair statement of the financial position and results of operations for the interim periods presented. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	For the Three Months Ended	
	December 30, 2023	December 24, 2022
	(in thousands)	
Revenue:		
Systems	$ 356,212	$ 197,901
Software maintenance and support	2,169	1,237
Operation services	10,069	7,174
Total revenue	368,450	206,312
Cost of revenue:		
Systems	286,403	160,931
Software maintenance and support	1,726	1,671
Operation services	10,214	8,516
Total cost of revenue	298,343	171,118
Gross profit	70,107	35,194
Operating expenses:		
Research and development expenses	42,144	50,740
Selling, general, and administrative expenses	47,012	54,023
Total operating expenses	89,156	104,763
Operating loss	(19,049)	(69,569)
Other income, net	6,199	1,834
Loss before income tax	(12,850)	(67,735)
Income tax expense	(117)	(251)
Net loss	$ (12,967)	$ (67,986)

	For the Three Months Ended	
	December 30, 2023	December 24, 2022
Revenue:		
Systems	97 %	96 %
Software maintenance and support	1	1
Operation services	3	3
Total revenue	100	100
Cost of revenue:		
Systems	78	78
Software maintenance and support	—	1
Operation services	3	4
Total cost of revenue	81	83
Gross profit	19	17
Operating expenses:		
Research and development expenses	11	25
Selling, general, and administrative expenses	13	26
Total operating expenses	24	51
Operating loss	(5)	(34)
Other income, net	2	1
Loss before income tax	(3)	(33)
Income tax expense	—	—
Net loss	(4)%	(33)%

***Percentages are based on actual values. Totals may not sum due to rounding.**

Three Months Ended December 30, 2023 Compared to the Three Months Ended December 24, 2022

Revenue

	For the Three Months Ended		Change	
	December 30, 2023	December 24, 2022	Amount	%
	(dollars in thousands)			
Systems	$ 356,212	$ 197,901	$ 158,311	80 %
Software maintenance and support	2,169	1,237	932	75 %
Operation services	10,069	7,174	2,895	40 %
Total revenue	$ 368,450	$ 206,312	$ 162,138	79 %

Systems revenue increased during the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 due to there being 37 system deployments in progress during the fiscal quarter ending December 30, 2023 as compared to 22 system deployments in progress in the same quarter of fiscal 2022. The increase resulting from the deployments of our warehouse automation system is primarily due to the ongoing Master Automation Agreement with Walmart, for which we are performing the installation and implementation of our warehouse automation system within all of Walmart's 42 regional distribution centers, and which is expected to continue to produce systems revenue as the warehouse automation systems are installed and implemented at the remaining regional distribution centers through fiscal year 2028.

The increase in software maintenance and support revenue is due to there being four additional sites under software maintenance and support contracts contributing to our software maintenance and support revenue balance for the three months ended December 30, 2023 as compared to the three months ended December 24, 2022.

The increase in operation services revenue is attributable to an increase in sites where we are performing operation services during the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 due to an increased number of systems in deployment during the period as compared to the prior year.

Gross Profit

The following table sets forth our gross profit for the three months ended December 30, 2023 and December 24, 2022:

	For the Three Months Ended		Change
	December 30, 2023	December 24, 2022	Amount
	(in thousands)		
Systems	$ 69,809	$ 36,970	$ 32,839
Software maintenance and support	443	(434)	877
Operation services	(145)	(1,342)	1,197
Total gross profit	$ 70,107	$ 35,194	$ 34,913

Systems gross profit increased $32.8 million during the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 due to there being 37 system deployments in progress during the fiscal quarter ending December 30, 2023 as compared to 22 system deployments in progress in the same quarter of fiscal 2022.

The increase in software maintenance and support gross profit is due to an increase in revenues for the three months ended December 30, 2023 while costs to perform our maintenance and support services remained relatively flat.

The increase in operation services gross profit is driven by an increase to the number of sites where we are performing operation services and efficiency improvement on our existing operation services sites.

Research and Development Expenses

	For the Three Months Ended		Change	
	December 30, 2023	December 24, 2022	Amount	%
	(dollars in thousands)			
Research and development	$ 42,144	$ 50,740	$ (8,596)	(17)%
Percentage of total revenue	11 %	25 %		

The decrease in research and development expenses for the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 is due to the following:

	Change
	(in thousands)
Employee-related costs	$ (10,456)
Prototype-related costs, allocated overhead expenses, and other	1,860
	$ (8,596)

Employee-related costs decreased primarily as a result of a decrease in stock-based compensation expense and expense incurred for contractors. As we apply the graded-vesting method of expense recognition to all stock-based compensation awards with service-only conditions, higher expense was incurred for the three months ended December 24, 2022 due to the expense recognized in the first quarter of fiscal year 2023 for the issuance of restricted stock to our employees following the Business Combination. Additionally, we experienced a decrease in the expense related to contractors as a result of a combination of hiring full time employees and outsourcing certain business activities to third parties. These decreases were partially offset by an increase to payroll related costs as we continue to grow our software and hardware engineering organizations to support the development of key projects such as next generation autonomous electric vehicle robots, and also to support the continued expansion of our artificial intelligence and analytics capabilities.

The increase in prototype-related costs, allocated overhead expenses, and other during the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 is primarily due to an increase in prototype expenses as we implement efforts to expand on our current product offerings.

Selling, General, and Administrative Expenses

	For the Three Months Ended		Change	
	December 30, 2023	December 24, 2022	Amount	%
	(dollars in thousands)			
Selling, general, and administrative	$ 47,012	$ 54,023	$ (7,011)	(13)%
Percentage of total revenue	13 %	26 %		

The decrease in selling, general, and administrative expenses for the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 is due to the following:

	Change
	(in thousands)
Employee-related costs	$ (13,323)
Allocated overhead expenses and other	6,312
	$ (7,011)

Employee-related costs decreased primarily as a result of a decrease in stock-based compensation expense and expense incurred for contractors. As we apply the graded-vesting method of expense recognition to all stock-based compensation awards with service-only conditions, higher expense was incurred for the three months ended December 24, 2022 due to the expense recognized in the first quarter of fiscal year 2023 for the issuance of restricted stock to our employees following the Business Combination. Additionally, we experienced a decrease in the expense related to contractors as a result of a combination of hiring full time employees and outsourcing certain business activities to third parties. These decreases were partially offset by an increase to travel-related expenses incurred by our employees as our business continues to grow.

Allocated overhead and other expenses increased primarily due to an increase in information technology related costs as well as audit, tax, and legal expenses as compared to the prior year as our employee base and infrastructure continue to grow.

Other income, net

	For the Three Months Ended		Change	
	December 30, 2023	December 24, 2022	Amount	%
	(dollars in thousands)			
Other income, net	$ 6,199	$ 1,834	$ 4,365	238 %
Percentage of total revenue	2 %	1 %		

The increase in other income, net for the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 was due to higher interest earned on invested cash balances and marketable securities as a result of increased interest rates.

Income Taxes

	For the Three Months Ended		Change	
	December 30, 2023	December 24, 2022	Amount	%
	(dollars in thousands)			
Income tax expense	$ (117)	$ (251)	$ (134)	(53)%
Percentage of total revenue	— %	— %		

The decrease in income tax expense for the three months ended December 30, 2023 as compared to the three months ended December 24, 2022 is attributable to an increase in our international tax expense, offset by a decrease in the expense related to our state income taxes.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States of America, or GAAP, we provide additional financial metrics that are not prepared in accordance with GAAP, or non-GAAP financial measures. We use these non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes, to measure executive compensation, and to evaluate our financial performance. These non-GAAP financial measures are Adjusted EBITDA, Adjusted gross profit, and Adjusted gross profit margin, as discussed below.

We believe that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as it facilitates comparing financial results across accounting periods and to those of peer companies. We also believe that these non-GAAP financial measures enable investors to evaluate our operating results and future prospects in the same manner as we do. These non-GAAP financial measures may exclude expenses and gains that may be unusual in nature, infrequent, or not reflective of our ongoing operating results.

The non-GAAP financial measures do not replace the presentation of our GAAP financial measures and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP.

We consider Adjusted EBITDA to be an important indicator of the operational strength and performance of our business and a good measure of our historical operating trends. Adjusted EBITDA eliminates items that we do not consider to be part of our core operations. We define Adjusted EBITDA as GAAP net loss excluding the following items: interest income; income taxes; depreciation and amortization of tangible and intangible assets; stock-based compensation; CEO transition charges; Joint venture formation fees; and other infrequent items that may arise from time to time.

The non-GAAP adjustments, and our basis for excluding them from our non-GAAP financial measures, are outlined below:

- **Stock-based compensation** – Although stock-based compensation is an important aspect of the compensation paid to our employees, the grant date fair value varies based on the derived stock price at the time of grant, varying valuation methodologies, subjective assumptions, and the variety of award types. This makes the comparison of our current financial results to previous and future periods difficult to interpret; therefore, we believe it is useful to exclude stock-based compensation from our non-GAAP financial measures in order to highlight the performance of our business and to be consistent with the way many investors evaluate our performance and compare our operating results to peer companies.
- **CEO transition charges** – CEO transition charges represent the charges incurred associated with the separation agreement we entered into with Michael Loparco in November 2022. We exclude these CEO transition charges from our non-GAAP financial measures to provide a useful comparison of our operating results to prior periods and to our peer companies because such amounts are not representative of our normal operating activities.
- **Joint venture formation fees** – Joint venture formation fees represent the charges incurred associated with the formation of GreenBox, which was established on July 21, 2023. It primarily includes investment banker fees, legal fees, transaction fees, advisory fees, and certain other professional fees. We exclude joint venture formation fees from our non-GAAP financial measures to provide a useful comparison of our operating results to prior periods and peer companies because such amounts vary significantly based on the magnitude of the joint venture and do not reflect our core operations.

The following table reconciles GAAP net loss to Adjusted EBITDA for the three months ended December 30, 2023 and December 24, 2022 (in thousands):

	Three Months Ended	
	December 30, 2023	December 24, 2022
Net loss	$ (12,967)	$ (67,986)
Interest income	(6,149)	(1,833)
Income tax expense	117	251
Depreciation and amortization	2,565	1,695
Stock-based compensation	29,462	49,540
CEO transition charges	—	2,026
Joint venture formation fees	1,089	—
Adjusted EBITDA	$ 14,117	$ (16,307)

We consider Adjusted gross profit and Adjusted gross profit margin to be important indicators of profitability which we use in our financial and operational decision-making and evaluation of our overall operating performance. We define Adjusted gross profit, a non-GAAP financial measure, as GAAP gross profit excluding the following items: depreciation and stock-based compensation expense. We define Adjusted gross profit margin, a non-GAAP financial measure, as non-GAAP Adjusted gross profit divided by total revenue. The following table reconciles GAAP gross profit to Adjusted gross profit and gross profit margin to Adjusted gross profit margin during the periods presented (dollars in thousands):

	Three Months Ended	
	December 30, 2023	December 24, 2022
Gross profit	$ 70,107	$ 35,194
Depreciation	93	186
Stock-based compensation	3,431	312
Adjusted gross profit	$ 73,631	$ 35,692
Gross profit margin	19.0 %	17.1 %
Adjusted gross profit margin	20.0 %	17.3 %

Liquidity and Capital Resources

As of December 30, 2023, our principal sources of liquidity were cash received upon exercise of warrants, proceeds received from the maturities of marketable securities, and cash received from customers upon the inception and continuation of contracts to install customer Systems.

The following table shows net cash provided by (used in) operating activities, net cash provided by (used in) investing activities, and net cash provided by financing activities for the three months ended December 30, 2023 and December 24, 2022:

	Three Months Ended	
	December 30, 2023	December 24, 2022
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ (30,150)	$ 101,052
Investing activities	$ 98,690	$ (103,803)
Financing activities	$ 158,646	$ —

Operating Activities

Our net cash provided by (used in) operating activities consists of net loss adjusted for certain non-cash items, including depreciation and amortization, foreign currency gains and losses, provision for excess and obsolete inventory, and stock-based compensation, as well as changes in operating assets and liabilities. The primary changes in working capital items, such as the changes in accounts receivable and deferred revenue, result from the difference in timing of payments from our customers related to system installations and the associated costs incurred by us to fulfill the system installation performance obligation. This may result in an operating cash flow source or use for the period, depending on the timing of payments received as compared to the fulfillment of the system installation performance obligation.

Net cash used in operating activities was $(30.2) million during the three months ended December 30, 2023. Net cash used in operating activities was primarily due to our net loss of $13.0 million adjusted for non-cash items of $32.8 million, primarily consisting of $3.2 million depreciation and amortization and $29.5 million stock-based compensation, in addition to cash used in operating assets and liabilities of $49.9 million. Cash used in operating assets and liabilities of $49.9 million was primarily driven by net working capital changes, including the timing of cash payments to vendors and cash receipts from customers.

Net cash provided by operating activities was $101.1 million during the three months ended December 24, 2022. Net cash provided by operating activities was primarily due to our net loss of $68.0 million adjusted for non-cash items of $51.6 million, primarily consisting of $2.1 million depreciation and amortization and $49.5 million stock-based compensation, offset by cash provided by operating assets and liabilities of $117.4 million. Cash provided by operating assets and liabilities of $117.4 million was primarily driven by net working capital changes, including timing of cash payments to vendors and cash receipts from customers, an increase in inventory purchases for the three months ended December 24, 2022 as we purchase additional inventory in order to meet our installation timeline for our customers' upcoming warehouse automation system installations in connection with the Walmart Master Automation Agreement and other customer contracts, as well as an increase in deferred revenue for the three months ended December 24, 2022 resulting from an increase in the number of active system installation projects.

Investing Activities

Our investing activities have consisted primarily of property and equipment purchases, capitalization of internal use software development costs, purchases of marketable securities, and proceeds from maturities of marketable securities.

Net cash and cash equivalents provided by investing activities during the three months ended December 30, 2023 is primarily driven by $150.0 million in proceeds upon the maturity of certain U.S. Treasury securities, offset by purchases of U.S. Treasury securities of $48.3 million and purchases of property and equipment of $2.2 million.

Net cash and cash equivalents used in investing activities during the three months ended December 24, 2022 consisted of $7.0 million of purchased property and equipment. Additionally, during the three months ended December 24, 2022, we purchased U.S. Treasury securities for $96.8 million.

Financing Activities

Our financing activities typically consist of payments and proceeds related to our equity incentive plans for both RSUs and ESPP, and also include proceeds from the exercise of the vested warrants issued to Walmart.

During the three months ended December 30, 2023, we received cash of $158.7 million upon the gross exercise of Walmart's vested warrant units, which occurred in December 2023. No other significant financing activities occurred during the three months ended December 30, 2023. There were no transactions during the three months ended December 24, 2022 in which we generated proceeds from or used cash in financing activities.

Contractual Obligations and Commitments and Liquidity Outlook

Our cash flows from operations along with equity infusions have historically been sufficient to fund our operating activities and other cash requirements. As of December 30, 2023, we have a cash and cash equivalents balance of $486.0 million and short-term available for sale marketable securities balance of $189.0 million. Our cash requirements for the three months ended December 30, 2023 were primarily related to inventory purchases in order to deliver to our customers our warehouse automation systems in an orderly manner in line with our installation timeline, purchases of marketable securities in order to diversify the composition of our cash balance, and capital expenditures.

Based on our present business plan, we expect our current cash and cash equivalents, unrestricted marketable securities, working capital, and our forecasted cash flows from operations to be sufficient to meet our foreseeable cash needs for at least the next 12 months. Our foreseeable cash needs, in addition to our recurring operating expenses, include our expected capital expenditures to support expansion of our infrastructure and workforce, and minimum contractual obligations. Contractual obligations are cash that we are obligated to pay as part of certain contracts that we have entered into during our course of business. Our contractual obligations consist of operating lease liabilities that are included in our consolidated balance sheet and vendor commitments associated with agreements that are legally binding. Our operating lease cash requirements have not changed materially since September 30, 2023, and are disclosed within Note 5, *Leases*, included elsewhere in this Quarterly Report on Form 10-Q.

The following table summarizes our current and long-term material cash requirements as of December 30, 2023 for our vendor commitments:

		Payments due in:			
	Total	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
			(in thousands)		
Vendor commitments	$ 1,243,711	$ 1,221,226	$ 22,462	$ 23	$ —

Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support research and development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings, and the cost of any future acquisitions of technology or businesses. In the event that additional financing is required from outside sources, we may be unable to raise the funds on acceptable terms, if at all.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates during the three months ended December 30, 2023 as compared to the critical accounting policies and estimates disclosed in the audited consolidated financial statements and related notes thereto as of and for the year ended September 30, 2023, which are included within the Annual Report on Form 10-K filed with the SEC on December 11, 2023.

Off-Balance Sheet Arrangements

As of December 30, 2023, we had no off-balance sheet arrangements as defined in Instruction 8 to Item 303(b) of Regulation S-K.

Recent Accounting Pronouncements

For information on recent accounting pronouncements, see Recently Issued Accounting Pronouncements and Recently Adopted Accounting Pronouncements in the notes to the unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our assessment of our sensitivity to market risk since our presentation set forth in Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in the Annual Report on Form 10-K filed with the SEC on December 11, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The term “disclosure controls and procedures,” as defined in the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation of our disclosure controls and procedures as of December 30, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Except as set forth below, there were no changes in our internal control over financial reporting during the period covered by this quarterly report that materially affected, or are reasonably likely to affect, our internal control over financial reporting.

The Company is in the process of completing its new enterprise resource planning ("ERP") system implementation, SAP's S4/HANA which is expected to improve the efficiency of certain financial and related business processes. A significant portion of the implementation was completed in the current period; however, the Company continues to expand the use of this system which is intended to support the Company's business needs as the Company continues to grow. The implementation of SAP's S4/HANA is expected to strengthen the financial controls by automating certain manual processes and standardizing business processes and reporting across the organization. The Company will continue to evaluate and monitor the internal controls over financial reporting during this period of change and will continue to evaluate the operating effectiveness of related key controls. For a discussion of risks related to the implementation of new systems, see Part I, Item 1A, Risk Factors.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We may be subject from time to time to various claims, lawsuits, and other legal and administrative proceedings arising in the ordinary course of business. Some of these claims, lawsuits, and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, and penalties, non-monetary sanctions, or relief. We intend to recognize provisions for claims or pending litigation when we determine that an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. For a detailed discussion of these risks, please see the section in our Annual Report on Form 10-K filed with the SEC on December 11, 2023 titled "Risk Factors". Any of the matters highlighted in those risk factors and the risk factor below could adversely affect our business, results of operation and financial condition.

We are implementing a new enterprise resource planning system, and challenges with the implementation of the system may impact our business and operations.

We are in the process of completing a multi-year implementation of a complex new ERP system. The ERP system implementation has required the integration of the new ERP system with multiple new and existing information systems and business processes, and has been designed to accurately maintain our books and records and provide information to our management teams important to the operation of the business. Our ERP system implementation will continue to require ongoing maintenance and monitoring. Conversion from our old system to the new ERP system may cause inefficiencies until the ERP system is stabilized and mature. The implementation of our new ERP system has mandated new procedures and many new controls over financial reporting. These procedures and controls are not yet mature in their operation. If we are unable to adequately implement and maintain procedures and controls relating to our new ERP system, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired and impact our assessment of the effectiveness of our internal controls over financial reporting.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 20, 2022, in connection with its entry into the 2nd Amended and Restated Master Automation Agreement, the Company issued Walmart a warrant to acquire up to an aggregate of 258,972 Legacy Warehouse Class A Units ("May 2022 Warrant"), subject to certain vesting conditions. The May 2022 Warrant had a grant date fair value of $224.45. In connection with the closing of the Company's initial public offering in June 2022, the May 2022 Warrant was converted into a new warrant to acquire up to an aggregate of 15,870,411 common units of Symbotic Holdings LLC ("June 2022 Warrant" and, the common units of Symbotic Holdings LLC issuable thereunder, the "Warrant Units"). The June 2022 Warrant vested on

January 14, 2023, as the installation commencement date for certain Systems which the Company is installing in Walmart's 42 regional distribution centers had occurred. Walmart gross exercised the June 2022 Warrant on December 12, 2023 for $158.7 million. As a result of this gross exercise, 15,870,411 shares of Class V-1 Common Stock of the Company and the same number of common units of Symbotic Holdings LLC were issued to Walmart.

The Company issued each of the foregoing securities under Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act, as a transaction not requiring registration under Section 5 of the Securities Act.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the fiscal quarter ended December 30, 2023, the following director(s) and officer(s), as defined in Rule 16a-1(f) under the Exchange Act, adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408:

On December 14, 2023, Merline Saintil, a director of the Company, entered into a trading plan pursuant to Rule 10b5-1 of the Exchange Act. Ms. Saintil's Rule 10b5-1 trading plan provides for the sale of up to a maximum of 23,385 shares of Class A Common Stock for which Ms. Saintil is a beneficial owner as defined in Rule 16a-1(a) under the Exchange Act. Ms. Saintil's Rule 10b5-1 trading plan expires on December 30, 2024, or earlier if all transactions under the trading arrangement are completed. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c) under the Exchange Act.

On December 14, 2023, William Boyd, the Company's Chief Strategy Officer, entered into a trading plan pursuant to Rule 10b5-1 of the Exchange Act. Mr. Boyd's Rule 10b5-1 trading plan provides for the sale of shares of Class A Common Stock that he has received or will receive following the vesting of various RSU grants. Mr. Boyd's 10b5-1 trading plan calls for the sale of a percentage of shares that he could receive upon the future vesting of certain outstanding equity awards, net of any shares withheld by us to satisfy applicable taxes. The number of shares to be withheld, and thus the exact number of shares to be sold pursuant to Mr. Boyd's 10b5-1 trading plan, can only be determined upon the occurrence of the future vesting events. For purposes of this disclosure, without subtracting any shares to be withheld upon future vesting events, the maximum aggregate number of shares that may be sold pursuant to Mr. Boyd's 10b5-1 trading plan is 26,477 shares of Class A Common Stock. Mr. Boyd's Rule 10b5-1 trading plan expires on November 15, 2024, or earlier if all transactions under the trading arrangement are completed. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c) under the Exchange Act.

Certain of our directors or officers have made elections to participate in, and are participating in, our Incentive Compensation Plan, ESPP or our defined-contribution benefit plan under the provisions of Section 401(k) of the Internal Revenue Code and have may, and may from time to time make, elections to have shares withheld to cover withholding taxes or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5–1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

The exhibits listed below are filed or incorporated by reference into this Report.

Exhibit	Description
10.1#	Offer Letter, dated as of January 13, 2023, by and between Symbotic LLC and Walter Odisho
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/ Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/ Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

# Indicates management contract or compensatory plan

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.

Date: February 8, 2024

Symbotic Inc.

By:	/s/ Carol Hibbard
Name:	Carol Hibbard
Title:	Chief Financial Officer and Treasurer (Principal Financial Officer)

January 13, 2023
Walter Odisho

Dear Walt,

Congratulations! On behalf of Symbotic, we are excited to offer you the position of SVP, Manufacturing, based at our Wilmington, MA location.

This position will report to Rick Cohen, Chief Executive Officer. Your start date will be February 6, 2023.

We feel your background and experience will be a beneficial addition to our team. The focus, intensity and dedication you bring with you will prove valuable as we continue the work of building Symbotic into one of the most admired companies in America.

Compensation
You will receive an annual salary of $400,000 less applicable taxes and withholdings, paid in accordance with Symbotic's payroll schedule, which is currently bi-weekly payments paid one week in arrears.

Review
You will receive a performance and salary review each year as part of the annual review cycle.

Incentive Plan
You will be eligible to participate in Symbotic's Performance Incentive Plan at 50% of your base salary. Under the provisions of this plan, you are eligible for a discretionary bonus that is aligned with both professional and organizational goals. Incentive pay is pro-rated from your start date. Incentive pay is discretionary, and all employees must be in good standing with Symbotic at the time of the incentive payment in order to be eligible.

Sign-On Bonus
In appreciation of your decision to join us, you will receive a sign-on bonus of $500,000, less all applicable taxes and withholding, half of which will be paid after 15 days of employment and the other half after 180 days of employment. Each of these sign-on bonus payments is not considered earned by you until you complete one year of employment with Symbotic following its payment; and you must repay the applicable bonus and reasonable costs associated with Symbotic's collection of the bonus if you voluntarily leave the company prior to the completion of one year of employment from each payment.

Equity Award
Subject to approval by the Compensation Committee of Symbotic Inc's Board of Directors, you will be eligible to receive an equity-based award in the form of restricted stock units in April 2023. The number of RSUs granted to you would be determined by dividing $5,000,000 by the 20-day average closing price per share the Class A common stock during the 20 trading days prior to but not including the grant date. The vesting of the equity award will be the same as the vesting approved by the Compensation Committee for Symbotic's annual equity award program.

You will be eligible to participate in Symbotic's equity award program adopted by the Compensation Committee of Symbotic Inc.'s Board of Directors. Your first eligibility for an annual equity award under this program is anticipated to occur in January 2024. All awards are subject to approval by the Compensation Committee and are expected to take place annually in the first half of the year. Award values may vary from year to year, are subject to change without notice and are generally contingent upon such criteria as personal performance, scope of responsibility and company financial performance. The vesting of the awards will be as approved by the Compensation Committee for Symbotic's annual equity award program.

Awards may be subject to your execution of a restrictive covenant, including provisions on non- competition, non-solicitation of employees and customers and confidentiality.

Housing Reimbursement
If you choose to obtain housing in Massachusetts, the company will reimburse up to $4,000 per month for six months. The housing expenses and receipts must be properly documented, submitted in a timely fashion through the Company's expense reporting solution, Certify.

Benefits
Symbotic offers a competitive employee benefits package, understanding that benefits are a significant aspect of one's overall compensation. To meet the needs of our employees, we offer a range of Medical/Dental/Vision plans. Benefits under the Medical/Dental/Vision plans will be effective on your date of hire should you elect coverage. Company paid life and accidental death insurance will also begin on this date.

You will be eligible to contribute to the 401(k) upon your first day of employment. You will be auto enrolled into the plan after 30 days of employment at 5% if no action is taken. The company will provide a 100% company match on contributions of 1-3% of your salary and a 50% company match on contributions of 4-5% of your salary starting after six months of employment.

Other benefits include Tuition Reimbursement, and Health Care and Dependent Care Spending Account. In addition to the benefits available under the Tuition Reimbursement program, you will be eligible for additional tuition reimbursement beyond the caps of the existing program, as long as the course load is determined in coordination with management.

Vacation and Paid Time Off
Symbotic follows a flexible time off policy that offers our employees a better work/life balance and your time off is managed between you and your leader.

This offer is contingent upon the signing of our employee Invention, Non-Disclosure and Non- Solicitation Agreement and our employee Non-Competition Agreement, both which you will find attached, and successful completion of reference and background check.

If you have any questions, please feel free to contact me directly.

Sincerely,
/s/ Miriam Ort

Miriam Ort
CHRO

Symbotic LLC
200 Research Drive, Wilmington, MA 01887

We look forward to the opportunity to have you join our team. Please indicate your acceptance of this offer below.

/s/ Walter Odisho	January 13, 2023
Walter Odisho	Date

This letter contains all of the terms of the offer of employment to you and supersedes any other representations or offers made to you in connection with your employment. Your employment with Symbotic is at-will and is subject to standard employment policies and practices which Symbotic reserves the right to amend at any time with or without notice. Your employment is also conditional on your signing the enclosed Confidentiality and Non-Competition Agreement. Your hours in this position may fluctuate each pay period; the salary amount listed in this offer will compensate you for any and all hours worked.

cc: Personnel File

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard B. Cohen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2023 of Symbotic Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2024	By: /s/ Richard B. Cohen
	Richard B. Cohen
	Chairman and Chief Executive Officer
	(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carol Hibbard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2023 of Symbotic Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2024

By: /s/ Carol Hibbard
Carol Hibbard
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Symbotic Inc. (the "Company") for the fiscal quarter ended December 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard B. Cohen, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 8, 2024

By: /s/ Richard B. Cohen
Richard B. Cohen
Chairman and Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Symbotic Inc. (the “Company”) for the fiscal quarter ended December 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Carol Hibbard, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 8, 2024

By: /s/ Carol Hibbard
Carol Hibbard
Chief Financial Officer and Treasurer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.