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 March 31, 2024

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: 001-39384

VICARIOUS SURGICAL INC.
(Exact name of registrant as specified in its charter)

Delaware	87-2678169
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
78 Fourth Avenue Waltham, Massachusetts	02451
(Address of principal executive offices)	(Zip Code)

617-868-1700
Registrant's telephone number, including area code

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A common stock, $0.0001 par value per share	RBOT	The New York Stock Exchange
Warrants to purchase one share of Class A common stock, each at an exercise price of $11.50 per share	RBOT WS	The New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

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 ☒

As of April 21, 2024, the registrant had 127,595,800 shares of Class A common stock outstanding and 19,619,760 shares of Class B common stock outstanding.

TABLE OF CONTENTS

In this Quarterly Report on Form 10-Q, the terms "we," "us," "our," the "Company" and "Vicarious Surgical" mean Vicarious Surgical Inc. (formerly D8 Holdings Corp.) and our subsidiaries. Vicarious Surgical Inc. was incorporated in the Cayman Islands on May 6, 2020. The Company's legal name because Vicarious Surgical Inc. following a business combination between the Company and Vicarious Surgical Inc. on September 17, 2021 (the "Business Combination").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of 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"), that relate to future events, our future operations or financial performance, or our plans, strategies and prospects. These statements are based on the beliefs and assumptions of our management team. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or performance, 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 the negative of these terms, or other comparable terminology intended to identify statements about the future, although not all forward-looking statements contain these identifying words. The forward-looking statements are based on projections prepared by, and are the responsibility of, our management team. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the ability to maintain the listing of our Class A common stock on the New York Stock Exchange ("NYSE");
- the success, cost and timing of our product and service development activities;
- the approval, commercialization and adoption of our initial product candidates and the success of our single-port surgical robot, called the Vicarious Surgical System, and any of our future product candidates and service offerings;
- the potential attributes and benefits of the Vicarious Surgical System and any of our other product and service offerings once commercialized;
- our ability to obtain and maintain regulatory authorization for the Vicarious Surgical System and our product and service offerings on the timeline we expect, and without unexpected restrictions and limitations of any authorized product or service offering;
- changes in U.S. and foreign laws;
- our ability to identify, in-license or acquire additional technology;
- our ability to maintain our existing license agreements and manufacturing arrangements and scale manufacturing of the Vicarious Surgical System and any future product candidates to commercial quantities;

- our ability to compete with other companies currently marketing or engaged in the development of products and services for use in ventral hernia repair procedures and additional surgical applications, as well as with the use of open surgeries;
- the size and growth potential of the markets for the Vicarious Surgical System and any of our future product and service offerings, and the ability of each to serve those markets once commercialized, either alone or in partnership with others;
- our estimates regarding expenses, future revenue, capital requirements, cash runway and needs for additional financing;
- our ability to raise financing in the future;
- our financial performance;
- our intellectual property rights and our ability to protect or enforce these rights, and the impact on our business, results and financial condition if we are unsuccessful in doing so; and
- our ability to address economic downturns and political and market conditions beyond our control and their potential to adversely affect our business, financial condition and results of operations, including, but not limited to, increasing our expenses and cost of capital and adverse impacting our supply chain.

These forward-looking statements are based on information available as of the date of this report, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results, performance or achievements to differ materially from those indicated or implied by forward-looking statements such as those described under the caption "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K, elsewhere herein and in other filings that we make from time to time with the Securities and Exchange Commission. The risks described in such filings are not exhaustive. New risk factors emerge from time to time, and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements, which speak only as of the date hereof. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VICARIOUS SURGICAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share data)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 38,222	$ 52,822
Short-term investments	45,904	45,355
Prepaid expenses and other current assets	2,985	2,776
Total current assets	87,111	100,953
Restricted cash	936	936
Property and equipment, net	5,891	6,402
Right-of-use assets	11,243	11,459
Other long-term assets	105	114
Total assets	$ 105,286	$ 119,864
Liabilities, Convertible Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,272	$ 1,258
Accrued expenses	2,716	4,975
Lease liabilities, current portion	1,088	1,047
Total current liabilities	5,076	7,280
Lease liabilities, net of current portion	13,503	13,785
Warrant liabilities	2,697	830
Total liabilities	21,276	21,895
Commitments and Contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized; no shares issued or outstanding at March 31, 2024 and December 31, 2023	—	—
Class A Common stock, $0.0001 par value; 300,000,000 shares authorized at March 31, 2024 and December 31, 2023; 156,375,723 and 155,885,004 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	15	15
Class B Common stock, $0.0001 par value; 22,000,000 shares authorized at March 31, 2024 and December 31, 2023; 19,619,760 shares issued and outstanding at March 31, 2024 and December 31, 2023	2	2
Additional paid-in capital	233,747	230,654
Accumulated other comprehensive income	(41)	10
Accumulated deficit	(149,713)	(132,712)
Total stockholders' equity	84,010	97,969
Total liabilities and stockholders' equity	$ 105,286	$ 119,864

See accompanying notes to these condensed consolidated financial statements.

VICARIOUS SURGICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Operating expenses:		
Research and development	$ 9,968	$ 13,356
Sales and marketing	1,141	1,960
General and administrative	5,000	6,999
Total operating expenses	16,109	22,315
Loss from operations	(16,109)	(22,315)

Other income (expense):		
Change in fair value of warrant liabilities	(1,867)	(6,079)
Interest and other income	975	1,473
Interest expense	—	(1)
Loss before income taxes	(17,001)	(26,922)
Provision for income taxes	—	—
Net loss	$ (17,001)	$ (26,922)
Net loss per share of Class A and Class B common stock, basic and diluted	$ (0.10)	$ (0.21)
Other comprehensive income/(loss):		
Net unrealized gain/(loss) on investments	(51)	65
Other comprehensive gain/(loss)	(51)	65
Comprehensive net loss	$ (17,052)	$ (26,857)

See accompanying notes to these condensed consolidated financial statements.

VICARIOUS SURGICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCK AND STOCKHOLDERS' EQUITY/(DEFICIT)
(Unaudited)
(In thousands, except share data)

	Three Months Ended March 31, 2024					
	Class A & B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2024	175,504,764	$ 17	$ 230,654	$ (132,712)	$ 10	$ 97,969
Exercise of common stock options	25,700	—	2	—	—	2
Vesting of restricted stock	465,019	—	—	—	—	—
Stock-based compensation	—	—	3,091	—	—	3,091
Net loss	—	—	—	(17,001)	—	(17,001)
Other comprehensive loss	—	—	—	—	(51)	(51)
Balance, March 31, 2024	175,995,483	$ 17	$ 233,747	$ (149,713)	$ (41)	$ 84,010

	Three Months Ended March 31, 2023					
	Class A & B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2023	125,879,005	$ 13	$ 172,674	$ (61,641)	$ —	$ 111,046
Exercise of common stock options	324,407	—	85	—	—	85
Vesting of restricted stock	274,951	—	—	—	—	—
Stock-based compensation	—	—	3,254	—	—	3,254
Proceeds from short swing rule	—	—	200	—	—	200
Net loss	—	—	—	(26,922)	—	(26,922)
Other comprehensive income	—	—	—	—	65	65
Balance, March 31, 2023	126,478,363	$ 13	$ 176,213	$ (88,563)	$ 65	$ 87,728

See accompanying notes to these condensed consolidated financial statements.

VICARIOUS SURGICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (17,001)	$ (26,922)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	521	441
Stock-based compensation	3,091	3,254
Non-cash lease expense	216	196
Change in fair value of warrant liabilities	1,867	6,079
Change in accrued interest and net accretion of discounts on short-term investments	(466)	(169)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(209)	623
Accounts payable	14	170

Accrued expenses	(2,259)	(1,979)
Lease liabilities	(241)	(150)
Other noncurrent assets	9	(113)
Net cash used in operating activities	(14,458)	(18,570)
Cash flows from investing activities:		
Purchases of property and equipment	(10)	(306)
Purchases of available-for-sale investments	(19,493)	(43,522)
Proceeds from sales and maturities of available-for-sale investments	19,359	—
Net cash used in investing activities	(144)	(43,828)
Cash flows from financing activities:		
Repayment of equipment loans	—	(12)
Proceeds from short swing rule	—	200
Proceeds from exercise of stock options	2	85
Net cash provided by financing activities	2	273
Change in cash, cash equivalents and restricted cash	(14,600)	(62,125)
Cash, cash equivalents and restricted cash, beginning of period	53,758	117,144
Cash, cash equivalents and restricted cash, end of period	$ 39,158	$ 55,019
Reconciliation of restricted cash:		
Cash and cash equivalents	38,222	54,083
Restricted cash	936	936
	$ 39,158	$ 55,019
Supplemental cash flow information:		
Interest paid	$ —	$ 1
Non-cash investing and financing activities:		
Accruals for property, plant and equipment purchased during the period	$ —	$ 10

See accompanying notes to these condensed consolidated financial statements.

VICARIOUS SURGICAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except for share and per share data)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Vicarious Surgical Inc. (including its subsidiaries, “Vicarious” or the “Company”) (formerly D8 Holdings Corp. (“D8”)) was incorporated in the Cayman Islands on May 6, 2020. The Company’s legal name became Vicarious Surgical Inc. following a business combination between the Company and Vicarious Surgical Inc., a Delaware corporation, on September 17, 2021 (the “Business Combination”). The Company is headquartered in Waltham, Massachusetts.

The Company is currently developing its differentiated surgical robotic system using proprietary de-coupled actuators to transport surgeons inside the patient to perform minimally invasive surgical procedures.

The Company has not yet generated any revenue from operations. Management believes that the Company’s current cash, cash equivalents and short-term investments balance of $84,126 will be sufficient to support our operations beyond the next twelve months from the date of issuance of these financial statements. However, we do not anticipate that the current cash, cash equivalents and marketable securities as of March 31, 2024 will be sufficient for us to fund our development through commercialization, and we will need to raise additional capital to complete the development and commercialization of our product. We may satisfy our future cash needs through the sale of equity securities, debt financings, corporate collaborations or other agreements, working capital lines of credit, grant funding, interest income earned on invested cash balances or a combination of one or more of these sources.

The accompanying condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”). Any reference in these notes to applicable guidance is meant to refer to the authoritative US GAAP.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) and pursuant to regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the condensed consolidated financial statements prepared in accordance with US GAAP may have been condensed or omitted pursuant to such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited financial statements and accompanying notes for the years ended December 31, 2023 and 2022. The condensed consolidated balance sheet as of December 31, 2023, included herein, was derived from the audited consolidated financial statements of the Company.

The condensed consolidated financial statements, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly our financial position as of March 31, 2024, our results of operations, and stockholders’ deficit for the three months ended March 31, 2024 and 2023, and our cash flows for the three-month periods ended March 31, 2024 and 2023. The operating results for the three-month period ended March 31, 2024 is not necessarily indicative of the results to be expected for the year ending December 31, 2024 or for any interim period or for any other future year.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Subsequent Events

The Company has evaluated subsequent events through the filing of this Form 10-Q and determined that there have been no events that have occurred that would require adjustments to our disclosures in the condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying condensed consolidated financial statements and notes.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods presented. Estimates are used for, but are not limited to, the Company's ability to continue as a going concern, fair value of financial instruments, and contingencies. Actual results may differ from those estimates.

Fair Value of Financial Instruments

US GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. The framework provides a fair value hierarchy that prioritizes the inputs for the valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) and minimizes the use of unobservable inputs. The most observable inputs are used, when available. The three levels of the fair value hierarchy are described as follows:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived from, or corroborated by, observable market data by correlation or other means.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts, money market funds, U.S. treasury securities and U.S. government agency securities. The Company considers all highly liquid investments with an original maturity of 90 days or less at the date of purchase to be cash equivalents.

Restricted Cash

The Company has an agreement to maintain a cash balance of $ 936 at March 31, 2024 and December 31, 2023 as collateral for a letter of credit related to the Company's lease. The balance is classified as long-term on the Company's balance sheets as the lease period ends in March 2032.

Short-Term Investments

All of the Company's investments, which consist of U.S. treasury securities and U.S. government agency securities, are classified as available-for-sale and are carried at fair value. There were unrealized losses of $51 for the three-month period ended March 31, 2024. There were unrealized gains of $65 for the three-month period ended March 31, 2023.

Concentrations of Credit Risk and Off-Balance-Sheet Risk

The Company has no significant off-balance-sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents. The Company maintains its cash and cash equivalents principally with accredited financial institutions of high-credit standing. Periodically, there may be times when the deposits exceed the FDIC insurance limits.

Warrant Liabilities

The Company does not use derivative instruments to hedge its exposures to cash flow, market or foreign currency risks. Management evaluates all of the Company's financial instruments, including issued warrants to purchase its Class A common stock, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

As part of the Business Combination, the Company assumed 17,249,991 Public Warrants and 10,400,000 Private Placement Warrants, each exercisable to purchase shares of Class A common stock. All of the Company's outstanding warrants are recognized as derivative liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrants as liabilities at fair value and adjusts the warrant liability to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the statement of operations. The fair value of Public Warrants was determined from their trading value on public markets. The fair value of Private Placement Warrants was calculated using the Black-Scholes option pricing model.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for repairs and maintenance are expensed as incurred. When assets are retired or disposed of, the assets and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in the determination of net loss. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

Impairment of Long-Lived Assets

The Company continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of its long-lived assets may warrant revision or that the carrying value of these assets may be impaired. The Company does not believe that any events have occurred through March 31, 2024, that would indicate its long-lived assets are impaired.

Guarantees and Indemnifications

As permitted under Delaware law, the Company indemnifies its officers, directors, consultants and employees for certain events or occurrences that happen by reason of the relationship with, or position held at, the Company. Through March 31, 2024, the Company had not experienced any losses related to these indemnification obligations, and no claims were outstanding. The Company does not expect significant claims related to these indemnification obligations and, consequently, concluded that the fair value of these obligations is negligible, and no related liabilities have been established.

Research and Development

Research and development costs are expensed in the period incurred. Research and development costs include payroll and personnel expenses, consulting costs, software and web services, legal, raw materials and allocated overhead such as depreciation and amortization, rent and utilities. Advance payments for goods and services to be used in future research and development activities are recorded as prepaid expenses and are expensed over the service period as the services are provided or when the goods are consumed.

Stock-Based Compensation

The Company accounts for all stock-based compensation, including stock options, restricted stock units ("RSUs"), performance-based RSUs ("PSUs"), warrants and other forms of equity issued as compensation for services, at fair value and recognizes stock-based compensation expense for those equity awards, net of actual forfeitures, over the requisite service period, which is generally the vesting period of the respective award.

The fair value of the Company's stock options on the date of grant is determined by a Black-Scholes option pricing model utilizing key assumptions such as stock price, expected volatility and expected term. The Company's estimates of these assumptions are primarily based on the fair value of the Company's stock, historical data, peer company data and judgment regarding future trends. The Company uses its publicly traded stock price as the fair value of its common stock.

The fair value of RSUs and PSUs are based on the closing stock price on the grant date.

Income Taxes

The Company accounts for income taxes under the asset and liability method pursuant to ASC 740, *Accounting for Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that management believes that these assets are more likely than not to be realized in the future. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The Company provides reserves for potential payments of taxes to various tax authorities related to uncertain tax positions. Amounts recognized are based on a determination of whether a tax benefit taken by the Company in its tax filings or positions is "more likely than not" to be sustained on audit. The amount recognized is equal to the largest amount that is more than 50% likely to be sustained. Interest and penalties associated with uncertain tax positions are recorded as a component of income tax expense.

Net Income/(Loss) Per Share

Basic net income/(loss) per share attributable to common stockholders is computed by dividing the net income/(loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted net income/(loss) per share attributable to common stockholders is computed by dividing the net income/(loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period, including potential dilutive common stock. For the purpose of this calculation, outstanding stock options, restricted stock units, performance-based RSUs and stock warrants are considered potential dilutive common stock and are excluded from the computation of net loss per share as their effect is anti-dilutive.

Accordingly, in periods in which the Company reports a net loss, such losses are not allocated to such participating securities. In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, since dilutive common shares are not assumed to be outstanding when their effect is anti-dilutive.

Segments

Operating segments are identified as components of an enterprise about which separate discrete financial information is made available for evaluation by the chief operating decision maker ("CODM") in making decisions regarding resource allocation and assessing performance. The CODM is the Company's chief executive officer. The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company's singular concentration is focused on the development of its differentiated, human-like surgical robotic system.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"). Pursuant to the JOBS Act, an emerging growth company is provided the option to adopt new or revised accounting standards that may be issued by Financial Accounting Standards Board ("FASB") or the SEC either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We intend to take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies so long as we qualify as an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies.

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* , which requires all public entities, including public entities with a single reportable segment, to provide in interim and annual periods one or more measures of segment profit or loss used by the chief operating decision maker to allocate resources and assess performance. Additionally, the standard requires disclosures of significant segment expenses and other segment items as well as incremental qualitative disclosures. The guidance in this update is effective for fiscal years beginning after December 15, 2023, and interim periods after December 15, 2024. The Company is currently in the process of evaluating the effects of this pronouncement on our related disclosures.

In December 2023, the FASB also issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* , which requires enhanced income tax disclosures, including specific categories and disaggregation of information in the effective tax rate reconciliation, disaggregated information related to income taxes paid, income or loss from continuing operations before income tax expense or benefit, and income tax expense or benefit from continuing operations. The requirements of the ASU are effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently in the process of evaluating the impact of this pronouncement on our related disclosures.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of U.S. treasury and U.S. government agency securities and are classified as available-for-sale.

Available-for-sale investments are reported at fair value, with unrealized gains or losses reported in accumulated other comprehensive income. The fair values of our available-for-sale cash and cash equivalents securities are Level 1 measurements, based on quoted prices from active markets for identical assets. The fair values of our available-for-sale short-term investments securities are Level 2 measurements, based on quoted prices from inactive markets for identical assets.

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value of our marketable securities by type of security were as follows:

	March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S. treasury and U.S. government securities	45,945	4	(45)	45,904
Total assets	$ 45,945	$ 4	$ (45)	$ 45,904

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S. treasury and U.S. government securities	45,345	36	(26)	45,355
Total assets	$ 45,345	$ 36	$ (26)	$ 45,355

The aggregate fair value of available-for-sale debt securities in an unrealized loss position as of March 31, 2024 was $ 38,320. We did not have any investments in a continuous unrealized loss position for more than twelve months as of March 31, 2024. As of March 31, 2024, we believe that the cost basis of our available-for-sale debt securities is recoverable. No allowance for credit losses was recorded as of March 31, 2024.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	Estimated Useful Lives	March 31, 2024	December 31, 2023
Machinery and equipment	3 to 5 years	$ 3,155	$ 3,162
Furniture and fixed assets	3 to 7 years	1,158	1,173
Computer hardware and software	3 years	1,348	1,328
Leasehold improvements	Lesser of lease term or asset life	4,300	4,288
Total property and equipment		9,961	9,951
Less accumulated depreciation		(4,070)	(3,549)
Property and equipment, net		$ 5,891	$ 6,402

Depreciation expense for the three months ended March 31, 2024 and 2023 was $ 521 and $441, respectively.

5. FAIR VALUE MEASUREMENTS

The following fair value hierarchy table presents information about the Company's financial assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the inputs the Company utilized to determine such fair value:

	March 31, 2024			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 31,830	$ —	$ —	$ 31,830
U.S. treasury securities	—	45,904		45,904
Total assets	$ 31,830	$ 45,904	$ —	$ 77,734
Liabilities:				
Warrant liabilities - public warrants	$ 1,553	$ —	$ —	$ 1,553
Warrant liabilities - private warrants	—	—	1,144	1,144
Total liabilities	$ 1,553	$ —	$ 1,144	$ 2,697

	December 31, 2023			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 31,489	$ —	$ —	$ 31,489
U.S. treasury securities	—	45,355		45,355
Total assets	$ 31,489	$ 45,355	$ —	$ 76,844
Liabilities:				
Warrant liabilities - public warrants	$ 518	$ —	$ —	$ 518
Warrant liabilities - private warrants	—	—	312	312
Total liabilities	$ 518	$ —	$ 312	$ 830

Money market funds are classified as cash and cash equivalents. U.S. treasury securities are classified as cash equivalents when the date from initial purchase to maturity is less than 90 days. The remaining investments are classified as short-term investments.

The carrying values of prepaid expenses, right of use assets, accounts payable, and accrued expenses approximate their fair values due to the short-term nature of the instruments. The fair values of our short-term investments are Level 2 measurements as the US government securities are not the most recent offerings and are therefore not traded in an active market.

The fair value of the Public Warrants was determined from their trading value on public markets. The fair value of the Private Placement Warrants was calculated using the Black-Scholes option pricing model. The assumptions used in the model were the Company's stock price, exercise price, expected term, volatility, interest rate, and dividend yield.

For the three months ended March 31, 2024, the Company recognized a loss to the statement of operations resulting from an increase in the fair value of liabilities of $1,867 presented as change in fair value of warrant liabilities on the accompanying statement of operations.

For the three months ended March 31, 2023, the Company recognized a loss to the statement of operations resulting from an increase in the fair value of liabilities of $6,079 presented as change in fair value of warrant liabilities on the accompanying statement of operations.

The Company estimates the volatility of its warrants based on implied volatility from the Company's Public Warrants and from historical volatility of select peer companies' common stock that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates remaining at zero.

The following table provides quantitative information regarding the inputs used in determining the fair value of the Company's Level 3 liabilities:

Private Placement Warrants	As of March 31, 2024	As of December 31, 2023
Volatility	167.5%	110.0%
Stock price	$ 0.30	$ 0.37
Expected life of options	2.5 years	2.7 years

Risk-free rate	4.5%	4.1%
Dividend yield	0.00%	0.00%

The following table shows the change in number and value of the warrants since December 31, 2023:

	Public		Private		Total	
	Shares	Value	Shares	Value	Shares	Value
December 31, 2023	17,248,601	$ 518	10,400,000	$ 312	27,648,601	$ 830
Change in value	—	$ 1,035	—	$ 832	—	$ 1,867
March 31, 2024	17,248,601	$ 1,553	10,400,000	$ 1,144	27,648,601	$ 2,697

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table summarizes the Company's components of accrued expenses and other current liabilities:

	As of	
	March 2024	December 31, 2023
Compensation and benefits related	$ 1,993	$ 4,063
Professional services and other	723	912
Accrued expenses	$ 2,716	$ 4,975

7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings—From time to time, the Company may face legal claims or actions in the normal course of business. At each reporting date, the Company evaluates whether a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses as incurred the costs related to its legal proceedings.

8. LEASES

The Company leases its office facility under a noncancelable operating lease agreement that expires in March 2032. Lease expense was $ 534 for the three months ended March 31, 2024 and 2023.

A summary of the components of lease costs for the Company under ASC 842 for the three months ended March 31, 2024 and March 31, 2023, respectively were as follows:

	March 31,	
Lease costs	**2024**	**2023**
Operating lease costs	$ 534	$ 534
Variable lease costs	$ 103	$ 114
Total lease costs	$ 637	$ 648

Supplemental disclosure of cash flow information related to leases for the three months ended March 31, 2024 and 2023 was as follows:

	March 31,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities (operating cash flows)	$ 558	$ 488

The weighted-average remaining lease term and discount rate were as follows:

	March 31,	
	2024	2023
Weighted-average remaining lease term (in years)	8.0	9.0
Weighted-average discount rate	8.74%	8.74%

The following table presents the maturity of the Company's operating lease liabilities as of March 31, 2024:

Years Ended December 31,	
2024, excluding the three months ended March 31, 2024	$ 1,728
2025	2,358
2026	2,430
2027	2,502
2028	2,574
Thereafter	8,856
Total future minimum lease payments	$ 20,448
Less imputed interest	(5,856)
Carrying value of lease liabilities	$ 14,592

9. **INCOME TAXES**

For the three-month period ended March 31, 2024 and the year ended December 31, 2023, the Company did not record a tax provision as the Company did not earn any taxable income in either period and maintains a full valuation allowance against its net deferred tax assets.

10. STOCKHOLDERS’ EQUITY AND STOCK-BASED COMPENSATION

Authorized Shares

At March 31, 2024, the Company’s authorized shares consisted of 300,000,000 shares of Class A common stock, $0.0001 par value; and 22,000,000 shares of Class B common stock, $0.0001 par value; and 1,000,000 shares of preferred stock, par value of $0.0001 per share.

Preferred Stock

Preferred stock shares authorized may be issued from time to time in one or more series, with each series terms, voting, dividend, conversion, redemption, liquidation and other rights to be determined by the Board of Directors at the time of issuance. As of March 31, 2024, there were no shares of preferred stock issued and outstanding.

Warrants

The Company’s outstanding warrants include Public Warrants, which were issued as one-half of a redeemable Public Warrant per unit issued in D8’s initial public offering on July 17, 2020, and Private Placement Warrants sold in a private placement to D8’s sponsor (the “Sponsor”) in connection with the closing of the initial public offering and in connection with the conversion of D8 working capital loans. Each warrant is exercisable to purchase one share of Class A common stock at $11.50 per share.

As of March 31, 2024, the Company had 17,248,601 Public Warrants and 10,400,000 Private Placement Warrants outstanding.

The Public Warrants became exercisable at $11.50 per share 30 days after the Closing. If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws. The Company filed a registration statement with the SEC that was declared effective as of October 22, 2021 covering the shares of Class A common stock issuable upon exercise of the warrants and is maintaining a current prospectus relating to those shares of Class A common stock until the warrants expire, are exercised or redeemed, as specified in the warrant agreement.

The warrants will expire five years after the closing of the Business Combination or earlier upon redemption or liquidation.

Redemption of warrants when the price per share of Class A common stock equals or exceeds $ 18.00. The Company may call the Public Warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days’ prior written notice of redemption; and
- if, and only if, the last reported sale price of Class A common stock equals or exceeds $ 18.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

Redemption of warrants when the price per share of Class A common stock equals or exceeds $ 10.00. The Company may call the Public Warrants for redemption:

- in whole and not in part;
- at a price of $0.10 per warrant;
- upon a minimum of 30 days’ prior written notice of redemption; *provided* that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares based on the redemption date and the “fair market value” of the Company’s Class A common stock; and
- if, and only if, the last reported sale price of Class A common stock shares equals or exceeds $ 10.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders.

The Private Placement Warrants are identical to the Public Warrants underlying the units sold in D8’s initial public offering, except that the Private Placement Warrants and the shares of Class A common stock issuable upon exercise of the Private Placement Warrants, so long as they are held by the Sponsor or its permitted transferees, (i) are not redeemable by the Company, (ii) could not (including the shares of Class A common stock issuable upon exercise of these warrants), subject to certain limited exceptions, be transferred, assigned or sold by the holders until 30 days after the completion of the initial Business Combination, (iii) may be exercised by the holders on a cashless basis and (iv) are entitled to registration rights. If the Private Placement Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

Common Stock

Classes of Common Stock

Class A common stock receives one vote per share. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of Class A common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available for such purposes. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of Class A common stock are entitled to share ratably in all assets remaining after payment of our debts and other liabilities, subject to prior distribution rights of preferred stock or any class or series of stock having a preference over the Class A common stock, then outstanding, if any.

Class B common stock receives 20 votes per share and converts into Class A at a one-to-one conversion rate per share. Holders of Class B common stock will share ratably together with each holder of Class A common stock, if and when any dividend is declared by the board of directors. Holders of Class B common stock have the right to convert shares of their Class B common stock into fully paid and non-assessable shares of Class A common stock, on a one-to-one basis, at the option of the holder at any time. Upon the occurrence of certain events, holders of Class B common stock automatically convert into Class A common stock, on a one-to-one basis. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of Class B common stock are entitled to share ratably in all assets remaining after payment of our debts and other liabilities, subject to prior distribution rights of preferred stock or any class or series of stock having a preference over the Class B common stock, then outstanding, if any.

Stock Based Compensation

2021 Plan — In connection with the Closing, the Company's stockholders approved the Vicarious Surgical Inc. 2021 Equity Incentive Plan (the "2021 Plan"), pursuant to which 6,590,000 shares of Class A common stock were reserved for future equity grants under the 2021 Plan and 11,794,074 shares of Class A common stock were reserved for issuance under the 2021 Plan upon exercise of outstanding option awards assumed by the Company in connection with the Business Combination. On June 1, 2022, the Company's stockholders approved an amendment to the 2021 Plan, which provides for the granting of up to 6,590,000 additional shares of Class A common stock under the 2021 Plan as determined by the Board of Directors. On June 1, 2023, the Company's stockholders approved an amendment to the 2021 Plan, which provides for the granting of up to 6,970,817 additional shares of Class A common stock under the 2021 Plan as determined by the Board of Directors.

The 2021 Plan provides for the granting of incentive and nonqualified stock options, restricted stock, and other stock-based awards to employees, officers, directors, consultants, and advisors of the Company. Under the 2021 Plan, incentive and nonqualified stock options may be granted at not less than 100% of the fair market value of the Company's common stock on the date of grant. If an incentive stock option is granted to an individual who owns more than 10% of the combined voting power of all classes of the Company's capital stock, the exercise price may not be less than 110% of the fair market value of the Company's common stock on the date of grant and the term of the option may not be longer than five years.

The 2021 Plan authorizes the Company to issue up to 31,944,891 shares of common stock (either Class A or Class B) pursuant to awards granted under the 2021 Plan. The Board of Directors administers the 2021 Plan and determines the specific terms of the awards. The contractual term of options granted under the 2021 Plan is not more than 10 years. The 2021 Plan will expire on April 13, 2031 or an earlier date approved by a vote of the Company's stockholders or Board of Directors.

The Company issues RSUs of Class A common stock to certain employees and members of the board of directors. The RSUs vest over a four-year period. Performance-based RSUs are issued in the form of performance share units ("PSUs"). PSUs include threshold, target, and maximum achievement levels based on the achievement of specific performance measures. PSUs are subject to forfeiture if applicable performance measures are not attained. The expense is recognized over the vesting period, based on the best available estimate of the number of share units expected to vest. Estimates are subsequently revised if there is any indication that the number of share units expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. In July 2023, 2,510,422 PSUs were granted and an additional 2,510,422 PSUs could have been earned if certain performance measures are overachieved. The activity for common stock subject to vesting is as follows:

	Shares Subject to Vesting	Weighted Average Grant Date Fair Value
Balance of unvested shares - January 1, 2024	5,639,533	$ 3.01
Granted	45,998	$ 0.30
Vested	(465,019)	$ 3.38
Forfeited	(823,934)	$ 1.99
Balance of unvested shares - March 31, 2024	4,396,578	$ 3.13

The total stock-based compensation related to the RSUs and PSUs during the three months ended March 31, 2024, was $ 1,564. As of March 31, 2024, the total unrecognized stock-based compensation expense related to unvested RSUs and PSUs aggregated $10,776 and is expected to be recognized over a weighted average period of 2.2 years. The aggregate intrinsic value of the RSUs granted and vested during the three months ended March 31, 2024 was $14 and $171, respectively. The aggregate intrinsic value of RSUs outstanding at March 31, 2024 was $ 1,326.

The Company grants stock options to employees at exercise prices deemed by the Board of Directors to be equal to the fair value of the common stock at the time of grant. For options with a service condition, the fair value of the Company's stock options and warrants on the date of grant is determined by a Black-Scholes pricing model utilizing key assumptions such as common stock price, risk-free interest rate, dividend yield, expected volatility and expected life. The Company's estimates of these assumptions are primarily based on the fair value of the Company's stock, historical data, peer company data and judgement regarding future trends. The Company uses its publicly traded stock price as the fair value of its common stock.

During the three months ended March 31, 2024 and March 31, 2023, the Company granted options to purchase 1,205,000 and 481,764 shares, respectively, of Class A common stock, to employees and consultants with a fair value of $370 and $882 respectively, calculated using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Risk-free interest rate	4.27%	3.53% - 4.17%
Expected term, in years	6.08	6.07 - 6.08
Dividend yield	—%	—%
Expected volatility	92.78%	76.18% - 76.22%

The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of the related stock options. The expected life of employee and non-employee stock options was calculated using the average of the contractual term of the option and the weighted-average vesting period of the option, as the Company does not have sufficient history to use an alternative method to calculate an expected life for employees. The Company does not pay a dividend and is not expected to pay a dividend in the foreseeable future. Expected volatility for the Company's common stock was determined based on a combination of an average of the historical volatility of a peer group of similar public companies and the Company's own stock.

As of March 31, 2024, there was $ 11,549 of total gross unrecognized stock-based compensation expense related to unvested stock options. The costs remaining as of March 31, 2024 are expected to be recognized over a weighted-average period of 2.21 years.

Total stock-based compensation expense related to all of the Company's stock-based awards granted is reported in the statements of operations as follows:

	For the Three Months Ended March 31,	
	2024	2023
Research and development	$ 635	$ 861
Sales and marketing	344	293
General and administrative	2,112	2,100
Total	$ 3,091	$ 3,254

The Company plans to generally issue previously unissued shares of common stock for the exercise of stock options.

There were 7,514,991 shares available for future equity grants under the 2021 Plan at March 31, 2024.

The option activity of the 2021 Plan for the three months ended March 31, 2024, is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Outstanding at January 1, 2024	12,265,338	$ 3.37	7.57
Granted	1,205,000	0.40	
Exercised	(25,700)	0.07	
Forfeited, expired, or cancelled	(713,829)	3.50	
Options vested and expected to vest at March 31, 2024	12,730,809	$ 3.09	7.78

The weighted average grant date fair value of options granted during the three months ended March 31, 2024 and 2023 was $ 0.31 and $1.83, respectively. The aggregate intrinsic value of options exercised during the three months ended March 31, 2024 and March 31, 2023 was $9 and $757, respectively. The aggregate intrinsic value of options outstanding at March 31, 2024 was $ 50.

Common Stock Reserved for Future Issuance

As of March 31, 2024 and December 31, 2023, the Company has reserved the following shares of Class A common stock for future issuance (in thousands):

	As of	
	March 31, 2024	December 31, 2023
Common stock options outstanding	12,731	12,265
Restricted stock units outstanding	4,397	5,640
Shares available for issuance under the 2021 Plan	7,515	7,228
Public warrants	17,249	17,249
Private warrants	10,400	10,400
Total shares of authorized Common Stock reserved for future issuance	52,292	52,782

11. EMPLOYEE RETIREMENT PLAN

The Company maintains the Vicarious Surgical Inc. 401(k) plan, under Section 401(k) of the Internal Revenue Code of 1986, as amended, covering all eligible employees. Employees of the Company may participate in the 401(k) plan after one month of service and must be 18 years of age or older. The Company offers company-funded matching contributions which totaled $230 and $358 for the three-month periods ended March 31, 2024 and 2023, respectively.

12. NET INCOME/(LOSS) PER SHARE

The Company computes basic income/(loss) per share using net income/(loss) attributable to Vicarious Surgical Inc. common stockholders and the weighted-average number of common shares outstanding during each period. Diluted loss per share includes shares issuable upon exercise of outstanding stock options and stock-based awards where the conversion of such instruments would be dilutive.

	For the Three Months Ended March 31,

	2024	2023
Numerator for basic and diluted net loss per share:		
Net loss	$ (17,001)	$ (26,922)
Denominator for basic and diluted net loss per share:		
Weighted average shares	175,709,479	126,130,189
Net loss per share of Class A and Class B common stock – basic and diluted	$ (0.10)	$ (0.21)

For the three months ended March 31, 2024, 44,775,988 shares of the Company's common stock were excluded from the calculation of diluted earnings per share because the exercise prices of the stock options and warrants were greater than or equal to the average price of the common shares and were therefore anti-dilutive.

******

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

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our unaudited condensed consolidated results of operations and financial condition. The discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto contained in this Quarterly Report on Form 10-Q and the consolidated financial statements and notes thereto for the year ended December 31, 2023 contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 4, 2024, and our other public reports filed with the SEC. This discussion contains forward looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. Actual results may differ materially from those contained in any forward-looking statements. Unless the context otherwise requires, references to "we", "us", "our", and "the Company" are intended to mean the business and operations of Vicarious Surgical Inc. and its consolidated subsidiaries. The condensed consolidated financial statements for the three months ended March 31, 2024 and 2023, respectively, present the financial position and results of operations of Vicarious Surgical Inc. and its consolidated subsidiaries. In preparing this MD&A, the Company presumes that readers have access to and have read the MD&A in our Annual Report on Form 10-K, pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K.

Overview

We are combining advanced miniaturized robotics, computer science, sensing and 3D visualization to build a new category of intelligent and affordable, single-port surgical robot that virtually transports surgeons inside the patient to perform minimally invasive surgery. With our next-generation robotics technology which is being designed with proprietary human-like motion, we are seeking to improve patient outcomes, as well as the cost and efficacy of surgical procedures. Led by a visionary team of engineers from MIT, we intend to deliver the next generation in robotic surgery, designed to solve the shortcomings of both open surgery, as well as current manual and robot-assisted minimally invasive surgery.

We estimate there are over 45 million soft tissue surgical procedures (including an estimated 3.9 million ventral hernia procedures), addressable annually worldwide by our technology. Of these procedures, it is estimated that more than 50% are performed using open surgery, and less than 5% are performed by current robot-assisted minimally invasive surgery.

We believe this slow adoption of robot-assisted surgery has occurred because of several factors, including the following:

- ***Significant Capital Investment***. Legacy robotic systems require high upfront acquisition costs and burdensome annual service contracts that are often prohibitively expensive, especially in outpatient settings. Based on discussion with industry sources, we estimate these capital costs to be up to $2.0 million or more per system upfront, plus an additional 10% to 20% annually for maintenance and service contracts.

- ***Low Utilization***. In addition to the significant acquisition costs, existing robotic systems create inefficiencies and increase costs to medical facilities considering adoption. Due to their large size and limited portability, existing robotic systems require the construction of a dedicated operating room, occupying valuable real estate within the hospital. Once in place, these robotic systems require extensive set-up and operating room turnover times, which limits the number of procedures that can be performed with the robotic system.

- ***Limited Capabilities***. Existing robotic systems have limited capabilities and are ill-suited for many outpatient procedures. Due to their limited degrees of freedom inside the abdomen, they depend on significant, complicated, robotic motion outside the body, and they have limited ability to operate in multiple quadrants, difficulty operating on the "ceiling" of the abdomen, create collisions inside and outside of the patient's abdomen, and restrict overall access of the operating team to the patient.

- ***Difficult to Use***. Existing robotic systems require the surgeon to develop an extensive procedure plan in advance to determine appropriate incision sites and angles for each procedure, in order to avoid collisions inside and outside of the patient's abdomen. Surgeons must develop this plan with fewer degrees of freedom than they would employ using open surgery, restricting their natural movements. Becoming proficient at manipulating these legacy robotic systems to perform the procedures they otherwise were trained to perform via open surgery requires extensive training and several dozen procedures on live patients. As these systems are maintained in dedicated, expensive, operating rooms, obtaining access to train on the system becomes a significant impediment to adoption, resulting in more open surgeries.

The single-port Vicarious Surgical System with advanced, miniaturized robotics and exceptional visualization is designed to address the significant limitations of open surgery and existing single- and multi-port robotic surgical approaches to improve patient outcomes and enhance adoption by hospitals and other medical facilities. The Vicarious Surgical System is designed with a fundamentally different architecture, and proprietary "de-coupled actuators," to overcome many of the limitations of open surgery or existing robot-assisted surgical procedures with a minimally invasive and more capable robotic system. This architecture enables unprecedented dexterity inside the abdomen through an ultra-thin support tube, providing significant improvement over existing legacy robotic systems and minimizing the complications and trauma associated with open surgery. The Vicarious Surgical System has not yet been authorized by the FDA. We have had pre-submission meetings with the FDA to align on our regulatory strategy and plan to file a de novo application with the FDA for use in ventral hernia procedures as our first indication.

The dollar amounts set forth in this section are presented in thousands, except for per share amounts.

Financial Highlights

We are pre-revenue generating as of March 31, 2024.

We incurred net losses of $17,001 and $26,922 for the three months ended March 31, 2024 and March 31, 2023, respectively. These losses include losses of $1,867 and $6,079 related to the change in valuation of our warrant obligations for the three months ended March 31, 2024 and March 31, 2023, respectively. Our loss from operations prior to the warrant loss and other income and expense items was $16,109 and $22,315 for the three months ended March 31, 2024 and March 31, 2023, respectively, representing a period-over-period gain of 28%, which was primarily due to decreases of $4,174 in personnel-related expenses, $1,202 in in professional services and $514 in insurance expenses. The decrease in personnel-related expense was due primarily to a decrease in average headcount of 39%, from an average of 216 people in the three months ended March 31, 2023 to an average of 131 people in the three months ended March 31, 2024.

Factors Affecting Results of Operations

The following factors have been important to our business and we expect them to impact our results of operations and financial condition in future periods:

Revenue

To date, we have not generated any revenue. We do not expect to generate revenue unless and until we receive FDA authorization of our product candidate. The amount of revenue, if any, from initial sales of a new product is difficult to predict and, even if we successfully commercialize our product candidate upon approval and begin generating revenue, such revenues will initially only modestly reduce our continued net losses resulting from our research and development and marketing activities which we expect to continue to increase even after market authorization is received.

Research and Development Expenses

R&D expenses consist primarily of engineering, product development, regulatory expenses, medical affairs, and other costs associated with product candidates and technologies that are in development. These expenses include employee compensation, including stock-based compensation, supplies, consulting, prototyping, testing, materials, travel expenses, depreciation and an allocation of facility overhead expenses. Additionally, R&D expenses include internal and external costs associated with our regulatory compliance and quality assurance functions and overhead costs. We expect R&D expenses as a percentage of revenue to vary over time depending on the level and timing of our new product development efforts, as well as our clinical development, clinical trial and other related activities.

General and Administrative Expenses

General and administrative ("G&A") expenses consist primarily of compensation for personnel, including stock-based compensation, related to executive, finance and accounting, information technology and human resource functions. Other G&A expenses include travel expenses, professional services fees (including legal, audit and tax fees), insurance costs, general corporate expenses and allocated facilities-related expenses. We expect G&A expenses to continue to increase in absolute dollars as we expand our infrastructure to both drive and support the anticipated growth due to additional legal, accounting, insurance and other expenses associated with being a public company.

Sales and Marketing Expenses

Sales and marketing ("S&M") expenses consist primarily of compensation for personnel, including stock-based compensation, related to selling and marketing functions and physician education programs. Other S&M expenses include training, travel expenses, promotional activities, marketing initiatives, market research and analysis, conferences and trade shows, professional services fees and allocated facilities-related expenses. We expect S&M expenses to continue to increase in absolute dollars as we increase potential customers' awareness of our presence and prepare our sales and marketing function for our product launch at a future, yet undetermined date.

Change in Fair Value of Warrant Liabilities

The change in fair value of warrant liability represents the mark-to-market fair value adjustments to the outstanding Public Warrants and Private Placement Warrants assumed as part of the consummation of the Business Combination on September 17, 2021. The change in fair value of our Private Placement Warrants is primarily the result of the change in the underlying stock price of our stock used in the Black-Scholes option pricing model while the Public Warrants are marked-to-market based on their price on the New York Stock Exchange. The warrant liability was measured at fair value initially on September 17, 2021 and is remeasured at exercise, and for warrants that remain outstanding at the end of each subsequent reporting period.

Interest Income

Interest income consists primarily of interest income earned on our cash and cash equivalents and short-term investments.

Interest Expense

Interest expense consists primarily of interest incurred on our equipment loans that were paid off in April 2023.

Results of Operations

The following table sets forth our historical operating results for the three months ended March 31, 2024 and 2023:

(in thousands, except for per share amounts)	Three months ended March 31, 2024	2023	Change	% Change
Operating expenses:				
Research and development	$ 9,968	$ 13,356	$ (3,388)	(25)%

Sales and marketing	1,141	1,960	(819)	(42)%
General and administrative	5,000	6,999	(1,999)	(29)%
Total operating expenses	16,109	22,315	(6,206)	(28)%
Loss from operations	(16,109)	(22,315)	6,206	(28)%
Other income (expense):				
Change in fair value of warrant liabilities	(1,867)	(6,079)	4,212	(69)%
Interest and other income	975	1,473	(498)	(34)%
Interest expense	—	(1)	1	(100)%
Loss before income taxes	(17,001)	(26,922)	9,921	(37)%
Provision for income taxes	—	—	—	N/M
Net loss	$ (17,001)	$ (26,922)	$ 9,921	(37)%
Net loss per common share, basic and diluted	$ (0.10)	$ (0.21)	$ 0.11	(52)%
Other comprehensive gain (loss):				
Net unrealized gain (loss) on investments	(51)	65	(116)	(178)%
Other comprehensive gain (loss)	(51)	65	(116)	(178)%
Comprehensive gain (loss)	$ (17,052)	$ (26,857)	$ 9,805	(37)%

Comparison of the Three Months ended March 31, 2024 and 2023

Research and Development Expenses . R&D expenses decreased $3,388, or 25%, to $9,968 during the three months ended March 31, 2024, compared to $13,356 during the three months ended March 31, 2023. This decrease was primarily due to decreases of $2,984 of personnel-related expenses and $544 in professional services. The decrease in personnel-related expense was due primarily to a decrease in average headcount of 38%, from an average of 168 people in the three months ended March 31, 2023 to an average of 105 people in the three months ended March 31, 2024.

Sales and Marketing Expenses. S&M expenses decreased $819, or 42%, to $1,141 during the three months ended March 31, 2024, compared to $1,960 during the three months ended March 31, 2023. This decrease was primarily due to decreases of $559 of personnel-related expenses and $147 in professional services. The decrease in personnel-related expense was due to an average headcount decrease of 44%, from an average of 18 people in the three months ended March 31, 2023 to an average of 10 people for the three months ended March 31, 2024.

General and Administrative Expenses. G&A expenses decreased $1,999, or 29%, to $5,000 during the three months ended March 31, 2024, compared to $6,999 during the three months ended March 31, 2023. This decrease was due to decreases of $632 in personnel-related expenses, $511 in professional fees, $530 in insurance expenses and $229 in business taxes. The decrease in personnel-related expense was due to an average headcount decrease of 47% from an average of 30 people in the three months ended March 31, 2023 to 16 people in the three months ended March 31, 2024.

Change in Fair Value of Warrant Liabilities. The change in fair value of warrant liabilities during the three months ended March 31, 2024 was a $1,867 loss. The change in fair value of warrant liability resulted from the remeasurement of the public and private placement warrant liabilities between December 31, 2023 and the end of the reporting period, March 31, 2024.

Interest and Other Income. Interest and other income decreased by $498, or 34%, to $975 during the three months ended March 31, 2024, compared to $1,473 during the three months ended March 31, 2023. The decrease was primarily due to a decrease in interest income from short-term investments.

Interest Expense. Interest expense decreased by $1 to $0 during the three months ended March 31, 2024, compared to $1 during the three months ended March 31, 2023. The decrease was primarily due to the equipment loans being paid off in April 2023.

Income Taxes. Our income tax provision consists of an estimate for U.S. federal and state income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in tax law. Due to historical cumulative losses and expected future losses, we maintain a full valuation allowance against our U.S. and state deferred tax assets.

Liquidity and Capital Resources

To date, our primary sources of capital have been private placements of preferred stock prior to the Business Combination, the recapitalization with D8 and the issuance of common stock. Net cash used in our operating activities for the three months ended March 31, 2024 and the year ended December 31, 2023 was $14,458 and $62,305, respectively. As of March 31, 2024, we held cash and cash equivalents of $38,222, short-term investments of $45,904 and had an accumulated deficit of $149,713.

Excluding the non-cash impact of potential changes in the fair value of warrant liabilities, we expect net losses to continue in connection with our ongoing activities, particularly as we continue to invest in commercialization and new product development. We believe our current cash, cash equivalents and short-term investments balance of $84,126 as of March 31, 2024 will be sufficient to support our operations beyond the next twelve months from the date of issuance of these financial statements. Our future capital requirements will depend on many factors, including, but not limited to, any changes in the size, number and scope of clinical trials we may be required to conduct, the timing and conditions of market authorization (if any) for the Vicarious Surgical System, whether we are able to successfully commercialize the Vicarious Surgical System, if approved, additional product candidates we may choose to develop, fluctuations in the cost and timing of our business activities, including manufacturing, hiring and protection of our intellectual property portfolio, and the other risks and uncertainties described in Part I, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K filed with the SEC on March 4, 2024 and in other filings that we make with the Securities and Exchange Commission from time to time.

We expect that we will need to obtain substantial additional funding in order to complete our clinical trials, obtain market authorization for the Vicarious Surgical System, and commercialize it, if approved. Until such time, if ever, as we can generate sufficient revenues to support our expenses, we may seek to sell additional common or preferred equity or convertible debt securities, enter into an additional credit facility or another form of third-party funding or seek other debt financing. The sale of equity and convertible debt securities may result in dilution to our stockholders. Preferred equity securities or convertible debt could provide for rights, preferences or privileges senior to those of our common stock, including liquidation or other preferences that could adversely affect the rights of our existing stockholders. The terms of debt securities issued or borrowings pursuant to a credit agreement could impose significant restrictions on our operations. If we raise funds through collaborations and licensing arrangements, we might be required to relinquish significant rights to our platform technologies or product candidates or grant licenses on terms that are not favorable to us, or that we would otherwise seek to develop or commercialize ourselves. Additional capital may not be available on reasonable terms, or at all, particularly given the current macroeconomic environment, including diminished liquidity and credit availability, declines in consumer confidence and economic growth, rising interest rates, inflation, uncertainty about economic stability and potential for economic recession. If the equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult to obtain, more costly and more dilutive. If we are unable to raise capital when needed or on attractive terms, we could be forced to significantly delay, scale back or discontinue the development, market authorization or commercialization of the Vicarious Surgical System or future product candidates, or seek collaborators at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available.

On October 7, 2022, we filed a universal shelf registration statement on Form S-3 (the "Form S-3"), which was declared effective by the SEC on October 27, 2022, on which we registered for sale up to $400 million of any combination of our Class A common stock, preferred stock, debt securities, warrants, rights and/or units from time to time and at prices and on terms that we may determine, which includes up to $100 million of Class A common stock that we may issue and sell from time to time, through Cowen and Company, LLC acting as our sales agent, pursuant to the sales agreement that we entered into with Cowen and Company, LLC on October 7, 2022 for our "at-the-market" equity program. In December 2022, we issued 3,048,781 shares of Class A common stock under our sales agreement with Cowen and Company, LLC, resulting in gross proceeds of $10.0 million. We did not sell any shares of our Class A common stock under our sales agreement with Cowen and Company, LLC for the three months ended March 31, 2024.

On August 2, 2023, we entered into an underwriting agreement related to the public offering of 45,000,000 shares of our Class A common stock, at a public offering price of $1.00 per share less the underwriting discounts and commission, pursuant to the Form S-3. We received approximately $45 million in gross proceeds from this offering, before deducting underwriting discounts and commission and offering expenses. The offering closed on August 7, 2023. In addition, 2,045,224 shares of Class A common stock were issued upon exercise of by the underwriters at their option to purchase additional shares at the same offering price, which closed on August 29, 2023. The gross proceeds from the offering of 47,045,224 shares of our Class A common stock were $47.0 million and net proceeds of $44.2 million, after deducting underwriting discounts and commissions and other offering expenses payable by us.

Cash

Our cash and cash equivalents and short-term investments balance as of March 31, 2024 was $38,222 and $45,904, respectively. Our future capital requirements may vary from those currently planned and will depend on various factors, including the timing and extent of R&D spending and spending on other strategic business initiatives.

Cash Flows Summary

Comparison of the three months ended March 31, 2024 and March 31, 2023

	Three months ended March 31,	
(in thousands)	**2024**	**2023**
Net cash used in operating activities	$ (14,458)	$ (18,570)
Net cash used in investing activities	$ (144)	$ (43,828)
Net cash provided by financing activities	$ 2	$ 273

Cash flows used in Operating Activities

Net cash used in operating activities during the three months ended March 31, 2024 was $14,458, attributable to net loss of $17,001 and a net change in our net operating assets and liabilities of $2,686 and non-cash items of $5,229. Non-cash items consisted of a loss of $1,867 due to the change in fair value of our warrant liabilities, $3,091 in stock-based compensation, $521 of depreciation and amortization, $216 for non-cash lease expense and partially offset by a $466 change in accrued interest and net accretion of discounts on marketable securities. The $2,686 change in our net operating assets and liabilities was primarily due to decreases of $2,259 in accrued expenses, $241 in lease liabilities, $14 in accounts payable, $9 in other noncurrent assets, and partially offset by a $209 increase in prepaid expenses.

Net cash used in operating activities during the three months ended March 31, 2023 was $18,570, attributable to net loss of $26,922 and a net change in our net operating assets and liabilities of $1,449 and non-cash items of $9,801. Non-cash items consisted of a loss of $6,079 due to the change in fair value of our warrant liabilities, $3,254 in stock-based compensation, $441 of depreciation and amortization, $196 for non-cash lease expense and partially offset by a $169 change in accrued interest and net accretion of discounts on marketable securities. The $1,449 change in our net operating assets and liabilities was primarily due to a $1,979 increase in accrued expenses, $150 in lease liabilities, and $113 in other noncurrent assets, partially offset by a $170 increase in accounts payable.

Cash flows used in Investing Activities

Net cash used by investing activities for the three months ended March 31, 2024 was $144 consisting of $19,493 for purchases of available-for-sale investments, $10 for fixed asset purchases consisting mainly of leasehold improvements and partially offset by $19,359 in proceeds from sales and maturities of available-for-sale investments.

Net cash used by investing activities for the three months ended March 31, 2023 was $43,828 consisting of $43,522 for available-for-sale investments and $306 for fixed asset purchases consisting mainly of R&D equipment and leasehold improvements.

Cash flows provided by Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2024 was $2 that was received for stock option exercises.

Net cash provided by financing activities for the three months ended March 31, 2023 was $273 consisting of $200 in proceeds from the short swing rule, $85 received for stock option exercises and partially offset by $12 of equipment loan repayments.

Off-Balance Sheet Arrangements

During the periods presented, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, which were established for the purpose of facilitating off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the consolidated balance sheet date, as well as the reported expenses incurred during the reporting periods. Our management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, and such differences could be material to our condensed consolidated financial statements.

While our significant accounting policies are described in the notes to our historical condensed consolidated financial statements (see Note 2 of the accompanying condensed consolidated financial statements), we believe the following critical accounting policy requires significant judgment and estimates in the preparation of our condensed consolidated financial statements:

Warrant Liabilities

We recognize our warrants as liabilities at fair value and adjust the warrant liability to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the statement of operations. The fair value of Public Warrants is determined from their trading value on public markets. The fair value of Private Placement Warrants is calculated using the Black-Scholes option pricing model. The assumptions used in the model are the Company's stock price, exercise price, expected term, volatility, interest rate, and dividend yield.

The Company estimates the volatility of its warrants based on implied volatility from the Company's Public Warrants and from historical volatility of select peer companies' common stock that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates remaining at zero.

Recently Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 "Summary of Significant Accounting Policies – Recently Issued Accounting Pronouncements" in our condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q.

Emerging Growth Company

Following the Business Combination, we became an "emerging growth company," as defined in the JOBS Act. Pursuant to the JOBS Act, an emerging growth company is provided the option to adopt new or revised accounting standards that may be issued by FASB or the SEC either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We intend to take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies. Accordingly, the information contained herein may be different than the information you receive from other public companies.

We also intend to take advantage of some of the reduced regulatory and reporting requirements of emerging growth companies pursuant to the JOBS Act so long as we qualify as an emerging growth company, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Background and Remediation of Material Weaknesses

In connection with our evaluation of disclosure controls and procedures covering our consolidated financial statements as of December 31, 2023, we identified material weaknesses in our internal control over financial reporting. We have concluded that material weaknesses exist in our disclosure controls and procedures, including internal control over financial reporting, as we do not have the necessary business processes, personnel and related internal controls to operate in a manner to satisfy the accounting and financial reporting requirements of a public company. These material weaknesses manifested themselves in ways that included the improper segregation of duties relating to review of the recording of journal entries and the reconciliation of key accounts and safeguarding of assets, as well as the analysis of accounting for certain transactions and accounts, improper controls related to information technology, ineffective risk assessment process and documentation and monitoring of control processes, accounting policies and procedures.

We are focused on designing and implementing effective internal controls measures to improve our evaluation of disclosure controls and procedures, including internal control over financial reporting, and remediate the material weaknesses. In order to remediate these material weaknesses, we have taken and plan to take the following actions:

- the hiring and continued hiring of additional accounting, finance and legal resources with public company experience; and

- implementation of additional review controls and processes requiring timely account reconciliation and analyses of certain transactions and accounts.

These actions and planned actions are subject to ongoing evaluation by management and will require testing and validation of design and operating effectiveness of internal control over financial reporting over future periods. We are committed to the continuous improvement of our internal control over financial reporting and will continue to review the internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended March 31, 2024, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were not effective as of March 31, 2024 to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities and Exchange Act is recorded, processed, summarized and reported as and when required.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of this Quarterly Report on Form 10-Q, to our knowledge, we are not party to and our property is not subject to any material pending legal proceedings. However, from time to time, we may become involved in legal proceedings or subject to claims that arise in the ordinary course of our business activities. Regardless of the outcome, such legal proceedings or claims could have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K filed with the SEC on March 4, 2024.

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

Unregistered Sales of Equity Securities

Not applicable.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the three months ended March 31, 2024.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

No director or officer adopted or terminated any Rule 10b5-1 plan or any non Rule 10b5-1 trading arrangement during the first quarter of 2024.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
10.1+	Offer Letter, dated January 18, 2024, by and between Vicarious Surgical Inc. and Randy Clark.	Form 10-K (Exhibit 10.6)	3/4/2024	001-39384
31.1*	Certification of Principal Executive Officer Pursuant to Rules 12a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Rules 12a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32*†	Certifications of Principal Executive Officer and Principal Financial Officer and Principal Accounting Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)			

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 and contained in Exhibit 101)

* Filed herewith.

† The certifications furnished in Exhibit 32 hereto are deemed to accompany this Quarterly Report and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

\+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized**.**

VICARIOUS SURGICAL INC.

April 29, 2024	By:	/s/ Adam Sachs Adam Sachs Chief Executive Officer *(Principal Executive Officer)*
April 29, 2024	By:	/s/ William Kelly William Kelly Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, Adam Sachs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vicarious Surgical 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(s) 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(s) 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: April 29, 2024

/s/ Adam Sachs
Adam Sachs
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, William Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vicarious Surgical 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(s) 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(s) 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: April 29, 2024

/s/ William Kelly
William Kelly
Chief Financial Officer
(*Principal Financial Officer*)

Exhibit 32

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Vicarious Surgical Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Quarterly Report for the quarter ended March 31, 2024 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2024

/s/ Adam Sachs
Adam Sachs
Chief Executive Officer
(*Principal Executive Officer*)

Dated: April 29, 2024

/s/ William Kelly
William Kelly
Chief Financial Officer
(*Principal Financial Officer*)