

Q2 2024 Earnings Conference Call

Thursday, August 8, 2024, at 5:00PM EDT



Safe Harbor

Note Regarding Forward-Looking Information

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those involving future events and future results that are based on current expectations as well as the current beliefs and assumptions of management of Identiv and can be identified by words such as “anticipate,” “believe,” “continue,” “plan,” “will,” “intend,” “expect,” “outlook,” and similar references to the future. Any statement that is not a historical fact is a forward-looking statement, including statements regarding: Identiv’s expectations regarding future operating and financial outlook and performance; Identiv’s strategy, opportunities, focus and goals, including plans for its IoT business; opportunities in the markets and industry in which Identiv operates, including healthcare, specialty retail, smart packaging, and smart home devices; expected amount of proceeds from the asset sale transaction; the terms and conditions related to the transaction, including regulatory approvals; the timing of the closing of the asset sale transaction; Identiv’s plans to transition its RFID production from Singapore to Thailand, including the expected timing and benefits thereof; Identiv’s expectations with respect to the use of proceeds from the proposed transaction; Identiv’s beliefs regarding access to future capital; expectations related to the amount of net proceeds and 12-month net cash use; expected 2024 third quarter revenue for its IoT business; expected non-GAAP aggregated revenue from its IoT business and Physical Security Business if the strategic transaction does not close as anticipated prior to the end of the third quarter; Identiv’s expectations with respect to its IoT growth plan, including strengthening relationships with existing channel customers, pursuing new customer-driven product development opportunities, engaging with advisors, and focusing growth efforts on higher-margin segments and high-value applications within the healthcare, medical device, and pharmaceutical industries; expected non-GAAP gross margins and estimated EBITDA breakeven; and Identiv’s expectations with respect to demand and customer orders. Forward-looking statements are only predictions and are subject to a number of risks and uncertainties, many of which are outside Identiv’s control, which could cause actual results to differ materially and adversely from those expressed in any forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the risk that the conditions to the closing of the transaction are not satisfied, including the risk that CFIUS approval is not obtained; the occurrence of any event, change or other circumstances that could give rise to the termination of the asset purchase agreement; the failure of the proposed transaction to close for any reason; potential litigation relating to the transaction and the effects of any outcome related thereto; any purchase price adjustments to the amount of proceeds from the transaction; the timing of closing of the proposed transaction and its effect on third quarter guidance and outlook; risks that the proposed transaction disrupts current business, plans and operations of Identiv or its business prospects; diversion of management’s attention from Identiv’s ongoing business; the ability of Identiv to retain and hire key personnel; the effect of the change in management following the completion of the proposed transaction; competitive responses to the proposed transaction; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction; Identiv’s ability to continue the momentum in its business; Identiv’s ability to successfully execute its business strategy and strategic growth plan; Identiv’s ability to capitalize on trends in its business and penetrate the healthcare and other specialty markets; the effect of competition on Identiv’s business; Identiv’s ability to satisfy customer demand and expectations; the level and timing of customer orders and changes/cancellations; the loss of customers, suppliers or partners; the success of Identiv’s products and strategic partnerships; actual gross margins realized; industry trends and seasonality; the impact of macroeconomic conditions and customer demand, inflation and increases in prices; and the other factors discussed in its periodic reports, including its Annual Report on Form 10-K for the year ended December 31, 2023, Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, and subsequent reports filed with the SEC. All forward-looking statements are based on information available to Identiv on the date hereof, and Identiv assumes no obligation to update such statements.

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Non-GAAP Financial Measures (Unaudited)

This presentation includes financial information that has not been prepared in accordance with GAAP, including non-GAAP adjusted EBITDA, non-GAAP gross margin, and non-GAAP operating expenses. Identiv uses non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating its ongoing operational performance. Identiv believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. The non-GAAP measures discussed above exclude items that are included in GAAP net income (loss), GAAP operating expenses and GAAP gross margin. For historical periods, the exclusions are detailed in the reconciliation table included in this presentation. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP financial measures as detailed in this presentation.

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Agenda

- I. Business Update
- II. Update on IoT Business
- III. Q2 2024 Financial Review
- IV. Identiv IoT Strategic Growth Plan Post-Transaction Close
- V. Q&A Session

Business Update

- Q2 Business Priorities:
 - Kirsten Newquist
 - Understanding core IoT business
 - Developing a rigorous plan for future growth
 - CFIUS: only remaining regulatory step before closing transaction
 - 96% of voting stockholders approved
- Gross margin pressure
 - Mix in the security business
 - Temporarily lower IoT overhead absorption
- Net cash proceeds expected approx. \$130 million
 - After taxes, bankers fee, and one-time costs



Update on IoT Business

- Opportunity space for Identiv's specialty IoT solutions is strong
- Strengthening our relationships with our channel customers
- Many promising customer-driven new product development opportunities in progress
 - Implementing a stage-gate process to actively manage projects
- Transition of our RFID production from Singapore to Thailand – progressing with highest sense of urgency
 - Received ISO 9001 and ISO 14001 quality certification for the Thailand facility
 - On track to complete majority of transition, except for three customers, by Q1 2025
 - Will continue to support these three customers into 2025 due to qualification and regulatory requirements
- Continued to phase out very low-margin business – anticipate discontinuing another 10% of this year's volume



Update on IoT Business

- Once all production shifted to Thailand and full productivity achieved, we expect non-GAAP gross margin to reach 26%-28%
- With a focus on higher-margin segments: 30%+ non-GAAP gross margin could be achieved
- Engaged external advisor to assess our current business processes
- EBITDA breakeven at estimated \$60-\$70M in annual sales
- Development of strategy and growth plan in process to accelerate scale of business



A blurred office scene with people in a meeting, overlaid with a red geometric pattern. The scene shows several individuals in business attire standing and talking in a modern office environment with large windows and office chairs. The entire image is tinted with a red color and features a prominent geometric pattern of overlapping triangles and squares.

Q2 2024 Financial Review

Note Regarding GAAP Financial Results

- In accordance with GAAP, revenue and operating expenses directly related to the Physical Security Business must be removed from their applicable statements of operations captions for continuing operations and reported for all periods presented as net income from discontinued operations in the GAAP financial results
- For this transition quarter, Identiv is presenting non-GAAP aggregated summary data to provide investors with an aggregated view of the entire business, including the Physical Security Business, to facilitate a direct comparison to prior historical results and guidance
- A reconciliation of this non-GAAP aggregated information to the most directly comparable GAAP measures is included at the end of today's earnings release

Financial Results for Q2 2024

Metric	Q2'24	Q2'23
Net Revenue	\$6.7M	\$11.5M
GAAP Gross Margin	9.1%	14.2%
Non-GAAP Gross Margin*	14.6%	16.6%
GAAP Operating Expenses	\$7.3M	\$5.0M
Non-GAAP Operating Expenses*	\$4.7M	\$4.4M
GAAP Net Loss from Continuing Operations**	(\$6.9M)	(\$3.5M)
EPS from Continuing Operations (GAAP) Diluted	(\$0.31)	(\$0.16)
Non-GAAP Adj. EBITDA*	(\$3.7M)	(\$2.6M)

GAAP and Non-GAAP Aggregated Information for Q2 2024

Metric	Q2'24	Q2'23
Total Revenue from Continuing Operations and Revenue from Discontinued Operations	\$24.3M	\$29.6M
Non-GAAP Aggregated Gross Margin	35.0%	36.7%
Adjusted Non-GAAP Aggregated Gross Margin*	37.3%	38.2%
Non-GAAP Aggregated Operating Expenses	\$14.5M	\$11.9M
Adjusted Non-GAAP Aggregated Operating Expenses*	\$11.1M	\$10.6M
GAAP Net Loss from Continuing Operations**	(\$6.9M)	(\$3.5M)
EPS (GAAP) Diluted	(\$0.31)	(\$0.16)
Non-GAAP Aggregated Adjusted EBITDA*	(\$2.0M)	\$0.7M

Asset Sale Transaction Expectations and Outlook

- Expected net proceeds to be approx. \$130 million
- Expected 12-month net cash use, including interest, \$14 million to \$16 million
- IoT Business Q3 2024 revenue estimated to be \$5.8 million to \$6.1 million
- If the strategic transaction does not close as anticipated prior to the end of the third quarter, we expect non-GAAP aggregated revenue from our IoT and Physical Security Businesses to be in the range of \$24 million to \$26 million

The background is a red-tinted photograph of an office interior. In the foreground, there are several office chairs and desks. In the background, three people (two men and one woman) are standing and talking. The overall scene is dimly lit, with the red tint dominating the color palette.

Identiv IoT Strategic Growth Plan Post-Transaction Close

Identiv IoT Strategic Growth Plan: Short Term

- Clear focus for growing our core channel business
- Leverage existing customers, partners and product portfolio to grow channel
- Product focus continues to be HF/NFC, Dual Frequency (DF), and BLE
- Evaluate specialty UHF applications to build a competitive advantage
- Continue to strengthen our BLE capability
- Execute on our customer-driven product development pipeline

Identiv IoT Strategic Growth Plan: Medium Term

- Evaluating high-value and high-growth segments
- Addressing customer needs with highly engineered solutions that can be introduced into the market in a shorter time frame
- Segment focus: smart home devices, smart packaging, and specialty retail
 - Estimating the underlying TAMs
 - Understanding the key unmet needs
 - Mapping out how Identiv can support and effectively compete in these segments
- Collaborating with Board advisor Manfred Rietzler to develop our strategy and associated roadmap and go to market plan

Identiv IoT Strategic Growth Plan: Longer Term

- Transformational growth strategy: healthcare, medical device, and pharmaceutical industries
- Evaluating the broad range of healthcare-related IoT applications
 - Strong market dynamics, large potential TAMs, and long-term competitive advantage
- Narrowed our focus to four priority areas
 - Authentication of high-value consumables for diagnostic test equipment and medical devices
 - NFC-enabled smart labels for drug delivery in the home setting
 - Cold chain condition monitoring and tracking for the pharmaceutical industry
 - Clinical samples that require real-time condition and location monitoring

Identiv IoT Strategic Growth Plan: Summary

- Prioritize all high-growth segments and develop our overarching go to market plan
- Invest capital in these new growth areas that have a compelling return on investment
- Opportunities for inorganic growth will also be considered, assuming strong synergies and ROI



THANK YOU

Q&A Session

Visit [identiv.com](https://www.identiv.com) for more information today.

The background of the slide is a blurred office environment. It shows several people in business attire, including men in suits and a woman in a light-colored top and dark skirt. They appear to be in a meeting or collaborative work setting. The entire image is overlaid with a semi-transparent red color and a geometric pattern of overlapping triangles and squares, creating a modern, architectural feel.

Appendix

Condensed Consolidated Statements of Operations

(unaudited, in \$'000)

Identiv, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net revenue	\$ 6,741	\$ 11,476	\$ 13,399	\$ 20,365
Cost of revenue	6,127	9,844	12,302	17,515
Gross profit	614	1,632	1,097	2,850
Operating expenses:				
Research and development	966	1,151	1,863	2,131
Selling and marketing	1,828	1,602	2,997	3,121
General and administrative	4,540	2,161	8,020	4,362
Restructuring and severance	—	45	—	46
Total operating expenses	7,334	4,959	12,880	9,660
Loss from continuing operations	(6,720)	(3,327)	(11,783)	(6,810)
Non-operating income (expense):				
Interest expense, net	(149)	(90)	(236)	(140)
Foreign currency gains (losses), net	(59)	(34)	(285)	62
Loss from continuing operations before income tax benefit (provision)	(6,928)	(3,451)	(12,304)	(6,888)
Income tax benefit (provision)	5	—	(1)	(2)
Net loss from continuing operations	(6,923)	(3,451)	(12,305)	(6,890)
Income from discontinued operations, net of tax	707	2,307	1,531	3,027
Net loss	(6,216)	(1,144)	(10,774)	(3,863)
Cumulative dividends on Series B convertible preferred stock	(232)	(315)	(481)	(628)
Net loss available to common stockholders	\$ (6,448)	\$ (1,459)	\$ (11,255)	\$ (4,491)
Net income (loss) per common share:				
Basic and diluted - continuing operations	\$ (0.31)	\$ (0.16)	\$ (0.55)	\$ (0.33)
Basic and diluted - discontinued operations	\$ 0.03	\$ 0.10	\$ 0.07	\$ 0.13
Basic and diluted - net loss	\$ (0.27)	\$ (0.06)	\$ (0.48)	\$ (0.20)
Weighted average common shares outstanding:				
Basic and diluted	23,459	23,051	23,413	22,924

Condensed Consolidated Balance Sheets

(unaudited, in \$'000)

Identiv, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,435	\$ 23,312
Restricted cash	566	1,072
Accounts receivable, net of allowances	3,716	7,404
Inventories	11,267	13,560
Prepaid expenses and other current assets	1,797	1,222
Current assets held-for-sale	33,600	32,916
Total current assets	69,381	79,486
Property and equipment, net	7,669	8,472
Operating lease right-of-use assets	2,228	2,289
Other assets	681	678
Non-current assets held-for-sale	17,801	18,798
Total assets	\$ 97,760	\$ 109,723
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,946	\$ 4,652
Financial liabilities	7,905	9,949
Operating lease liabilities	815	782
Accrued compensation and related benefits	1,191	1,376
Other accrued expenses and liabilities	3,036	1,021
Current liabilities held-for-sale	12,334	13,002
Total current liabilities	28,227	30,782
Long-term operating lease liabilities	1,393	1,507
Other long-term liabilities	27	26
Non-current liabilities held-for-sale	3,056	3,136
Total liabilities	32,703	35,451
Total stockholders' equity	65,057	74,272
Total liabilities and stockholders' equity	\$ 97,760	\$ 109,723

Reconciliation of GAAP to Non-GAAP Financial Information – Continuing Operations

(unaudited, in \$'000)

Identiv, Inc.
Reconciliation of GAAP to Non-GAAP Financial Information - Continuing Operations
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Reconciliation of GAAP gross margin to non-GAAP gross margin				
GAAP gross profit	\$ 614	\$ 1,632	\$ 1,097	\$ 2,850
Reconciling items included in GAAP gross profit:				
Stock-based compensation	5	9	12	19
Amortization and depreciation	364	262	768	509
Total reconciling items included in GAAP gross profit	369	271	780	528
Non-GAAP gross profit	\$ 983	\$ 1,903	\$ 1,877	\$ 3,378
Non-GAAP gross margin	15%	17%	14%	17%
Reconciliation of GAAP operating expenses to non-GAAP operating expenses				
GAAP operating expenses	\$ 7,334	\$ 4,959	\$ 12,880	\$ 9,660
Reconciling items included in GAAP operating expenses:				
Stock-based compensation	(981)	(498)	(1,492)	(972)
Amortization and depreciation	(65)	(33)	(90)	(80)
Strategic review-related costs	(1,616)	—	(2,569)	—
Restructuring and severance	—	(45)	—	(46)
Total reconciling items included in GAAP operating expenses	(2,662)	(576)	(4,151)	(1,098)
Non-GAAP operating expenses	\$ 4,672	\$ 4,383	\$ 8,729	\$ 8,562
Reconciliation of GAAP net loss from continuing operations to non-GAAP adjusted EBITDA				
GAAP net loss	\$ (6,923)	\$ (3,451)	\$ (12,305)	\$ (6,890)
Reconciling items included in GAAP net loss:				
Income tax provision (benefit)	(5)	—	1	2
Interest expense, net	149	90	236	140
Foreign currency gains (losses), net	59	9	285	(155)
Stock-based compensation	986	507	1,504	991
Amortization and depreciation	429	295	858	589
Strategic review-related costs	1,616	—	2,569	—
Restructuring and severance	—	(45)	—	(46)
Total reconciling items included in GAAP net loss from continuing operations	3,234	856	5,453	1,521
Non-GAAP adjusted EBITDA	\$ (3,689)	\$ (2,595)	\$ (6,852)	\$ (5,369)

Reconciliation of GAAP Financial Information to Non-GAAP Aggregated View

(unaudited, in \$'000)

Identiv, Inc.
Reconciliation of GAAP Financial Information to Non-GAAP Aggregated View
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Revenue:				
Continuing operations	\$ 6,741	\$ 11,476	\$ 13,399	\$ 20,365
Non-GAAP discontinued operations - Physical Security Business	17,592	18,079	33,428	35,187
Non-GAAP Total Aggregated	\$ 24,333	\$ 29,555	\$ 46,827	\$ 55,552
Gross Profit:				
Continuing operations	\$ 614	\$ 1,632	\$ 1,097	\$ 2,850
Non-GAAP discontinued operations - Physical Security Business	7,904	9,216	15,813	17,209
Non-GAAP Total Aggregated	\$ 8,518	\$ 10,848	\$ 16,910	\$ 20,059
Operating Expenses				
Continuing operations	\$ 7,334	\$ 4,959	\$ 12,880	\$ 9,660
Non-GAAP discontinued operations - Physical Security Business	7,148	6,919	14,189	14,161
Non-GAAP Total Aggregated	\$ 14,482	\$ 11,878	\$ 27,069	\$ 23,821
Net income (loss):				
Continuing operations	\$ (6,923)	\$ (3,451)	\$ (12,305)	\$ (6,890)
Non-GAAP discontinued operations - Physical Security Business	707	2,307	1,531	3,027
Non-GAAP Total Aggregated	\$ (6,216)	\$ (1,144)	\$ (10,774)	\$ (3,863)
Non-GAAP EBITDA:				
Continuing operations	\$ (3,689)	\$ (2,595)	\$ (6,852)	\$ (5,369)
Discontinued operations - Physical Security Business	1,678	3,285	3,425	5,131
Non-GAAP Total Aggregated	\$ (2,011)	\$ 690	\$ (3,427)	\$ (238)

Reconciliation of GAAP Financial Information to Non-GAAP Aggregated View

(unaudited, in \$'000)

Identiv, Inc.
Reconciliation of GAAP to Adjusted Non-GAAP Financial Information - Non-GAAP Aggregated View
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Reconciliation of GAAP gross margin to adjusted non-GAAP aggregated gross margin				
GAAP gross profit - continuing operations	\$ 614	\$ 1,632	\$ 1,097	\$ 2,850
Non-GAAP gross profit - discontinued operations	7,904	9,216	15,813	17,209
Non-GAAP Total Aggregated	8,518	10,848	16,910	20,059
Reconciling items included in non-GAAP gross profit:				
Stock-based compensation	46	45	93	90
Amortization and depreciation	505	403	1,052	788
Total reconciling items included in non-GAAP aggregated gross profit	551	448	1,145	878
Adjusted non-GAAP aggregated gross profit	\$ 9,069	\$ 11,296	\$ 18,055	\$ 20,937
Adjusted non-GAAP aggregated gross margin	37%	38%	39%	38%
Reconciliation of GAAP operating expenses to adjusted non-GAAP aggregated operating expenses				
GAAP operating expenses - continuing operations	\$ 7,334	\$ 4,959	\$ 12,880	\$ 9,660
Non-GAAP operating expenses - discontinued operations	7,148	6,919	14,189	14,161
Non-GAAP Total Aggregated	14,482	11,878	27,069	23,821
Reconciling items included in non-GAAP aggregated operating expenses:				
Stock-based compensation	(1,429)	(949)	(2,401)	(1,894)
Amortization and depreciation	(234)	(242)	(472)	(480)
Strategic review-related costs	(1,616)	—	(2,569)	—
Restructuring and severance	(123)	(81)	(145)	(272)
Total reconciling items included in non-GAAP aggregated operating expenses	(3,402)	(1,272)	(5,587)	(2,646)
Adjusted non-GAAP aggregated operating expenses	\$ 11,080	\$ 10,606	\$ 21,482	\$ 21,175
Reconciliation of GAAP net loss to non-GAAP adjusted EBITDA				
GAAP net loss	(6,216)	(1,144)	(10,774)	(3,863)
Reconciling items included in non-GAAP net loss:				
Income tax provision	29	15	49	41
Interest expense, net	149	90	236	140
Foreign currency gains (losses), net	74	9	330	(80)
Stock-based compensation	1,475	994	2,494	1,984
Amortization and depreciation	739	645	1,524	1,268
Strategic review-related costs	1,616	—	2,569	—
Restructuring and severance	123	81	145	272
Total reconciling items included in non-GAAP net loss	4,205	1,834	7,347	3,625
Non-GAAP adjusted EBITDA	\$ (2,011)	\$ 690	\$ (3,427)	\$ (238)