

Q2 2023 Earnings Conference Call

Thursday, August 3, 2023, 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 the Company's management and can be identified by words such as "anticipates", "believes", "plans", "will", "intends", "expects", and similar references to the future. Any statement that is not a historical fact, including: statements regarding the Company's expectations regarding its future operating and financial outlook and performance, including 2023 guidance and growth expectations; the Company's strategy, focus and plans to accelerate growth; the Company's beliefs regarding its ability to deliver on its current 2023 outlook; expected benefits of the Company's Thailand production facility and expected production capacity; the Company's expectations with respect to demand and customer orders; and the Company's expectations regarding its products, including expected benefits thereof and timing of deliveries, are forward-looking statements. Forward-looking statements are only predictions and are subject to a number of risks and uncertainties, many of which are outside our 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 Company's ability to continue the momentum in its business, its ability to successfully execute its business strategy, its ability to capitalize on trends in its business, its ability to satisfy customer demand and expectations, the level and timing of customer orders, the success of its products and strategic partnerships, industry trends and seasonality, the impact of inflation and increases in prices, the impact of COVID-19, the effects of shortages of semiconductors and the other risk factors discussed in its periodic reports, including its Annual Report on Form 10-K for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission. All forward-looking statements are based on information available to us on the date hereof, and we assume no obligation to update such statements.

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 adjusted EBITDA margin, 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 our ongoing operational performance. We believe 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. Q2 2023 Highlights
- II. Financial Review
- III. 2023 Business Drivers

Q2 2023 Business Highlights

• Identity Segment Updates

- Identity revenue grew 5% year-over-year and shipped over 44 million units
- Managed nearly 60 NRE projects, more than half are focused on medical use cases
- Chip availability normalized; partnered with Asygn for sensor-based IoT solutions optimized for industrial applications
- Began production at new facility in Bangkok, Thailand, expanding RFID manufacturing capacity and cost competitiveness to meet growing IoT demand. Currently producing 5 million units a month and expect to reach 200 million units annually exiting 2023
- Completed initial IoT Pixels order for Wiliot and started production of follow-on order; engaged with Bluetooth-enabled RFID solution providers
- Auto-injector syringe project design-in currently in FDA review remains on track

• Premises Segment Updates

- Physical security sales grew 8% year-over-year; 33% controller growth, 37% reader growth
- Received FedRAMP Certification for cloud-based access control and video solutions
- Launched Primis access control suite and EG2 edge gateway, tailored for SMB customers seeking superior security at an affordable cost
- Wins in our major commercial verticals, in addition to our core Federal customer base

Began production at new facility in Bangkok, Thailand



Launched Primis SMB access system and EG2 edge gateway



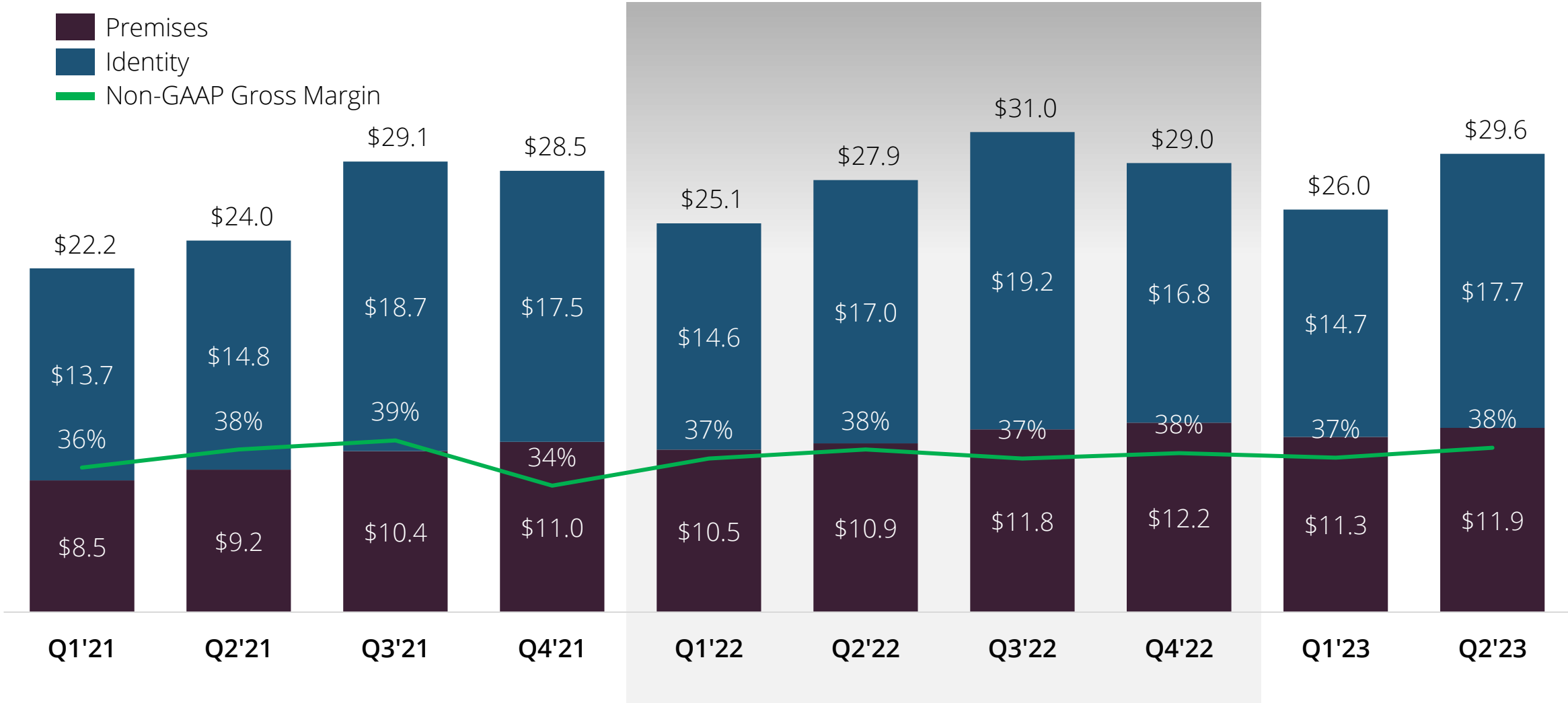


Q2 2023 Financial Overview

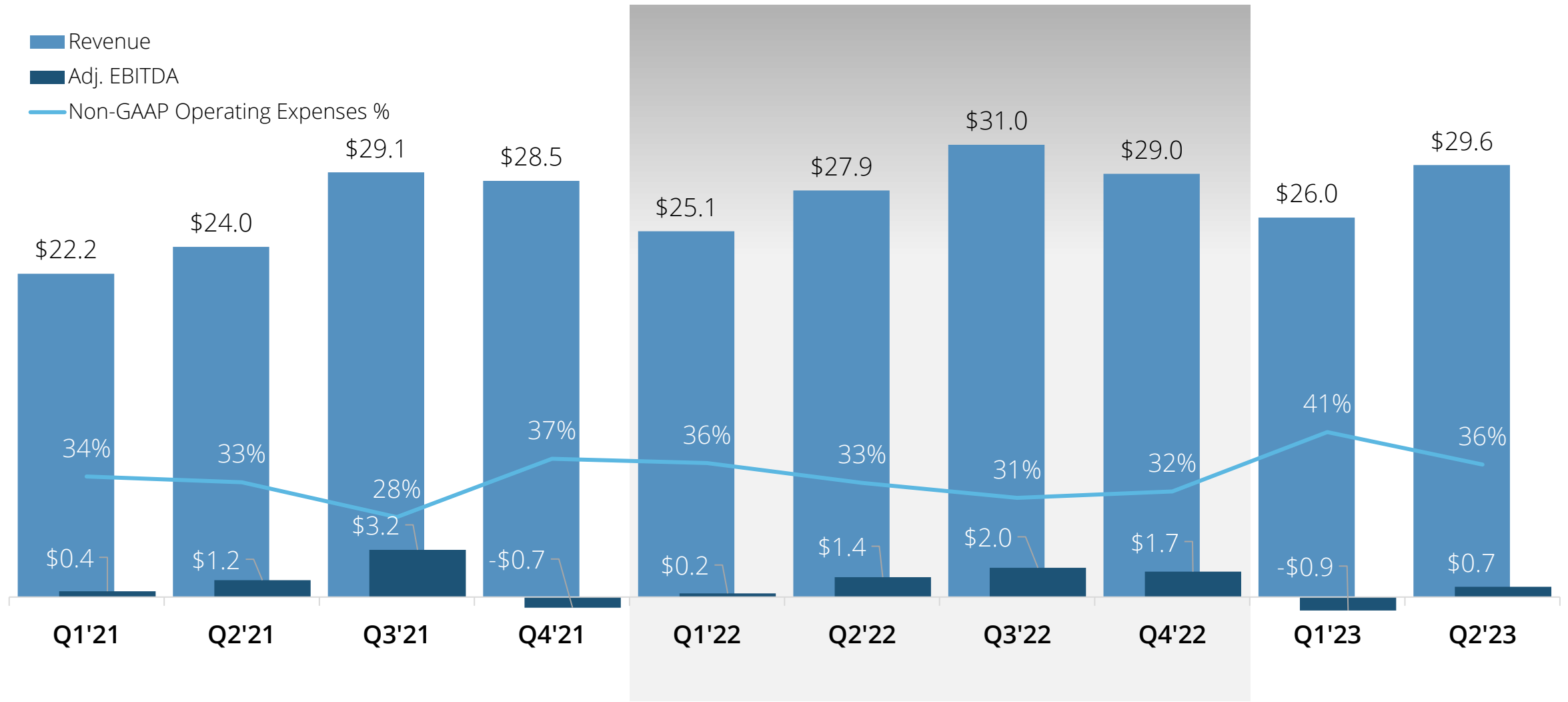
Financial Overview

Metric	Q2'23	Q1'23	Q2'22
Revenue	\$29.6M	\$26.0M	\$27.9M
Recurring Revenue (% of Revenue) Revenue)	6%	6%	5%
GAAP Gross Margin	36.7%	35.4%	36.7%
Non-GAAP Gross Margin	38.2%	37.1%	38.0%
GAAP Operating Expenses	\$11.9M	\$11.9M	\$10.5M
Non-GAAP Operating Expenses	\$10.6M	\$10.6M	\$9.2M
GAAP Net Loss	(\$1.1M)	(\$2.7M)	\$(0.3M)
EPS (GAAP) Diluted	(\$0.06)	(\$0.13)	\$(0.02)
Non-GAAP Adj. EBITDA	\$0.7M	(\$0.9M)	\$1.4M
Non-GAAP Adj. EBITDA Margin	2%	-4%	5%

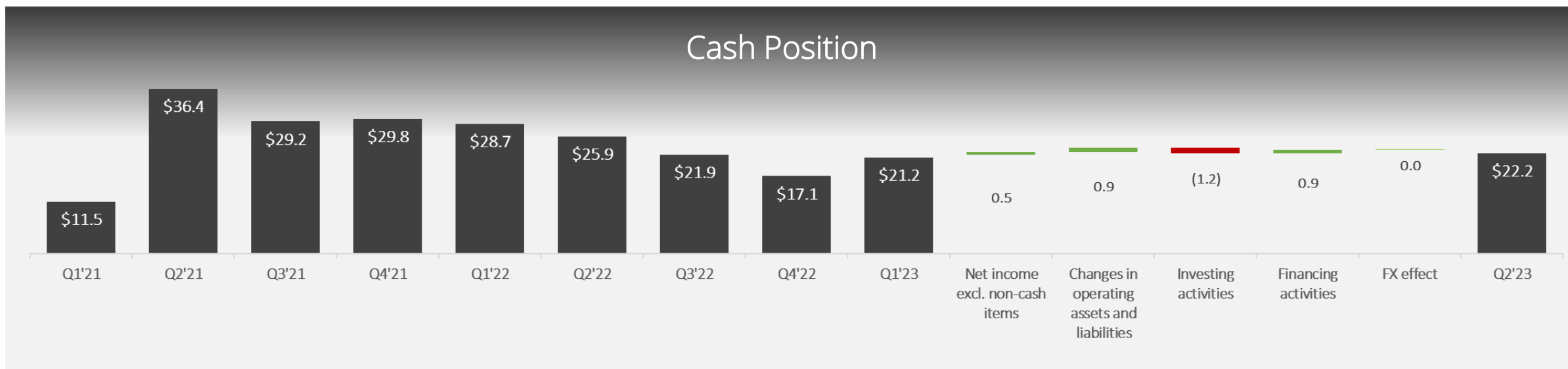
Segment Revenue and Non-GAAP Gross Margin



Total Revenue and Non-GAAP Adjusted EBITDA Operating Expenses



Q2 2023 Cash Flow and Balance Sheet (in \$M)

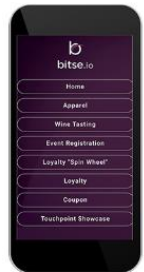


Assets	Q2'22	Q1'23	Q2'23	Liabilities & Equity	Q2'22	Q1'23	Q2'23	Cash Flow	Q2'22	Q1'23	Q2'23
Cash & cash equivalents*	25.9	21.2	22.2	Accounts payable	13.8	9.9	12.8	From operations*	(0.9)	(4.7)	1.4
Accounts receivable	21.0	21.1	22.9	Financial liabilities	0.0	9.9	10.0	From investing	(1.1)	(1.2)	(1.2)
Inventory	22.2	30.6	31.1	Other liabilities	9.1	12.1	14.6	From financing	(0.2)	9.8	0.9
Other assets	27.3	32.6	35.5	Total equity	73.5	73.6	74.3	FX effect	(0.6)	0.2	(0.0)
Total	96.4	105.6	111.7	Total	96.4	105.6	111.7	Total	(2.8)	4.0	1.0



2023 Business Drivers

2023 Overall Strategy



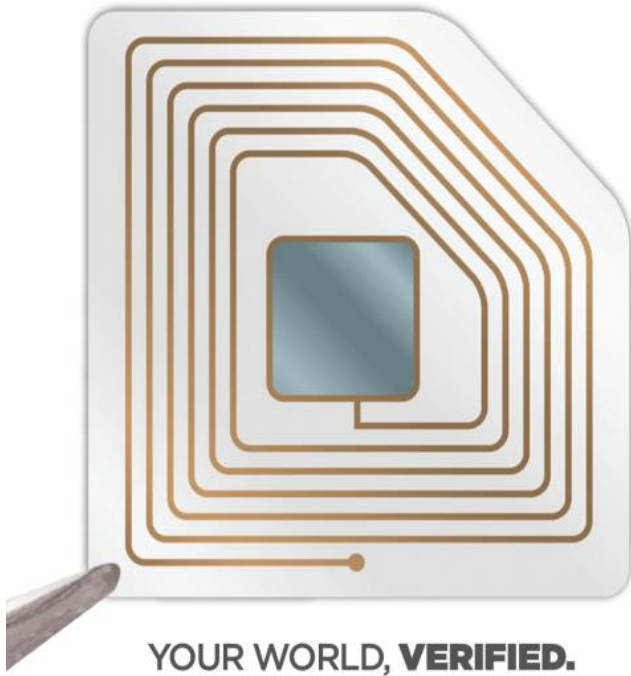
Delivering Healthy Growth with Strong Margins

Expanding Our Technology Leadership

Protecting Our Balance Sheet and Working Capital

Progress Towards Our Long-Term Operating Model

2023 IoT Business Drivers



- **IoT Strategy**

- Winning NRE projects for strategic, technically complicated applications
- Build technical lead in key verticals: medical & pharma, specialty packaging, industrial
- Cost competitiveness and capacity expansion via our Thailand facility
- Increase customer awareness of our IoT solutions via the [IoT Webinar](#) series and [IoT Product Advisor](#) intuitive search tool

- **Growth Drivers**

- Expand Medical & Healthcare industry position: more than half NRE projects in medical vertical
- Clear lead with BLE-enabled RFID providers and integrators
- Smart Packaging: high-end specialty devices across wide range of sectors
- In-place Customer Base: our volumes grow as customers' use cases grow

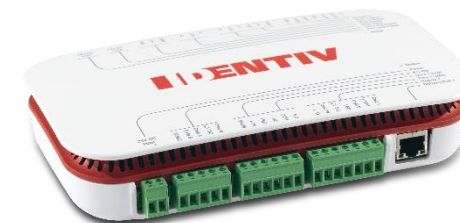
2023 Physical Security Business Drivers

- **Physical Security Strategy**

- Complete security platform combining Velocity Ecosystem across **access control, video, and analytics** with TouchSecure readers and credentials
- Leverage our channels to bring our complete product range into all our target market segments

- **Growth Drivers**

- Tightly integrated security system offered by a single vendor, across hardware, firmware, software, and cloud
- Expanding interest with budget-constrained customers by leveraging existing infrastructure
- Technology refresh cycle expected over next several years
- Favorable industry dynamics, extending into SMB market
- New product launches that reflect our technology depth: Primis access control suite, EG2 edge gateway, Vision AI
- OEM strategy: expanding reach of our technology platform; efficient channel to market





THANK YOU

Q&A Session

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

The image features a red-tinted office environment. In the background, several people in business attire are visible, some standing and talking, others seated at desks with computers. The scene is overlaid with a prominent geometric pattern of overlapping triangles and squares, creating a layered, architectural effect. The word "Appendix" is centered in the middle of the image in a white, sans-serif font.

Appendix

Income Statement

(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, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net revenue	\$ 29,555	\$ 25,997	\$ 27,857	\$ 55,552	\$ 52,918
Cost of revenue	18,707	16,786	17,647	35,493	33,742
Gross profit	10,848	9,211	10,210	20,059	19,176
Operating expenses:					
Research and development	3,015	2,707	2,479	5,722	5,008
Selling and marketing	5,879	6,097	5,273	11,976	10,383
General and administrative	2,903	2,948	2,496	5,851	4,984
Restructuring and severance	81	191	223	272	83
Total operating expenses	11,878	11,943	10,471	23,821	20,458
Loss from operations	(1,030)	(2,732)	(261)	(3,762)	(1,282)
Non-operating income (expense):					
Interest expense, net	(90)	(50)	(37)	(140)	(62)
Gain on investment	—	—	6	—	30
Foreign currency gains (losses), net	(9)	89	95	80	114
Loss before income tax provision	(1,129)	(2,693)	(197)	(3,822)	(1,200)
Income tax provision	(15)	(26)	(54)	(41)	(50)
Net loss	(1,144)	(2,719)	(251)	(3,863)	(1,250)
Cumulative dividends on Series B convertible preferred stock	(315)	(313)	(300)	(628)	(598)
Net loss available to common stockholders	\$ (1,459)	\$ (3,032)	\$ (551)	\$ (4,491)	\$ (1,848)
Net loss per common share:					
Basic	\$ (0.06)	\$ (0.13)	\$ (0.02)	\$ (0.20)	\$ (0.08)
Diluted	\$ (0.06)	\$ (0.13)	\$ (0.02)	\$ (0.20)	\$ (0.08)
Weighted average shares used in computing net loss per common share:					
Basic	23,051	22,794	22,639	22,924	22,606
Diluted	23,051	22,794	22,639	22,924	22,606

Balance Sheet

(in \$'000)

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

	June 30, 2023	March 31, 2023	December 31, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 21,905	\$ 20,804	\$ 16,650
Restricted cash	300	363	487
Accounts receivable, net of allowances	22,911	21,136	24,826
Inventories	31,092	30,609	28,958
Prepaid expenses and other current assets	5,136	4,361	4,177
Total current assets	81,344	77,273	75,098
Property and equipment, net	8,237	7,595	6,719
Operating lease right-of-use assets	5,952	4,344	4,373
Intangible assets, net	4,760	4,999	5,265
Goodwill	10,218	10,192	10,190
Other assets	1,186	1,148	1,120
Total assets	<u>\$ 111,697</u>	<u>\$ 105,551</u>	<u>\$ 102,765</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 12,827	\$ 9,926	\$ 14,760
Financial liabilities	9,951	9,941	—
Operating lease liabilities	1,695	1,199	1,190
Deferred revenue	2,428	1,798	2,068
Accrued compensation and related benefits	2,538	2,395	2,757
Other accrued expenses and liabilities	2,746	2,648	2,618
Total current liabilities	32,185	27,907	23,393
Long-term operating lease liabilities	4,481	3,371	3,366
Long-term deferred revenue	711	647	587
Other long-term liabilities	25	25	25
Total liabilities	37,402	31,950	27,371
Total stockholders' equity	74,295	73,601	75,394
Total liabilities and stockholders' equity	<u>\$ 111,697</u>	<u>\$ 105,551</u>	<u>\$ 102,765</u>

GAAP to Non-GAAP Reconciliation

(in \$M)

	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023
Reconciliation of GAAP gross margin to non-GAAP gross margin											
<i>GAAP gross margin (%)</i>	37%	38%	33%	36%	36%	37%	36%	36%	36%	35%	37%
GAAP gross profit	\$8.8	\$11.1	\$9.4	\$37.1	\$9.0	\$10.2	\$11.2	\$10.6	\$41.0	\$9.2	\$10.8
Stock-based compensation	\$0.0	\$0.0	\$0.0	\$0.2	\$0.1	\$0.0	\$0.0	\$0.1	\$0.2	\$0.0	\$0.0
Amortization and depreciation	\$0.3	\$0.3	\$0.3	\$1.0	\$0.3	\$0.3	\$0.3	\$0.3	\$1.3	\$0.4	\$0.4
Total reconciling items included in GAAP gross profit	\$0.3	\$0.3	\$0.3	\$1.2	\$0.3	\$0.4	\$0.4	\$0.4	\$1.5	\$0.4	\$0.4
Non-GAAP gross profit	\$9.1	\$11.4	\$9.7	\$38.3	\$9.3	\$10.6	\$11.6	\$11.0	\$42.4	\$9.6	\$11.3
<i>Non-GAAP gross margin (%)</i>	38%	39%	34%	37%	37%	38%	37%	38%	38%	37%	38%
Reconciliation of GAAP operating expenses to non-GAAP operating expenses											
GAAP operating expenses	\$9.1	\$9.1	\$11.3	\$38.4	\$10.0	\$10.5	\$10.6	\$10.2	\$41.3	\$11.9	\$11.9
Stock-based compensation	(\$0.6)	(\$0.5)	(\$0.5)	(\$2.4)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.5)	(\$3.0)	(\$0.9)	(\$0.9)
Amortization and depreciation	(\$0.2)	(\$0.2)	(\$0.2)	(\$1.0)	(\$0.2)	(\$0.2)	(\$0.3)	(\$0.2)	(\$1.0)	(\$0.2)	(\$0.2)
Loss on disposal of property and equipment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.1)	\$0.0	\$0.0
Change in fair value of earnout liability	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition related transaction costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Restructuring and severance	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.8)	\$0.1	(\$0.2)	(\$0.0)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.1)
Total reconciling items included in GAAP operating expenses	(\$1.2)	(\$0.9)	(\$0.8)	(\$4.2)	(\$0.9)	(\$1.2)	(\$1.1)	(\$0.9)	(\$4.2)	(\$1.4)	(\$1.3)
Non-GAAP operating expenses	\$8.0	\$8.2	\$10.5	\$34.2	\$9.0	\$9.2	\$9.5	\$9.3	\$37.1	\$10.6	\$10.6
Reconciliation of GAAP net income (loss) to non-GAAP adjusted EBITDA											
GAAP net income (loss)	\$2.5	\$2.5	(\$1.9)	\$1.6	(\$1.0)	(\$0.3)	\$0.5	\$0.3	(\$0.4)	(\$2.7)	(\$1.1)
Income tax provision (benefit)	\$0.0	\$0.0	(\$0.1)	\$0.0	(\$0.0)	\$0.1	(\$0.0)	\$0.1	\$0.1	\$0.0	\$0.0
Interest expense, net	\$0.1	\$0.1	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1
Gain on forgiveness of Paycheck Protection Program note	(\$2.9)	\$0.0	\$0.0	(\$2.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain on sale of investment	\$0.0	(\$0.6)	\$0.0	(\$0.6)	(\$0.0)	(\$0.0)	\$0.0	\$0.0	(\$0.0)	\$0.0	\$0.0
Foreign currency (gains) losses, net	\$0.0	\$0.0	\$0.1	\$0.1	(\$0.0)	(\$0.1)	\$0.0	(\$0.0)	(\$0.2)	(\$0.1)	\$0.0
Stock-based compensation	\$0.7	\$0.6	\$0.6	\$2.6	\$0.9	\$0.8	\$0.9	\$0.6	\$3.2	\$1.0	\$1.0
Amortization and depreciation	\$0.5	\$0.5	\$0.5	\$1.9	\$0.5	\$0.6	\$0.6	\$0.6	\$2.3	\$0.6	\$0.6
Loss on disposal of property and equipment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.0
Change in fair value of earnout liability	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition related transaction costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Restructuring and severance	\$0.3	\$0.1	\$0.1	\$0.8	(\$0.1)	\$0.2	\$0.0	\$0.1	\$0.2	\$0.2	\$0.1
Total reconciling items included in GAAP net income (loss)	(\$1.3)	\$0.7	\$1.2	\$2.4	\$1.2	\$1.6	\$1.5	\$1.4	\$5.8	\$1.8	\$1.8
Non-GAAP adjusted EBITDA	\$1.2	\$3.2	(\$0.7)	\$4.0	\$0.2	\$1.4	\$2.0	\$1.7	\$5.4	(\$0.9)	\$0.7
<i>Non-GAAP adjusted EBITDA margin (%)</i>	5%	11%	(3%)	4%	1%	5%	7%	6%	5%	-4%	2%