

# Q1 2023 Earnings Conference Call

Thursday, May 4, 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 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 timing of production runs, the Company's strategy, business outlook, business drivers and opportunities; the Company's expectations regarding backlog, customer orders, production capacity and supply constraints; the Company's beliefs regarding its competitive position, 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. Q1 2023 Highlights
- II. Financial Review
- III. 2023 Business Drivers

# Q1 2023 Business Highlights

- **Identity Segment Updates**

- Shipped 43 million units; maintained 100% RFID customer retention; supported 54 NRE projects
- Delivered 10 million units to Ambient IoT leader Wiliot; on pace to deliver 14 million units in Q2 2023
- Confirmed follow-on order of similar magnitude with Wiliot for delivery in 2023
- Auto-injector syringe project design-in sent for FDA approval
- Chip availability improving; partnered with ProQure to launch new NFC Type 2 tags
- Thailand production facility on track to begin first production runs in July
- Bitse.io SaaS platform ease of use and value demonstrated

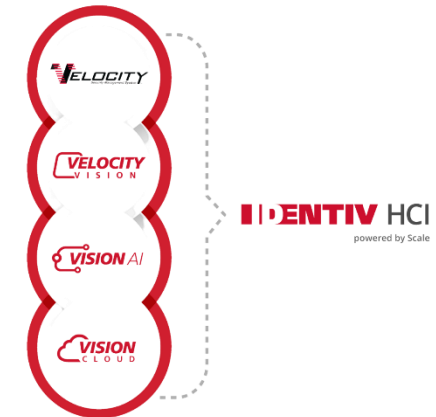
- **Premises Segment Updates**

- Federal sales grew 16% year-over-year; strong physical security backlog going into Q2 2023
- Launched complete Velocity Vision Ecosystem: access control, video, and analytics
- Industry's most complete, integrated solution: Velocity Ecosystem + TS Readers & Credentials
- Vertical adoption: Schools, Airports, Municipalities, Federal, Transit, First Responders, Hospitals

**Delivered 10 million Wiliot IoT Pixels and Confirmed Follow-On Order**



**Expanded Velocity Vision Ecosystem**





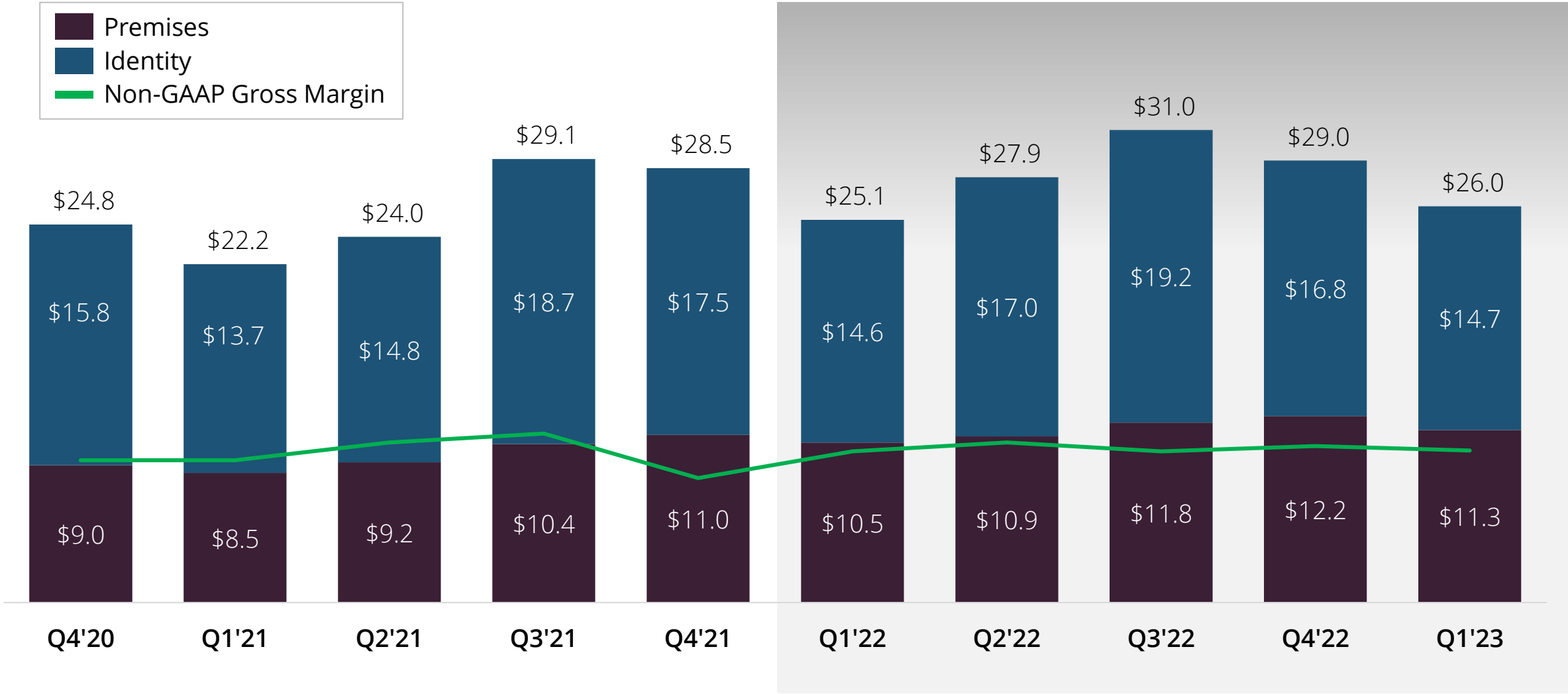


# Q1 2023 Financial Overview

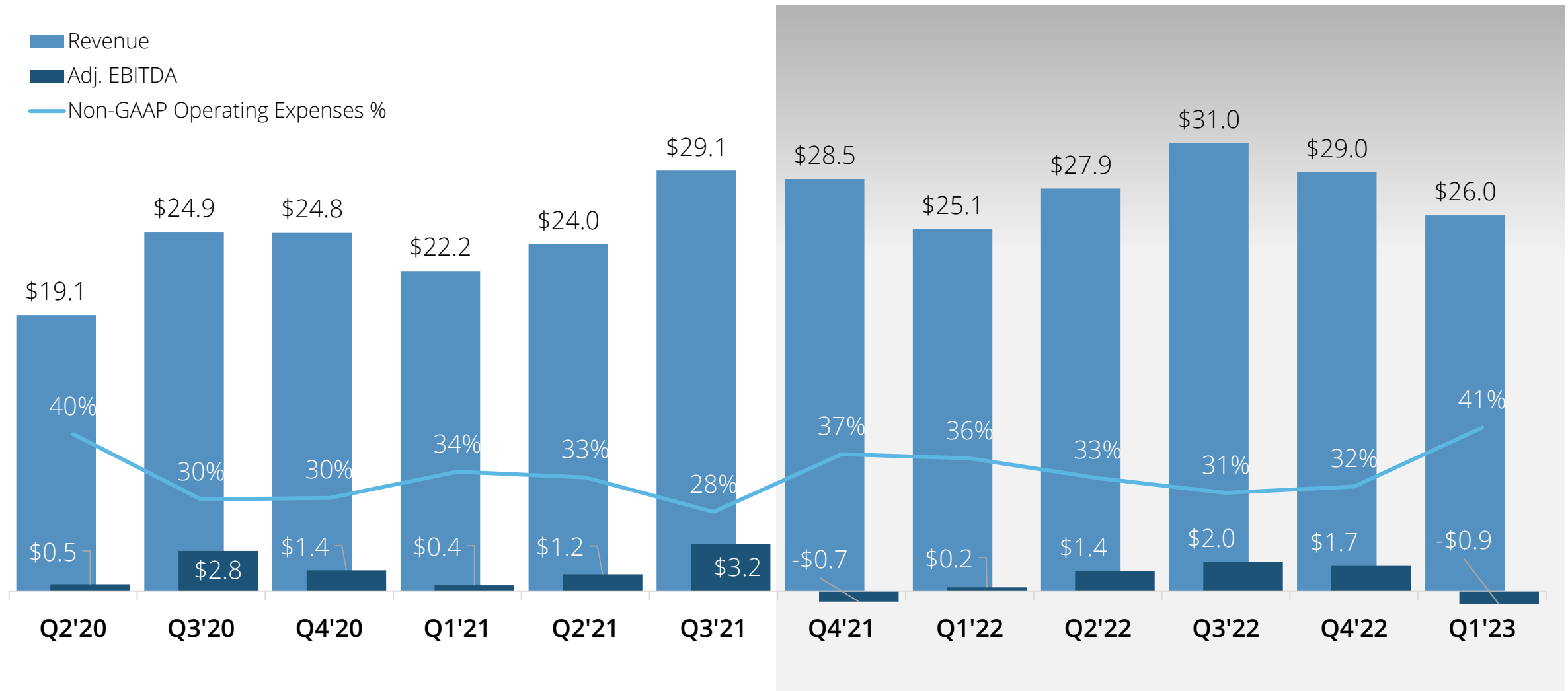
# Financial Overview

Metric	Q1'23	Q4'22	Q1'22
Revenue	\$26.0M	\$29.0M	\$25.1M
Recurring Revenue (% of Revenue)	6%	5%	6%
GAAP Gross Margin	35.4%	36.5%	35.8%
Non-GAAP Gross Margin	37.1%	37.9%	37.1%
GAAP Operating Expenses	\$11.9M	\$10.2M	\$10.0M
Non-GAAP Operating Expenses	\$10.6M	\$9.3M	\$9.0M
GAAP Net Income (Loss)	(\$2.7M)	\$0.3M	\$(1.0M)
EPS (GAAP) Diluted	(\$0.13)	\$0.00	\$(0.06)
Non-GAAP Adj. EBITDA	(\$0.9M)	\$1.7M	\$0.2M
Non-GAAP Adj. EBITDA Margin	-4%	6%	1%

# Segment Revenue and Non-GAAP Gross Margin



# Total Revenue and Non-GAAP Adjusted EBITDA Operating Expenses





# Q1 2023 Cash Flow and Balance Sheet (in \$M)



Assets	Q1'22	Q4'22	Q1'23	Liabilities & Equity	Q1'22	Q4'22	Q1'23	Cash Flow	Q1'22	Q4'22	Q1'23
Cash & cash equivalents*	28.7	17.1	21.2	Accounts payable	11.3	14.8	9.9	From operations*	0.0	(4.8)	(4.7)
Accounts receivable	19.5	24.8	21.1	Financial liabilities	0.0	0.0	9.9	From investing	(0.5)	(0.9)	(1.2)
Inventory	20.5	29.0	30.6	Other liabilities	9.7	12.6	12.1	From financing	(0.4)	(0.1)	9.8
Other assets	2.7	4.2	4.4	Total equity	73.8	75.4	73.6	FX effect	(0.2)	1.1	0.2
<b>Total</b>	<b>71.3</b>	<b>75.1</b>	<b>77.3</b>	<b>Total</b>	<b>94.9</b>	<b>102.8</b>	<b>105.6</b>	<b>Total</b>	<b>(1.1)</b>	<b>(4.8)</b>	<b>4.0</b>



# 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**

# Healthcare and Medical Device Use Cases

End user	Status	Application
	Active	Medical Device
	Active	Medical Device (Cartridge for quick-test)
	Active	Medical Device (Lab Tester)
	Active	Medical Device (Ventilators)
	Active	Drug Test
	Active	Medical Device
	Active	Pharma
	Active	Pharma
	Active	X-ray films
	Active	Medical Device (Tester)
	Active	Blood Bags (cold chain monitoring)
	Active	imaging film
	Active	Medical Device (monitoring)
	Active	Identification of Medical Cartridges
	Active	dispenser
	Active	Reagent label
	Active	Consumables authentication
	Active	Medical Device
	Active, NRE (NDA Signed)	Medical Device ( )

End user	Status	Application
	Early stage	Blood Bags
	Early Stage	Medical Device ( )
	Evaluation	Medical Device ( )
	Evaluation	Drug Test/Bandage
	Evaluation	Pharma/Med Device (Autoinjector)
	Evaluation	Material Tracking
	Evaluation	Material Tracking
	Evaluation	Medical Device ( )
	Evaluation, NRE	Pharma/Med Device (Autoinjector)
	Evaluation, NRE	Pharma/Med Device ( )
	NRE	Identification of Medical Cartridges
	NRE	Smart Pharma Packaging
	On Hold	Drug Test
	On Hold	Dental
	Qualification	Medical Device
	Sample testing	Drug
	Sample testing	Smart Bandages
	Testing	Medical Device
	Testing	Identification of Medical Cartridges
	Testing	Healthcare cold chain

# 2023 IoT Business Drivers



- **IoT Strategy**

- Expanded product range:
  - Full range of standardized NFC and ruggedized UHF products
  - Wiliot/BLE-enabled IoT
  - bitse.io SaaS platform
- Build technical lead in key verticals: medical & pharma, specialty packaging, industrial
- Expand capacity and cost competitiveness via our Thailand facility

- **Growth Drivers**

- Medical & Healthcare: five auto-injector projects; more than half NRE projects in medical vertical
- Wiliot: supporting both passive and battery-assisted devices; on track to deliver 14 million units in 2H 2023 and confirmed a follow-on order of similar magnitude for delivery in 2023
- Smart Packaging: maintaining strong position with cannabis and smart packaging partners; will grow as end users grow
- SaaS platform: IoT device management, consumer experience & data analytics

- **IoT Partnerships**

- Collect-ID: customer engagement applications (European football, NHL hockey, auto racing)
- STMicroelectronics: new form factors and designs based on their ST25TN chips
- ProQure: high-performance, cost-competitive NFC Type 2 tags

- **Expanding Production Capacity in Thailand**

- On track and expected to begin first production runs in July 2023



# 2023 Premises Business Drivers

- **Industry's Most Complete Platform**

- Integrated security platform combining Velocity Ecosystem across **access control**, **video**, and **analytics** with TouchSecure **readers** and **credentials**
- Complete sales & services teams in place with go-to-market strategy
- Increasing commercial verticals and expanding across Federal agencies & internationally
- OEM strategy: expanding technology platform; efficient channel to market
- Planning new product launches include EG2 edge gateway, Primis SMB access system and multi-factor authentication reader later this year





The background is a blurred office scene with people in business attire. The entire image is overlaid with a semi-transparent red filter. The text is white and centered.

# THANK YOU

## Q&A Session

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

The background image is a blurred office environment. On the right, three people in business attire are standing and talking. The rest of the image is filled with a red overlay that features a complex geometric pattern of overlapping squares and triangles, creating a modern, architectural feel.

# Appendix

# Income Statement

(unaudited, in \$'000)

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

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Net revenue	\$ 25,997	\$ 29,001	\$ 25,061
Cost of revenue	16,786	18,421	16,095
Gross profit	9,211	10,580	8,966
Operating expenses:			
Research and development	2,707	2,283	2,529
Selling and marketing	6,097	5,021	5,110
General and administrative	2,948	2,806	2,488
Restructuring and severance	191	70	(140)
Total operating expenses	11,943	10,180	9,987
Income (loss) from operations	(2,732)	400	(1,021)
Non-operating income (expense):			
Interest expense, net	(50)	(42)	(25)
Gain on investment	—	—	24
Foreign currency gains (losses), net	89	44	19
Income (loss) before income tax benefit (provision)	(2,693)	402	(1,003)
Income tax benefit (provision)	(26)	(63)	4
Net income (loss)	(2,719)	339	(999)
Cumulative dividends on Series B convertible preferred stock	(313)	(304)	(298)
Net income (loss) available to common stockholders	\$ (3,032)	\$ 35	\$ (1,297)
Net income (loss) per common share:			
Basic	\$ (0.13)	\$ 0.00	\$ (0.06)
Diluted	\$ (0.13)	\$ 0.00	\$ (0.06)
Weighted average shares used in computing net income (loss) per common share:			
Basic	22,794	22,737	22,574
Diluted	22,794	23,160	22,574

# Balance Sheet

(in \$'000)

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

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

# Non-GAAP Reconciliation

(in \$M)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
<b>Reconciliation of GAAP gross margin and non-GAAP gross margin</b>											
GAAP gross margin (%)	35%	37%	38%	33%	36%	36%	37%	36%	36%	36%	35%
GAAP gross profit	\$7.7	\$8.8	\$11.1	\$9.4	\$37.1	\$9.0	\$10.2	\$11.2	\$10.6	\$41.0	\$9.2
Stock-based compensation	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.1	\$0.0	\$0.0	\$0.1	\$0.2	\$0.0
Amortization and depreciation	\$0.2	\$0.3	\$0.3	\$0.3	\$1.0	\$0.3	\$0.3	\$0.3	\$0.3	\$1.3	\$0.4
Total reconciling items included in GAAP gross profit	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.3	\$0.4	\$0.4	\$0.4	\$1.5	\$0.4
Non-GAAP gross profit	\$8.0	\$9.1	\$11.4	\$9.7	\$38.3	\$9.3	\$10.6	\$11.6	\$11.0	\$42.4	\$9.6
Non-GAAP gross margin (%)	36%	38%	39%	34%	37%	37%	38%	37%	38%	38%	37%
<b>Reconciliation of GAAP operating expenses to non-GAAP operating expenses</b>											
GAAP operating expenses	\$8.9	\$9.1	\$9.1	\$11.3	\$38.4	\$10.0	\$10.5	\$10.6	\$10.2	\$41.3	\$11.9
Stock-based compensation	(\$0.7)	(\$0.6)	(\$0.5)	(\$0.5)	(\$2.4)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.5)	(\$3.0)	(\$0.9)
Amortization and depreciation	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$1.0)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$1.0)	(\$0.2)
Loss on disposal of property and equipment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.1)	\$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	(\$0.4)	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.8)	\$0.1	(\$0.2)	(\$0.0)	(\$0.1)	(\$0.2)	(\$0.2)
Total reconciling items included in GAAP operating expenses	(\$1.4)	(\$1.2)	(\$0.9)	(\$0.8)	(\$4.2)	(\$0.9)	(\$1.2)	(\$1.1)	(\$0.9)	(\$4.2)	(\$1.4)
Non-GAAP operating expenses	\$7.6	\$8.0	\$8.2	\$10.5	\$34.2	\$9.0	\$9.2	\$9.5	\$9.3	\$37.1	\$10.6
<b>Reconciliation of GAAP net income (loss) to non-GAAP adjusted EBITDA</b>											
GAAP net income (loss)	(\$1.5)	\$2.5	\$2.5	(\$1.9)	\$1.6	(\$1.0)	(\$0.3)	\$0.5	\$0.3	(\$0.4)	(\$2.7)
Income tax provision (benefit)	\$0.0	\$0.0	\$0.0	(\$0.1)	\$0.0	(\$0.0)	\$0.1	(\$0.0)	\$0.1	\$0.1	\$0.0
Interest expense, net	\$0.2	\$0.1	\$0.1	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1
Gain on forgiveness of Paycheck Protection Program note	\$0.0	(\$2.9)	\$0.0	\$0.0	(\$2.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain on sale of investment	\$0.0	\$0.0	(\$0.6)	\$0.0	(\$0.6)	(\$0.0)	(\$0.0)	\$0.0	\$0.0	(\$0.0)	\$0.0
Foreign currency (gains) losses, net	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	(\$0.0)	(\$0.1)	\$0.0	(\$0.0)	(\$0.2)	(\$0.1)
Stock-based compensation	\$0.8	\$0.7	\$0.6	\$0.6	\$2.6	\$0.9	\$0.8	\$0.9	\$0.6	\$3.2	\$1.0
Amortization and depreciation	\$0.5	\$0.5	\$0.5	\$0.5	\$1.9	\$0.5	\$0.6	\$0.6	\$0.6	\$2.3	\$0.6
Loss on disposal of property and equipment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$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	\$0.4	\$0.3	\$0.1	\$0.1	\$0.8	(\$0.1)	\$0.2	\$0.0	\$0.1	\$0.2	\$0.2
Total reconciling items included in GAAP net income (loss)	\$1.9	(\$1.3)	\$0.7	\$1.2	\$2.4	\$1.2	\$1.6	\$1.5	\$1.4	\$5.8	\$1.8
Non-GAAP adjusted EBITDA	\$0.4	\$1.2	\$3.2	(\$0.7)	\$4.0	\$0.2	\$1.4	\$2.0	\$1.7	\$5.4	(\$0.9)
Non-GAAP adjusted EBITDA margin (%)	2%	5%	11%	(3%)	4%	1%	5%	7%	6%	5%	-4%