



Q1 2021

# Earnings Conference Call

Thursday, May 6, 2021 at 5 PM ET



# 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 the statements regarding the Company's expectations regarding future operating and financial performance, including 2021 guidance, trends, and its target business model; the impact of the Covid-19 pandemic on the Company's business, customers and supply chain; the Company's beliefs regarding the RFID market; the Company's beliefs regarding its ability to achieve its business and strategic objectives and the expected benefits thereof; the Company's beliefs regarding momentum in its business and the drivers of momentum in its business; the timing and size of customer orders and backlog levels; the Company's beliefs regarding future; and the Company's beliefs regarding the benefits and attributes of its platform, and its status in the market and with customers is a forward-looking statement. 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, actual results for 2021 and beyond, the impact of the Covid-19 pandemic; the Company's ability to continue the momentum in its business; the Company's ability to successfully execute its business strategy; the level and timing of customer orders; the success of the Company's products and partnerships; industry trends and seasonality; and factors discussed in its public reports, including its Annual Report on Form 10-K for the year ended December 31, 2020 and subsequent reports 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 gross margin, non-GAAP free cash flow, 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, GAAP gross margin, and net cash provided by (used in) operating activities, including but not limited to provision (benefit) for income taxes, interest expense, foreign currency (gains) losses, stock-based compensation, amortization and depreciation, change in fair value of earnout liability, acquisition related transaction costs, restructuring and severance, and capital expenditures. Non-GAAP operating expenses exclude stock-based compensation, amortization and depreciation, increase in fair value of earnout liability, acquisition related transaction costs and restructuring and severance. Non-GAAP free cash flow excludes capital expenditures. 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.*

# Agenda

- I. Q1 2021 Highlights
- II. Financial Review
- III. Business Drivers & Outlook

# Q1 2021 Business Highlights

- **Q1 2021 Overview**

- Leverage: total revenue up 22%, expenses down 6%
- Identity up 38%, driven by RFID
- Total backlog for 2021 up 50% year-over-year

- **RFID Market Taking Off**

- RFID up 59%
- Shipped +40 million units vs. 26 million in Q1 2020 (53% increase)
- Growth indicators:
  - Customer launches
    - Example: mobile device customer doubled # of designs, production ramp on new designs in 2H of 2021
  - Design wins → expanding AUPs, gross margins, & competitive moat
    - Example: automated syringe: \$1-1.50 / unit with customer projections of 100 million units
  - Technology launches: radiation-proof RFID device for medical (X-rays, CT scans, PET scans, etc.)



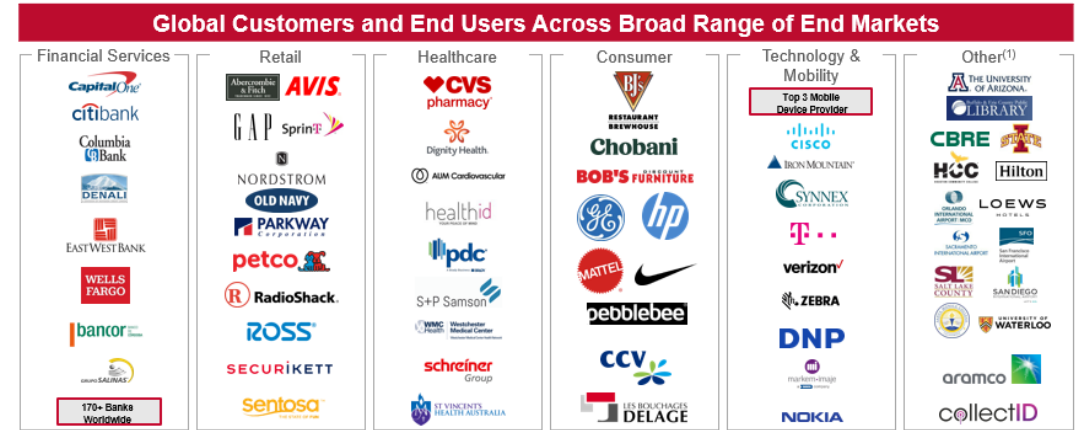
# Q1 2021 Business Highlights cont'd

## Premises Segment Rebounding

- Back above pre-COVID levels
- 30% growth anticipated in Q2 2021
- Driven by strength from federal govt., commercial resurgence, & product launches

## Increasing Predictable Revenues

- Recurring revenue & customer retention
- RFID customer retention = 100%
- Grew software, services & recurring revenues to 24% of Premises revenues

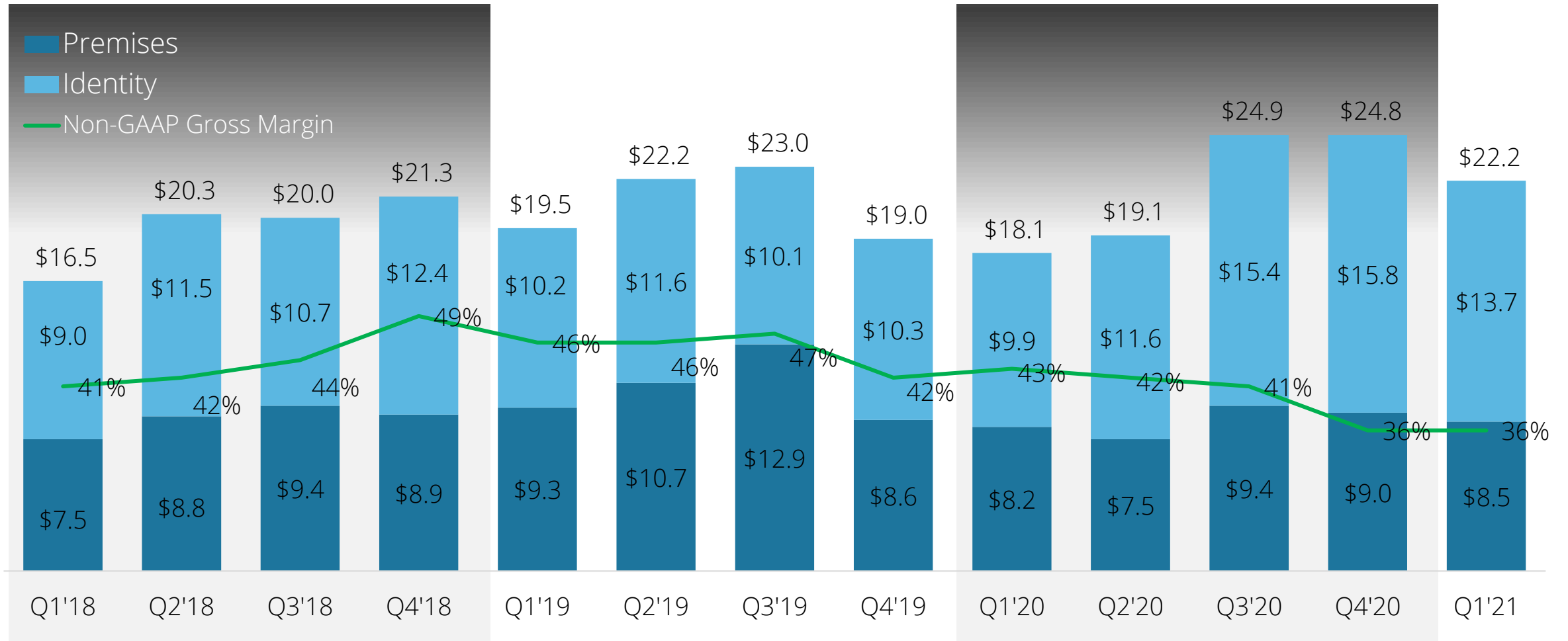


# Q1 2021 Financial Overview

# Financial Overview

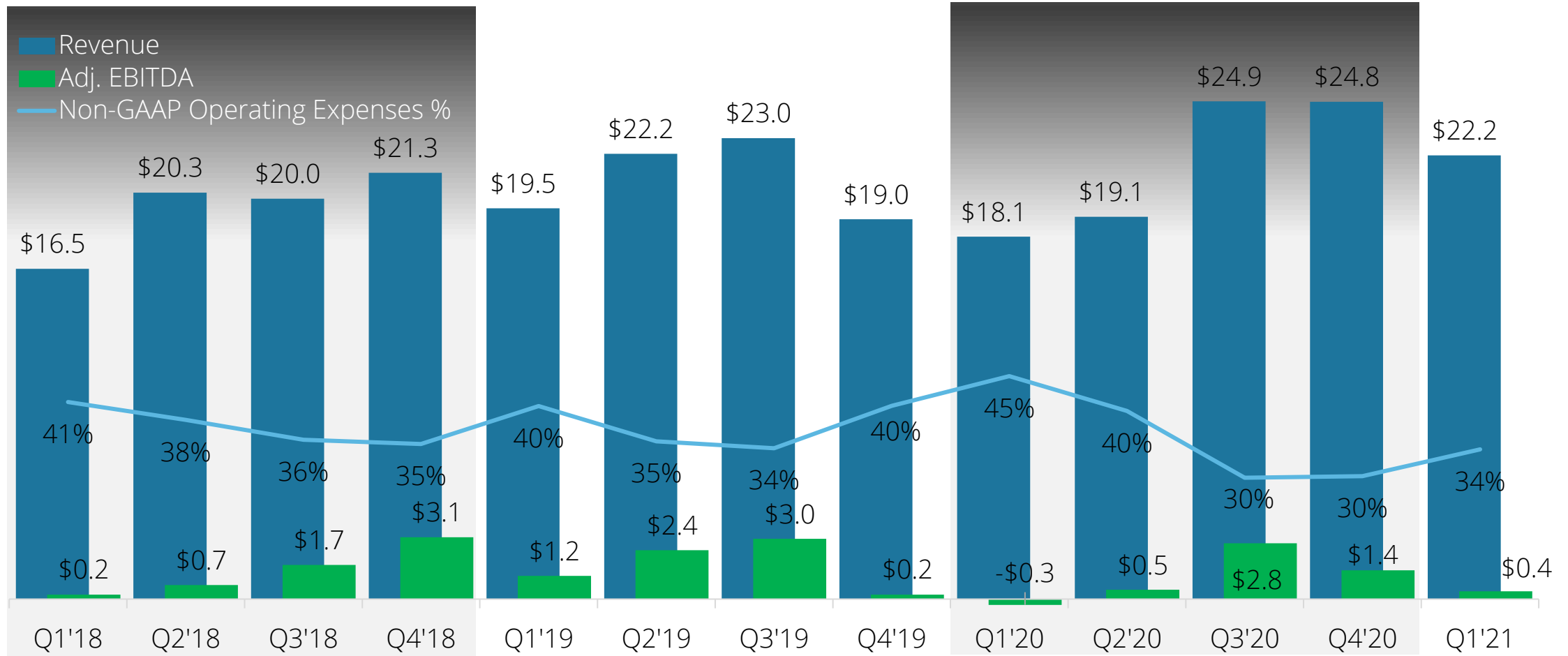
Metric	Q1'21	TTM
Revenue	\$22.2M 22%	\$91.0M 10%
Recurring Revenue (% of Revenue)	6% -470 bps	6% -294 bps
Non-GAAP Gross Margin	36% -734 bps	39% -609 bps
Non-GAAP Adj. EBITDA Margin	2% +340 bps	6% -91 bps
EPS (GAAP)	\$(0.09)	\$(0.30)
Free Cash Flow (non-GAAP)	\$(1.5M)	\$(1.0M)

# Segment Revenue & Non-GAAP Gross Margin

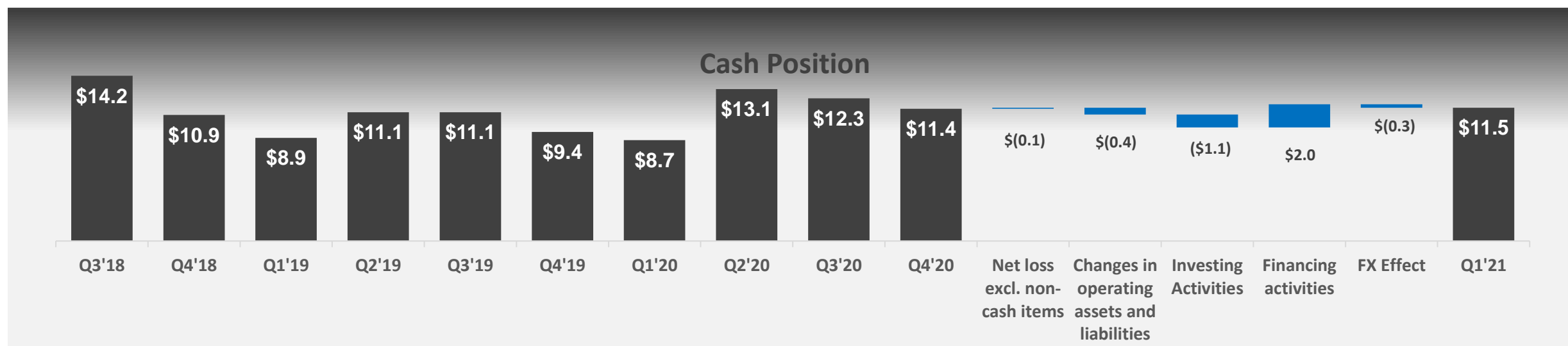




# Total Revenue & Non-GAAP Adjusted EBITDA Operating Expenses



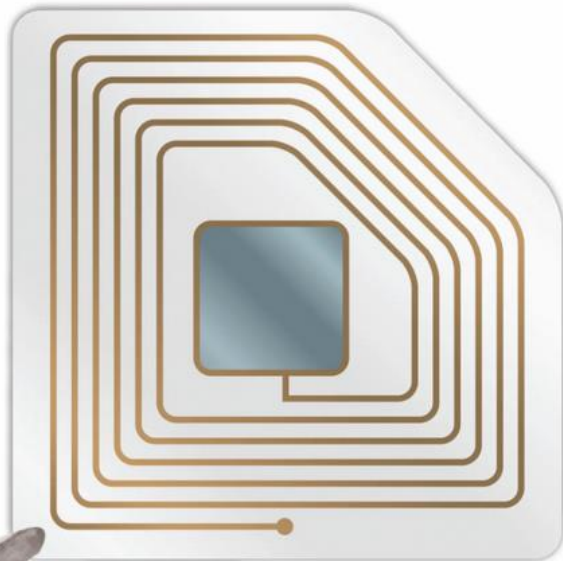
# Q1 2021 Cash Flow and Balance Sheet (in \$M)



Assets	Q1'20	Q4'20	Q1'21	Equity & Liabilities	Q1'20	Q4'20	Q1'21	Cash Flow	Q1'20	Q4'20	Q1'21
Cash & cash equivalents	8.7	11.4	11.5	Accounts payable	8.5	11.0	10.2	From operations	(3.7)	3.6	(0.4)
Accounts receivable	20.0	18.9	18.9	Financial liabilities	17.8	20.1	22.3	From investing	(0.1)	(0.6)	(1.1)
Inventory	16.0	20.3	19.3	Other liabilities	14.2	13.4	12.8	From financing	3.4	(4.1)	2.0
Other assets	29.1	28.1	28.6	Total Equity	33.3	34.2	33.0	FX effect	(0.3)	0.3	(0.3)
<b>Total</b>	<b>73.8</b>	<b>78.7</b>	<b>78.3</b>	<b>Total</b>	<b>73.8</b>	<b>78.7</b>	<b>78.3</b>	<b>Total</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>0.1</b>

# 2021 Business Drivers and Outlook

# 2021 RFID Drivers



YOUR WORLD, **VERIFIED.**

- **RFID Developers' Kit & Community**
  - Objective: to become the go-to solution provider for every engineer & to gain Insight into new applications
  - Intercept 100MU+ use cases in early development stage
  - Expand funnel and grab market leadership
- **Production Technologies: Differentiate, Expand Margins, Accelerate Growth**
  - Analog + digital, multi-device, automated RFID sub-system
  - Potentially hundreds of millions of units (bike tires, syringes, running shoes with accelerometer, etc.)
  - Marketing & designing now → 1<sup>st</sup> mover advantage & more prospects
- **Current Deployment Updates:**
  - Prescription use case with TAM of 1/2 billion units for visually impaired
  - Cannabis progressing, sample products delivered, single-country market potential 1B units
  - Mobile device customer: design expansion, production ramp & application expansion

# 2021 Broader Business Drivers

- Premises Rebounding
  - Anticipated strong growth in Premises for Q2 2021
  - 30% growth in federal with continued focus on security at state & local level
  - Higher gross margins → expanded EBITDA margins
- Successful Capital Raise to Accelerate Growth
  - Proactive investment: accelerate growth & expand competitive advantage
  - Advanced multi-sensor production platform & inventory investment
  - Improved competitiveness & visibility in the market
- Positive Momentum for 2021
  - +\$9 million in new bookings for Q2 2021 (up 45% YoY)
  - Major RFID design wins w/10-100+ million-unit potential
  - Federal strength & momentum
  - Expecting 20% - 25% revenue growth in 1<sup>st</sup> half of 2021



Thank You

# Question & Answer Session

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# Income Statement

(unaudited, in \$'000)

	<b>Three Months Ended</b>		
	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Net revenue	\$ 22,162	\$ 24,836	\$ 18,120
Cost of revenue	14,470	16,252	10,620
Gross profit	7,692	8,584	7,500
Operating expenses:			
Research and development	2,337	2,383	2,596
Selling and marketing	4,064	4,292	4,497
General and administrative	2,125	2,163	2,191
Restructuring and severance	388	71	65
Total operating expenses	8,914	8,909	9,349
Loss from operations	(1,222)	(325)	(1,849)
Non-operating income (expense):			
Interest expense, net	(245)	(396)	(252)
Foreign currency (losses) gains, net	46	(3)	86
Loss before income tax provision	(1,421)	(724)	(2,015)
Income tax benefit (provision)	(44)	26	(32)
Net loss	(1,465)	(698)	(2,047)
Cumulative dividends on Series B preferred stock	(284)	(276)	(270)
Net loss attributable to common stockholders	\$ (1,749)	\$ (974)	\$ (2,317)
Net loss per share:			
Basic	\$ (0.09)	\$ (0.05)	\$ (0.13)
Diluted	\$ (0.09)	\$ (0.05)	\$ (0.13)
Weighted average shares used in computing net loss per common share:			
Basic	18,443	18,302	17,521
Diluted	18,443	18,302	17,521

# Balance Sheet

(in \$'000)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash	\$ 11,518	\$ 11,409
Accounts receivable, net of allowances	18,911	18,927
Inventories	19,308	20,296
Prepaid expenses and other assets	3,065	2,813
Total current assets	52,802	53,445
Property and equipment, net	3,768	2,827
Operating lease right-of-use assets	2,974	3,405
Intangible assets, net	7,299	7,563
Goodwill	10,281	10,266
Other assets	1,142	1,171
Total assets	\$ 78,266	\$ 78,677
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 10,217	\$ 10,964
Current portion - contractual payment obligation	788	1,040
Current portion - financial liabilities	22,334	20,084
Operating lease liabilities	1,243	1,279
Deferred revenue	1,634	1,981
Accrued compensation and related benefits	2,858	2,985
Other accrued expenses and liabilities	3,643	3,240
Total current liabilities	42,717	41,573
Long-term operating lease liabilities	1,875	2,272
Long-term deferred revenue	331	385
Other long-term liabilities	363	258
Total liabilities	45,286	44,488
Total stockholders' equity	32,980	34,189
Total liabilities and stockholders' equity	\$ 78,266	\$ 78,677



# Operating Results & Non-GAAP Adjusted EBITDA Reconciliation

(in \$M)

	FY 2017	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
<b>Reconciliation of GAAP gross profit margin and non-GAAP gross profit margin</b>																	
GAAP gross profit margin (%)	37%	39%	40%	42%	48%	43%	45%	44%	46%	40%	44%	41%	40%	40%	35%	39%	35%
<b>GAAP gross profit</b>	<b>\$22.2</b>	<b>\$6.5</b>	<b>\$8.2</b>	<b>\$8.5</b>	<b>\$10.2</b>	<b>\$33.3</b>	<b>\$8.7</b>	<b>\$9.9</b>	<b>\$10.5</b>	<b>\$7.5</b>	<b>\$36.7</b>	<b>\$7.5</b>	<b>\$7.7</b>	<b>\$9.9</b>	<b>\$8.6</b>	<b>\$33.7</b>	<b>\$7.7</b>
Stock-based compensation	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0
Amortization and depreciation	\$1.1	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.3	\$0.3	\$0.3	\$0.3	\$1.3	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.2
Transponder inventory reserve adjustment	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total reconciling items included in GAAP gross profit</b>	<b>\$3.2</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$1.3</b>	<b>\$0.3</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$1.4</b>	<b>\$0.3</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$1.2</b>	<b>\$0.3</b>
<b>Non-GAAP gross profit</b>	<b>\$25.4</b>	<b>\$6.8</b>	<b>\$8.5</b>	<b>\$8.8</b>	<b>\$10.5</b>	<b>\$34.6</b>	<b>\$9.0</b>	<b>\$10.3</b>	<b>\$10.9</b>	<b>\$7.9</b>	<b>\$38.1</b>	<b>\$7.8</b>	<b>\$8.1</b>	<b>\$10.2</b>	<b>\$8.9</b>	<b>\$34.9</b>	<b>\$8.0</b>
Non-GAAP gross profit margin (%)	42%	41%	42%	44%	49%	44%	46%	46%	47%	42%	45%	43%	42%	41%	36%	40%	36%
<b>Reconciliation of GAAP operating expenses to non-GAAP operating expenses</b>																	
<b>GAAP operating expenses</b>	<b>\$26.8</b>	<b>\$8.3</b>	<b>\$9.2</b>	<b>\$8.6</b>	<b>\$9.1</b>	<b>\$35.2</b>	<b>\$9.1</b>	<b>\$9.1</b>	<b>\$9.3</b>	<b>\$9.3</b>	<b>\$36.8</b>	<b>\$9.3</b>	<b>\$10.0</b>	<b>\$8.9</b>	<b>\$8.9</b>	<b>\$37.1</b>	<b>\$8.9</b>
Stock-based compensation	(\$2.4)	(\$0.6)	(\$0.6)	(\$0.7)	(\$0.6)	(\$2.6)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.5)	(\$2.5)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.8)	(\$2.9)	(\$0.7)
Amortization and depreciation	(\$1.6)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$1.9)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$2.3)	(\$0.6)	(\$0.5)	(\$0.5)	(\$0.5)	(\$2.1)	(\$0.2)
Increase in fair value of earnout liability	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.4)	(\$0.6)	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3	\$0.0
Acquisition related transaction costs	(\$0.2)	(\$0.5)	(\$0.0)	(\$0.1)	(\$0.4)	(\$1.0)	(\$0.1)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	\$0.0	(\$0.0)	(\$0.0)	\$0.0	\$0.0	\$0.0
Restructuring and severance	\$0.0	(\$0.1)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.7)	\$0.0	\$0.0	\$0.1	(\$0.1)	(\$0.0)	(\$0.1)	(\$1.4)	(\$0.2)	(\$0.1)	(\$1.7)	(\$0.4)
<b>Total reconciling items included in GAAP operating expenses</b>	<b>(\$4.2)</b>	<b>(\$1.7)</b>	<b>(\$1.4)</b>	<b>\$0.0</b>	<b>(\$1.7)</b>	<b>(\$6.2)</b>	<b>(\$1.3)</b>	<b>(\$1.2)</b>	<b>(\$1.4)</b>	<b>(\$1.6)</b>	<b>(\$5.5)</b>	<b>(\$1.2)</b>	<b>(\$2.4)</b>	<b>(\$1.4)</b>	<b>(\$1.4)</b>	<b>(\$6.4)</b>	<b>(\$1.4)</b>
<b>Non-GAAP operating expenses</b>	<b>\$22.6</b>	<b>\$6.6</b>	<b>\$7.8</b>	<b>\$7.2</b>	<b>\$7.4</b>	<b>\$29.0</b>	<b>\$7.9</b>	<b>\$7.8</b>	<b>\$7.9</b>	<b>\$7.7</b>	<b>\$31.3</b>	<b>\$8.1</b>	<b>\$7.6</b>	<b>\$7.5</b>	<b>\$7.5</b>	<b>\$30.7</b>	<b>\$7.6</b>
<b>Reconciliation of GAAP net income (loss) to non-GAAP adjusted EBITDA</b>																	
<b>GAAP net income (loss)</b>	<b>(\$8.1)</b>	<b>(\$2.3)</b>	<b>(\$2.7)</b>	<b>(\$0.3)</b>	<b>\$0.6</b>	<b>(\$4.7)</b>	<b>(\$0.8)</b>	<b>\$0.4</b>	<b>\$1.1</b>	<b>(\$1.8)</b>	<b>(\$1.2)</b>	<b>(\$2.0)</b>	<b>(\$2.7)</b>	<b>\$0.4</b>	<b>(\$0.7)</b>	<b>(\$5.1)</b>	<b>(\$1.5)</b>
Provision (benefit) for income taxes	(\$0.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.1	\$0.1	\$0.1	\$0.0	\$0.3	\$0.0	\$0.1	\$0.0	(\$0.0)	\$0.1	\$0.0
Interest expense, net	\$2.6	\$0.5	\$0.5	\$0.3	\$0.3	\$1.5	\$0.3	\$0.2	\$0.2	\$0.2	\$0.9	\$0.3	\$0.4	\$0.4	\$0.4	\$1.5	\$0.2
Loss (gain) on extinguishment of debt	\$0.8	\$0.0	\$1.4	\$0.0	\$0.0	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Foreign currency (gains) losses, net	\$0.4	\$0.0	(\$0.2)	(\$0.2)	\$0.2	(\$0.2)	\$0.0	\$0.1	(\$0.2)	\$0.0	(\$0.1)	(\$0.1)	\$0.0	\$0.2	\$0.0	\$0.1	\$0.0
Stock-based compensation	\$2.5	\$0.6	\$0.6	\$0.7	\$0.7	\$2.6	\$0.7	\$0.7	\$0.7	\$0.6	\$2.7	\$0.6	\$0.8	\$0.8	\$0.8	\$3.0	\$0.8
Amortization and depreciation	\$2.8	\$0.7	\$0.8	\$0.8	\$0.8	\$3.2	\$0.9	\$0.9	\$1.0	\$0.9	\$3.6	\$0.8	\$0.8	\$0.8	\$0.8	\$3.3	\$0.5
Increase in fair value of earnout liability	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.4	\$0.6	\$0.0	(\$0.3)	\$0.0	\$0.0	(\$0.3)	\$0.0
Acquisition related transaction costs	\$0.2	\$0.5	\$0.0	\$0.1	\$0.4	\$1.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transponder related inventory reserve adjustment	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain on sale of investment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Restructuring and severance	(\$0.0)	\$0.1	\$0.3	\$0.2	\$0.2	\$0.7	(\$0.0)	(\$0.0)	(\$0.1)	\$0.1	\$0.0	\$0.1	\$1.4	\$0.2	\$0.1	\$1.7	\$0.4
<b>Total reconciling items included in GAAP net income (loss)</b>	<b>\$10.9</b>	<b>\$2.5</b>	<b>\$3.5</b>	<b>\$1.9</b>	<b>\$2.5</b>	<b>\$10.4</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$1.9</b>	<b>\$2.0</b>	<b>\$7.9</b>	<b>\$1.8</b>	<b>\$3.2</b>	<b>\$2.4</b>	<b>\$2.1</b>	<b>\$9.5</b>	<b>\$1.9</b>
<b>Non-GAAP adjusted EBITDA</b>	<b>\$2.7</b>	<b>\$0.2</b>	<b>\$0.7</b>	<b>\$1.7</b>	<b>\$3.1</b>	<b>\$5.7</b>	<b>\$1.2</b>	<b>\$2.4</b>	<b>\$3.0</b>	<b>\$0.2</b>	<b>\$6.8</b>	<b>(\$0.3)</b>	<b>\$0.5</b>	<b>\$2.8</b>	<b>\$1.4</b>	<b>\$4.4</b>	<b>\$0.4</b>
Non-GAAP adjusted EBITDA margin (%)	5%	1%	3%	8%	14%	7%	6%	11%	13%	1%	8%	(2%)	2%	11%	6%	5%	2%
<b>Reconciliation of GAAP net cash (used in) provided by operating activities to non-GAAP free cash flow</b>																	
GAAP net cash (used in) provided by operating activities					(\$0.4)	(\$2.2)	\$1.5	\$0.9	(\$1.1)	(\$0.9)	\$0.4	(\$3.7)	(\$0.6)	(\$1.1)	\$3.6	(\$1.8)	(\$0.4)
Capital expenditures					(\$0.4)	(\$0.7)	(\$0.1)	(\$0.0)	(\$0.1)	(\$0.1)	(\$0.3)	(\$0.1)	(\$0.4)	(\$0.3)	(\$0.7)	(\$1.5)	(\$1.1)
<b>Non-GAAP free cash flow</b>					<b>(\$0.9)</b>	<b>(\$2.9)</b>	<b>\$1.4</b>	<b>\$0.9</b>	<b>(\$1.2)</b>	<b>(\$1.0)</b>	<b>\$0.1</b>	<b>(\$3.8)</b>	<b>(\$1.0)</b>	<b>(\$1.4)</b>	<b>\$2.9</b>	<b>(\$3.3)</b>	<b>(\$1.5)</b>