



Q3 2021

# Earnings Conference Call

Tuesday, November 2, 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 and 2022 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 launches, and backlog levels; estimates of potential market or unit size; and the Company's beliefs regarding the benefits and attributes of its products, 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, 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 forward-looking 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 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, loss (gain) on extinguishment of debt, interest expense, foreign currency (gains) losses, stock-based compensation, amortization and depreciation, change in fair value of earnout liability, acquisition related transaction costs, inventory reserve adjustment, gain on sale of investments, 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. Q3 2021 Highlights
- II. Financial Review
- III. Business Drivers & Outlook

# Q3 2021 Business Highlights

## • Q3 2021 Overview

- Revenues up 17% YoY to record \$29.1 million
- Identity grew 21% YoY, Premises grew 10%
- Total backlog at end of Q3 2021 up 51% year-over-year
- GAAP net income was \$2.5 million, and EPS was \$0.09 per diluted share
- Cash flow from operations was \$2.9 million; Debt free with a strong balance sheet to support RFID growth

## • Strengthened Leadership in RFID

- RFID units grew 19%; shipped approx. 120 million units year-to-date
- On track to double RFID sales and BD team, hiring world-class talent
- New RFID customers, particularly in health care and medical device applications
- Follow-on sales to current customers, exemplifying the wide base of adopters that will drive future RFID growth
- Received initial purchase order and frame order from cannabis-related customer
- Launched NFC Software Developers' Kit to high demand, with a cloud-based authentication server to be launched soon



♥ **CVS pharmacy™**



# Q3 2021 Business Highlights cont'd

- **Premises Segment Updates**

- 13% quarter-over-quarter growth
- 16% sequential growth in federal government sales
- Near-record backlog in Premises exiting Q3 2021
- Strong demand from federal market for improved physical security

- **Increasing Revenue Predictability**

- Maintained 100% RFID customer retention
- Expanded the use of consumables in RFID (syringes, blister packs, water filters, printer supplies, etc.)

- **Operational Highlights**

- Attended several industry trade shows, including RFID Journal Live!, showcasing our technical expertise and product portfolio
- Skillfully managed supply chain impacts, fulfilling every customer order and taking market share from competitors

2021 RFID  
Journal Live!

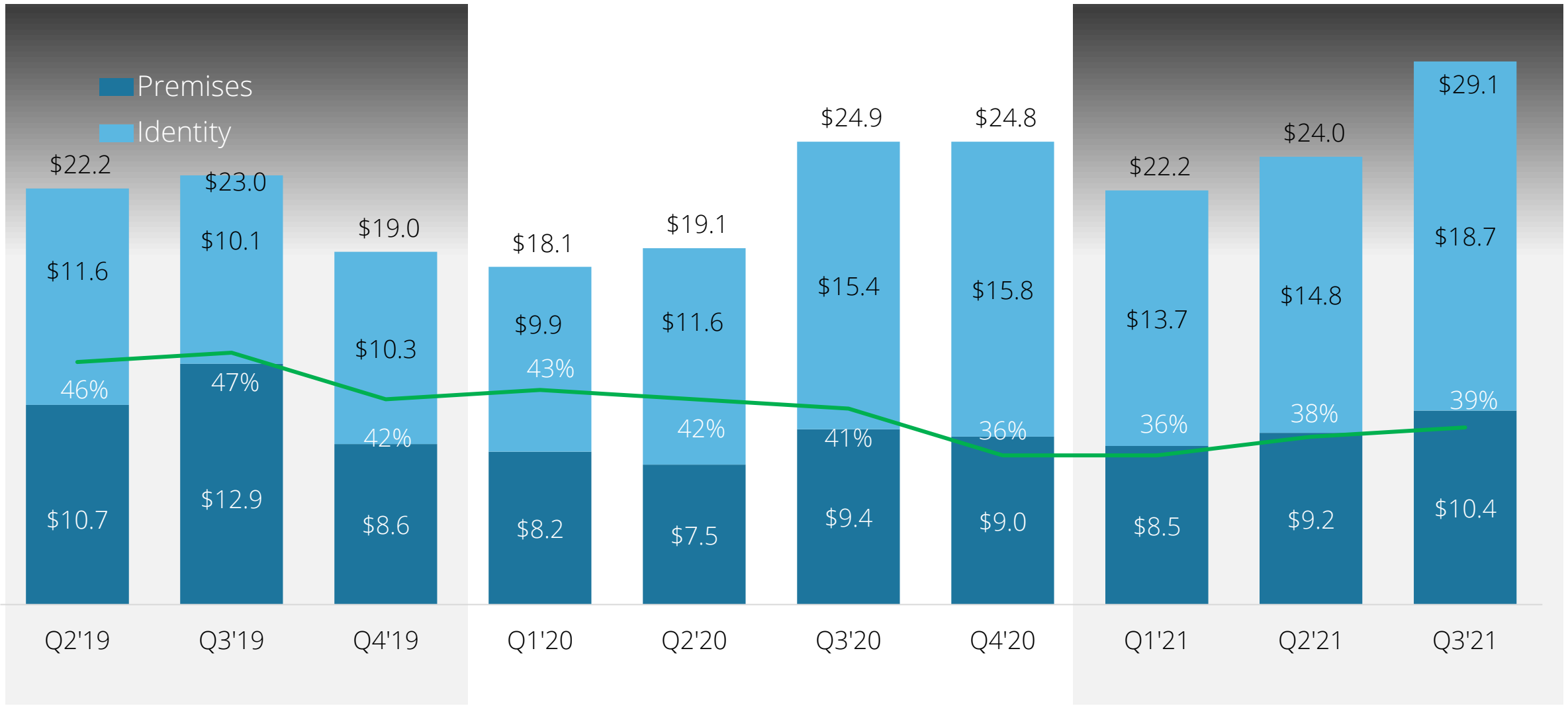


# Q3 2021 Financial Overview

# Financial Overview

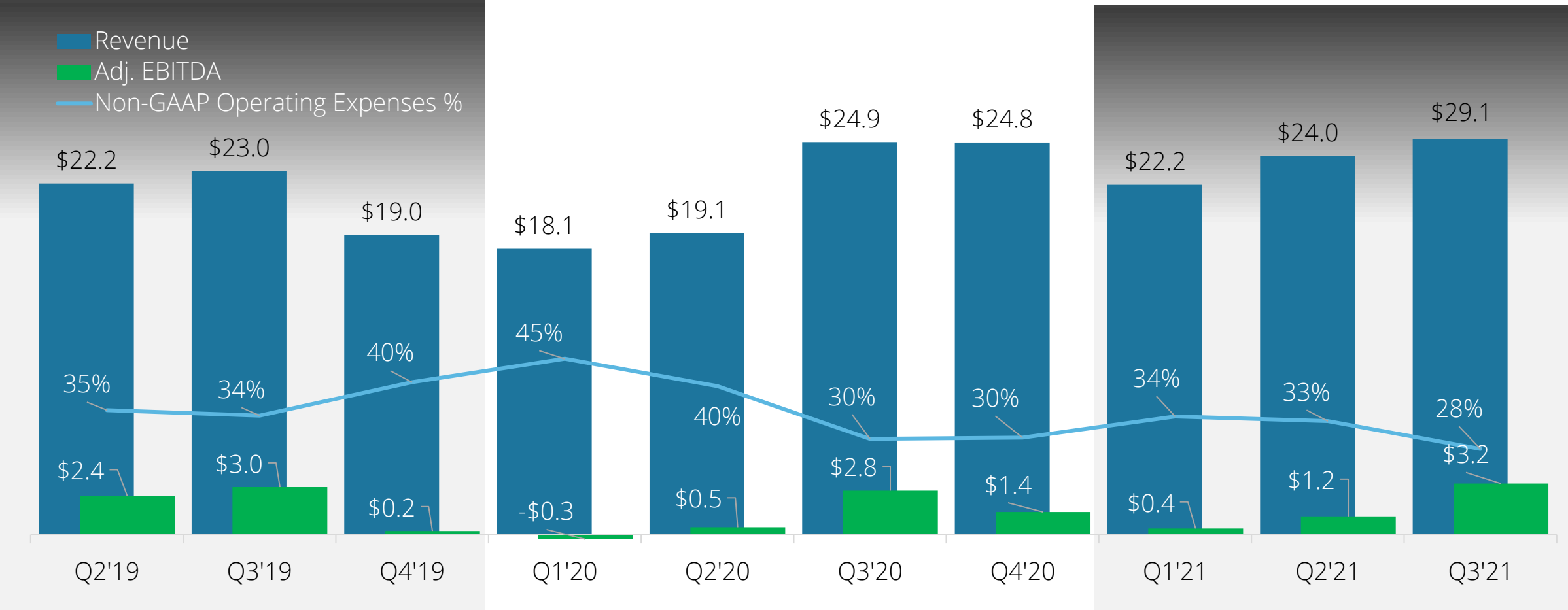
Metric	Q3'21	Q3'21 YTD	TTM
Revenue	\$29.1M 17%	\$75.3M 21%	\$100.1M 23%
Recurring Revenue (% of Revenue)	5% -100 bps	5% -247 bps	5% -299 bps
GAAP Gross Margin	38% -155 bps	37% -368 bps	36% -406 bps
Non-GAAP Gross Margin	39% -196 bps	38% -419 bps	37% -454 bps
GAAP Operating Expenses	\$9.1M +2%	\$27.1M -4%	\$36.0M -4%
GAAP Net Income	\$2.5M	\$3.5M	\$2.8M
Non-GAAP Adj. EBITDA Margin	11% -9 bps	6% +160 bps	6% +239 bps
EPS (GAAP) Diluted	\$0.09	\$0.12	\$0.08
Cash Flows from Operating Activities	\$2.9M	<\$0.1M	\$3.6M

# Segment Revenue & Non-GAAP Gross Margin





# Total Revenue & Non-GAAP Adjusted EBITDA Operating Expenses



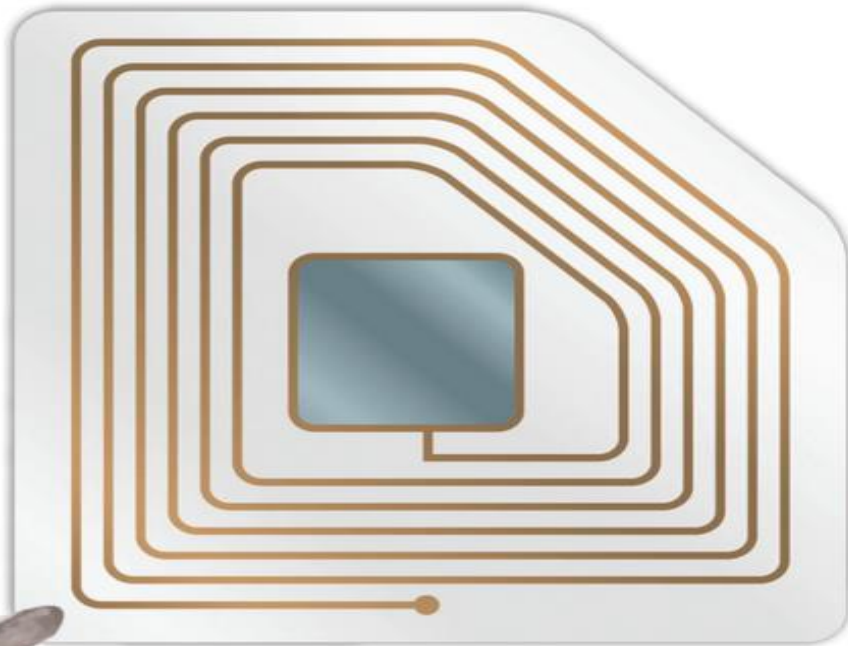
# Q3 2021 Cash Flow and Balance Sheet (in \$M)



Assets	Q3'20	Q2'21	Q3'21	Equity & Liabilities	Q3'20	Q2'21	Q3'21	Cash Flow	Q3'20	Q2'21	Q3'21
Cash & cash equivalents	12.3	36.4	29.2	Accounts payable	9.5	8.6	9.3	From operations	(1.1)	(2.5)	2.9
Accounts receivable	20.4	17.7	19.3	Financial liabilities	23.8	9.9	0.3	From investing	(0.3)	(0.5)	0.4
Inventory	20.4	21.9	21.6	Other liabilities	14.4	13.7	12.9	From financing	0.2	27.9	(10.3)
Other assets	28.5	29.9	28.7	Total Equity	33.9	73.7	76.3	FX effect	0.3	(0.1)	(0.1)
<b>Total</b>	<b>81.6</b>	<b>105.9</b>	<b>98.8</b>	<b>Total</b>	<b>81.6</b>	<b>105.9</b>	<b>98.8</b>	<b>Total</b>	<b>(0.8)</b>	<b>24.9</b>	<b>(7.2)</b>

# 2022 Business Drivers and Outlook

# 2022 RFID Drivers



**YOUR WORLD, VERIFIED.**

- **RFID Software Development Kit**
  - NFC Software Development Kit launched in August 2021 with cloud-based authentication server for SDK to launch in Q4 2021
  - Provides support to developers as they integrate NFC into their applications
  - Strengthens market leadership position by capturing 100MU+ use cases in early development stage
- **Focus on Design Wins**
  - Deep Relationships with Chip Partners – they refer customers to us
  - Technical Sales Strength – on track to double headcount in RFID sales and business development team
  - Engineering and Technology Depth – advising early-adopter RFID customers past their roadblocks and guiding them to successful project completion
  - Industry Design and Production Leadership – setting up Innovation Labs and Customer Experience & Success Centers in the USA, Germany, and Singapore
- **Update on Transformational Opportunities**
  - Mobile device customer increasing their marketing emphasis for their NFC-enabled platform for accessories
  - Auto-injector syringe project conducted a Board-level review and demonstration, subsequently receiving Board approval
  - Secured an initial purchase order for 1.9 million units and a frame order for 20 million units with a cannabis-related customer, signaling the launch of RFID adoption in that market

# 2022 Broader Business Drivers

- **Premises Demand Continues**
  - Long-term growth trend in federal government security spending
  - Focus on improved physical security in federal, state and local governments
  - Commercial sales accelerating across travel, retail banking and other verticals
  - Higher gross margins leading to expanded EBITDA margins
- **Focus on RFID Use Cases in Health Care and Medical Devices**
  - Customer-specific projects, which include an auto-injector syringe, blood test assays, and operating room tools
  - Building a portfolio of scalable, standard, multi-use medical products (syringes, blister-packed pharmaceuticals, thermometers, etc.)
- **Developing Our Platform for Growth**
  - Expanding our technology offerings with partnerships (for example, partnering with Wiliot, a passive Bluetooth RF device company)
  - Supporting future RFID growth with balance sheet resources (\$29.2 million in cash with no debt at end of Q3'21 )
- **Strong Momentum for Q4 2021 & 2022**
  - Total company backlog up 51% YoY, with total new orders booked through the first 3 weeks of Q4 2021 up 46% YoY to \$7.5 million
  - Major RFID design wins w/10-100+ million-unit potential making steady progress
  - Federal market strength & momentum



Thank You

# Question & Answer Session

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

# Income Statement

(unaudited, in \$'000)

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

	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	September 30,
	2021	2021	2020	2021	2020
Net revenue	\$ 29,097	\$ 23,993	\$ 24,859	\$ 75,252	\$ 62,084
Cost of revenue	17,979	15,153	14,974	47,602	36,987
Gross profit	11,118	8,840	9,885	27,650	25,097
Operating expenses:					
Research and development	2,088	2,131	2,380	6,556	7,398
Selling and marketing	4,471	4,147	4,245	12,682	12,978
General and administrative	2,400	2,595	2,118	7,120	6,460
Decrease in fair value of earnout liability	—	—	—	—	(261)
Restructuring and severance	99	274	163	761	1,645
Total operating expenses	9,058	9,147	8,906	27,119	28,220
Income (loss) from operations	2,060	(307)	979	531	(3,123)
Non-operating income (expense):					
Interest expense, net	(62)	(144)	(407)	(451)	(1,066)
Gain on forgiveness of Paycheck Protection Program note	—	2,946	—	2,946	—
Gain on sale of investment	611	—	—	611	—
Foreign currency losses, net	(48)	—	(175)	(2)	(119)
Income (loss) before income tax provision	2,561	2,495	397	3,635	(4,308)
Income tax provision	(21)	(29)	(8)	(94)	(99)
Net income (loss)	2,540	2,466	389	3,541	(4,407)
Cumulative dividends on Series B preferred stock	(289)	(286)	(275)	(859)	(818)
Net income (loss) attributable to common stockholders	\$ 2,251	\$ 2,180	\$ 114	\$ 2,682	\$ (5,225)
Net income (loss) per share:					
Basic	\$ 0.10	\$ 0.10	\$ 0.01	\$ 0.13	\$ (0.29)
Diluted	\$ 0.09	\$ 0.09	\$ 0.01	\$ 0.12	\$ (0.29)
Weighted average shares used in computing net income (loss) per common share:					
Basic	22,448	21,908	18,144	20,948	17,868
Diluted	29,330	28,751	18,650	21,861	17,868

# Balance Sheet

(in \$'000)

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

	<u>September 30, 2021</u>	<u>June 30, 2021</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 29,218	\$ 36,370	\$ 11,518	\$ 11,409
Accounts receivable, net of allowances	19,263	17,746	18,911	18,927
Inventories	21,617	21,894	19,308	20,296
Prepaid expenses and other assets	4,107	4,676	3,065	2,813
Total current assets	74,205	80,686	52,802	53,445
Property and equipment, net	4,131	4,101	3,768	2,827
Operating lease right-of-use assets	2,370	2,683	2,974	3,405
Intangible assets, net	6,725	7,036	7,299	7,563
Goodwill	10,268	10,299	10,281	10,266
Other assets	1,113	1,094	1,142	1,171
Total assets	<u>\$ 98,812</u>	<u>\$ 105,899</u>	<u>\$ 78,266</u>	<u>\$ 78,677</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 9,311	\$ 8,635	\$ 10,217	\$ 10,964
Contractual payment obligation	269	531	788	1,040
Financial liabilities	—	9,853	22,334	20,084
Operating lease liabilities	1,285	1,265	1,243	1,279
Deferred revenue	2,343	2,340	1,634	1,981
Accrued compensation and related benefits	3,162	2,943	2,858	2,985
Other accrued expenses and liabilities	4,473	4,537	3,643	3,240
Total current liabilities	20,843	30,104	42,717	41,573
Long-term operating lease liabilities	1,214	1,556	1,875	2,272
Long-term deferred revenue	266	281	331	385
Other long-term liabilities	237	268	363	258
Total liabilities	22,560	32,209	45,286	44,488
Total stockholders' equity	76,252	73,690	32,980	34,189
Total liabilities and stockholders' equity	<u>\$ 98,812</u>	<u>\$ 105,899</u>	<u>\$ 78,266</u>	<u>\$ 78,677</u>



# Operating Results & Non-GAAP Adjusted EBITDA Reconciliation

(in \$M)

	Q2'19	Q3'19	Q4'19	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
<b>Reconciliation of GAAP gross profit margin and non-GAAP gross profit margin</b>												
<i>GAAP gross profit margin (%)</i>	44%	46%	40%	44%	41%	40%	40%	35%	39%	35%	37%	38%
<b>GAAP gross profit</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>	<b>\$8.8</b>	<b>\$11.1</b>
Stock-based compensation	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0
Amortization and depreciation	\$0.3	\$0.3	\$0.3	\$1.3	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.2	\$0.3	\$0.3
Transponder inventory reserve adjustment	\$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>\$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>\$0.3</b>	<b>\$0.3</b>
<b>Non-GAAP gross profit</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>	<b>\$9.1</b>	<b>\$11.4</b>
<i>Non-GAAP gross profit margin (%)</i>	46%	47%	42%	45%	43%	42%	41%	36%	40%	36%	38%	39%
<b>Reconciliation of GAAP operating expenses to non-GAAP operating expenses</b>												
<b>GAAP operating expenses</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>	<b>\$9.1</b>	<b>\$9.1</b>
Stock-based compensation	(\$0.7)	(\$0.7)	(\$0.5)	(\$2.5)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.8)	(\$2.9)	(\$0.7)	(\$0.6)	(\$0.5)
Amortization and depreciation	(\$0.6)	(\$0.6)	(\$0.6)	(\$2.3)	(\$0.6)	(\$0.5)	(\$0.5)	(\$0.5)	(\$2.1)	(\$0.2)	(\$0.2)	(\$0.2)
Increase in fair value of earnout liability	\$0.0	(\$0.2)	(\$0.4)	(\$0.6)	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0
Acquisition related transaction costs	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	\$0.0	(\$0.0)	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Restructuring and severance	\$0.0	\$0.1	(\$0.1)	(\$0.0)	(\$0.1)	(\$1.4)	(\$0.2)	(\$0.1)	(\$1.7)	(\$0.4)	(\$0.3)	(\$0.1)
<b>Total reconciling items included in GAAP operating expenses</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>(\$1.2)</b>	<b>(\$0.9)</b>
<b>Non-GAAP operating expenses</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>\$8.0</b>	<b>\$8.2</b>
<b>Reconciliation of GAAP net income (loss) to non-GAAP adjusted EBITDA</b>												
<b>GAAP net income (loss)</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>	<b>\$2.5</b>	<b>\$2.5</b>
Provision (benefit) for income taxes	\$0.1	\$0.1	\$0.0	\$0.3	\$0.0	\$0.1	\$0.0	(\$0.0)	\$0.1	\$0.0	\$0.0	\$0.0
Interest expense, net	\$0.2	\$0.2	\$0.2	\$0.9	\$0.3	\$0.4	\$0.4	\$0.4	\$1.5	\$0.2	\$0.1	\$0.1
Loss (gain) on extinguishment of debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$2.9)	\$0.0
Foreign currency (gains) losses, net	\$0.1	(\$0.2)	\$0.0	(\$0.1)	(\$0.1)	\$0.0	\$0.2	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0
Stock-based compensation	\$0.7	\$0.7	\$0.6	\$2.7	\$0.6	\$0.8	\$0.8	\$0.8	\$3.0	\$0.8	\$0.7	\$0.6
Amortization and depreciation	\$0.9	\$1.0	\$0.9	\$3.6	\$0.8	\$0.8	\$0.8	\$0.8	\$3.3	\$0.5	\$0.5	\$0.5
Increase in fair value of earnout liability	\$0.0	\$0.2	\$0.4	\$0.6	\$0.0	(\$0.3)	\$0.0	\$0.0	(\$0.3)	\$0.0	\$0.0	\$0.0
Acquisition related transaction costs	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transponder related inventory reserve adjustment	\$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	(\$0.1)	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.6)
Restructuring and severance	(\$0.0)	(\$0.1)	\$0.1	\$0.0	\$0.1	\$1.4	\$0.2	\$0.1	\$1.7	\$0.4	\$0.3	\$0.1
<b>Total reconciling items included in GAAP net income (loss)</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>(\$1.3)</b>	<b>\$0.7</b>
<b>Non-GAAP adjusted EBITDA</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>	<b>\$1.2</b>	<b>\$3.2</b>
<i>Non-GAAP adjusted EBITDA margin (%)</i>	11%	13%	1%	8%	(2%)	2%	11%	6%	5%	2%	5%	11%
<b>Reconciliation of GAAP net cash (used in) provided by operating activities to non-GAAP free cash flow</b>												
<b>GAAP net cash (used in) provided by operating activities</b>	<b>\$0.9</b>	<b>(\$1.1)</b>	<b>(\$0.9)</b>	<b>\$0.4</b>	<b>(\$3.7)</b>	<b>(\$0.6)</b>	<b>(\$1.1)</b>	<b>\$3.6</b>	<b>(\$1.8)</b>	<b>(\$0.4)</b>	<b>(\$2.5)</b>	<b>\$2.9</b>
Capital expenditures	(\$0.0)	(\$0.1)	(\$0.1)	(\$0.3)	(\$0.1)	(\$0.4)	(\$0.3)	(\$0.7)	(\$1.5)	(\$1.1)	(\$0.5)	(\$0.3)
<b>Non-GAAP free cash flow</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>	<b>(\$3.0)</b>	<b>\$2.6</b>