

Identiv, Inc.
Form 10-Q
November 13, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-29440

IDENTIV, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

77-0444317
(I.R.S. Employer
Identification No.)

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2201 Walnut Avenue, Suite 100

Fremont, California 94538
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (949) 250-8888

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a small reporting company) Small reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 3, 2017, the registrant had 14,245,138 shares of common stock, \$0.001 par value per share, outstanding.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

IDENTIV, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except par value)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	\$ 15,741	\$ 9,116
Accounts receivable, net of allowances of \$459 and \$307 as of September 30, 2017 and December 31, 2016, respectively	10,642	9,430
Inventories	13,396	11,596
Prepaid expenses and other current assets	2,492	1,510
Total current assets	42,271	31,652
Property and equipment, net	2,117	2,416
Intangible assets, net	4,728	5,820
Other assets	722	712
Total assets	\$ 49,838	\$ 40,600
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,552	\$ 6,024
Current portion - payment obligation	877	786
Current portion - financial liabilities, net of discount and debt issuance costs of \$596 and \$181, respectively	9,957	8,119
Deferred revenue	1,143	1,085
Accrued compensation and related benefits	1,639	1,520
Other accrued expenses and liabilities	2,978	5,032
Total current liabilities	24,146	22,566
Long-term payment obligation	3,281	3,987
Long-term financial liabilities, net of discount and debt issuance costs of \$1,463 and \$221, respectively	6,474	9,779
Other long-term liabilities	181	335
Total liabilities	34,082	36,667
Commitments and contingencies (see Note 11)		
Stockholders' equity:		
Identiv, Inc. stockholders' equity:		
Preferred stock, \$0.001 par value: 10,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value: 50,000 shares authorized; 15,082 and 11,836 shares	14	11

issued and 14,234 and 11,109 shares outstanding as of September 30, 2017 and		
December 31, 2016, respectively		
Additional paid-in capital	415,776	400,266
Treasury stock, 848 and 727 shares as of September 30, 2017 and December 31,		
2016,		
respectively	(7,302)	(6,708)
Accumulated deficit	(395,131)	(391,509)
Accumulated other comprehensive income	2,556	2,053
Total Identiv, Inc. stockholders' equity	15,913	4,113
Noncontrolling interest	(157)	(180)
Total stockholders' equity	15,756	3,933
Total liabilities and stockholders' equity	\$ 49,838	\$ 40,600

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDENTIV, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net revenue	\$15,432	\$15,560	\$43,664	\$41,521
Cost of revenue	9,571	8,640	26,423	24,038
Gross profit	5,861	6,920	17,241	17,483
Operating expenses:				
Research and development	1,597	1,480	4,584	4,997
Selling and marketing	3,448	3,312	10,142	10,807
General and administrative	1,247	2,115	5,119	9,674
Restructuring and severance	(49)	160	(49)	3,100
Total operating expenses	6,243	7,067	19,796	28,578
Loss from operations	(382)	(147)	(2,555)	(11,095)
Non-operating income (expense):				
Interest expense, net	(643)	(525)	(1,995)	(1,814)
Gain on extinguishment of debt	—	—	977	—
Foreign currency (losses) gains, net	(51)	35	(202)	309
Loss before income taxes and noncontrolling interest	(1,076)	(637)	(3,775)	(12,600)
Income tax benefit	42	(105)	161	(35)
Loss before noncontrolling interest	(1,034)	(742)	(3,614)	(12,635)
Less: Income (loss) attributable to noncontrolling interest	2	(1)	(8)	4
Net loss attributable to Identiv, Inc.	\$(1,032)	\$(743)	\$(3,622)	\$(12,631)
Basic and diluted net loss per share attributable to Identiv, Inc.	\$(0.07)	\$(0.07)	\$(0.28)	\$(1.16)
Weighted average shares used to compute basic and diluted				
loss per share	14,409	11,024	12,806	10,855

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDENTIV, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited, in thousands)

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
Net loss	\$(1,034)	\$(742)	\$(3,614)	\$(12,635)
Other comprehensive income (loss), net of income taxes:				
Foreign currency translation adjustment	378	(64)	518	(285)
Total other comprehensive income (loss), net of income				
taxes	378	(64)	518	(285)
Comprehensive loss	(656)	(806)	(3,096)	(12,920)
Less: Comprehensive (income) loss attributable to				
noncontrolling interest	(16)	11	(23)	23
Comprehensive loss attributable to Identiv, Inc. common				
stockholders	\$(672)	\$(795)	\$(3,119)	\$(12,897)

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDENTIV, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

(Unaudited, in thousands)

	Identiv, Inc. Stockholders' Equity						Accumulated		Total Equity
	Common Stock Shares	Amount	Additional		Treasury Stock	Accumulated Deficit	Other		
			Paid-in Capital				Comprehens Income	Noncontrol Interest	
Balances, December 31, 2016	11,109	\$ 11	\$ 400,266	\$ (6,708)	\$ (391,509)	\$ 2,053	\$ (180)	\$ 3,933	
Net loss	—	—	—	—	(3,622)	—	8	(3,614)	
Other comprehensive loss	—	—	—	—	—	503	15	518	
Issuance of common stock in									
connection with public									
offering	2,845	3	12,557	—	—	—	—	12,560	
Issuance of warrants	—	—	2,319	—	—	—	—	2,319	
Issuance of common stock									
in connection with									
vesting of stock awards	401	—	—	—	—	—	—	—	
Stock-based compensation	—	—	1,916	—	—	—	—	—	