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, 2024

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	**77-0444317**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1900-B Carnegie Avenue Santa Ana, California	**92705**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.001 par value per share	INVE	The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	☐	Smaller 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 4, 2024, the registrant had 23,885,181 shares of common stock outstanding.

TABLE OF CONTENTS

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

IDENTIV, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except par value)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 145,361	$ 23,312
Restricted cash	384	1,072
Accounts receivable, net of allowances of $622 and $1,610 as of September 30, 2024 and December 31, 2023, respectively	4,848	7,404
Inventories	10,710	13,560
Prepaid expenses and other current assets	4,700	1,222
Current assets held-for-sale	—	32,916
Total current assets	166,003	79,486
Property and equipment, net	8,203	8,472
Operating lease right-of-use assets	2,110	2,289
Other assets	713	678
Non-current assets held-for-sale	—	18,798
Total assets	$ 177,029	$ 109,723
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,035	$ 4,652
Financial liabilities, net of debt issuance costs of $0 and $51 as of September 30, 2024 and December 31, 2023, respectively	—	9,949
Operating lease liabilities	880	782
Accrued compensation and related benefits	1,321	1,376
Accrued income taxes payable	7,180	104
Other accrued expenses and liabilities	3,595	917
Current liabilities held-for-sale	—	13,002
Total current liabilities	19,011	30,782
Long-term operating lease liabilities	1,251	1,507
Other long-term liabilities	27	26
Non-current liabilities held-for-sale	—	3,136
Total liabilities	20,289	35,451
Commitments and contingencies (see Note 15)		
Stockholders' equity:		
Preferred stock, $0.001 par value: 10,000 shares authorized; 5,000 shares issued and outstanding as of September 30, 2024 and December 31, 2023	5	5
Common stock, $0.001 par value: 50,000 shares authorized; 25,941 and 24,902 shares issued and 23,873 and 23,247 shares outstanding as of September 30, 2024 and December 31, 2023, respectively	26	25
Additional paid-in capital	508,606	500,752
Treasury stock, 2,068 and 1,655 shares as of September 30, 2024 and December 31, 2023, respectively	(14,568)	(12,969)
Accumulated deficit	(339,695)	(414,870)
Accumulated other comprehensive income	2,366	1,329
Total stockholders' equity	156,740	74,272
Total liabilities and stockholders' equity	$ 177,029	$ 109,723

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

IDENTIV, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net revenue	$ 6,532	$ 11,732	$ 19,931	$ 32,097
Cost of revenue	6,294	10,413	18,596	27,928
Gross profit	238	1,319	1,335	4,169
Operating expenses:				
Research and development	1,102	1,019	2,965	3,150
Selling and marketing	1,657	1,404	4,654	4,525
General and administrative	7,032	2,215	15,052	6,577
Restructuring and severance	—	—	—	46
Total operating expenses	9,791	4,638	22,671	14,298
Loss from continuing operations	(9,553)	(3,319)	(21,336)	(10,129)
Non-operating income (expense):				
Interest income (expense), net	244	(211)	8	(351)
Gain on investment	—	132	—	132
Foreign currency gains (losses), net	340	(249)	55	(187)
Loss from continuing operations before income tax provision	(8,969)	(3,647)	(21,273)	(10,535)
Income tax provision	(360)	(13)	(361)	(15)
Net loss from continuing operations	(9,329)	(3,660)	(21,634)	(10,550)
Income (loss) from discontinued operations, net of tax:				
Income (loss) from Physical Security Business, net of tax	(4,268)	3,638	(2,737)	6,665
Gain on sale of Physical Security Business, net of tax	99,546	—	99,546	—
Total income from discontinued operations, net of tax	95,278	3,638	96,809	6,665
Net income (loss)	85,949	(22)	75,175	(3,885)
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of tax	1,431	(312)	1,037	(211)
Comprehensive gain (loss)	$ 87,380	$ (334)	$ 76,212	$ (4,096)
Net income (loss) per common share:				
Basic and diluted - continuing operations	$ (0.40)	$ (0.17)	$ (0.95)	$ (0.50)
Basic and diluted - discontinued operations	$ 4.03	$ 0.16	$ 4.12	$ 0.29
Basic and diluted - net income (loss)	$ 3.62	$ (0.01)	$ 3.17	$ (0.21)
Weighted average common shares outstanding:				
Basic and diluted	23,660	23,174	23,496	23,008

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

IDENTIV, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands)

	Three Months Ended September 30, 2024								
	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances, July 1, 2024	5,000	$ 5	23,448	$ 25	$ 503,246	$ (13,510)	$ (425,644)	$ 935	$ 65,057
Net income	—	—	—	—	—	—	85,949	—	85,949
Unrealized gain from foreign currency translation adjustments	—	—	—	—	—	—	—	1,431	1,431
Issuance of common stock in connection with vesting of stock awards	—	—	751	1	—	—	—	—	1
Stock-based compensation	—	—	—	—	5,360	—	—	—	5,360
Shares withheld in payment of taxes in connection with net share settlement of restricted stock units	—	—	(326)	—	—	(1,058)	—	—	(1,058)
Balances, September 30, 2024	5,000	$ 5	23,873	$ 26	$ 508,606	$ (14,568)	$ (339,695)	$ 2,366	$ 156,740

	Nine Months Ended September 30, 2024								
	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances, January 1, 2024	5,000	$ 5	23,247	$ 25	$ 500,752	$ (12,969)	$ (414,870)	$ 1,329	$ 74,272
Net income	—	—	—	—	—	—	75,175	—	75,175
Unrealized gain from foreign currency translation adjustments	—	—	—	—	—	—	—	1,037	1,037
Issuance of common stock in connection with vesting of stock awards	—	—	1,039	1	—	—	—	—	1
Stock-based compensation	—	—	—	—	7,854	—	—	—	7,854
Shares withheld in payment of taxes in connection with net share settlement of restricted stock units	—	—	(413)	—	—	(1,599)	—	—	(1,599)
Balances, September 30, 2024	5,000	$ 5	23,873	$ 26	$ 508,606	$ (14,568)	$ (339,695)	$ 2,366	$ 156,740

	Three Months Ended September 30, 2023								
	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances, July 1, 2023	5,000	$ 5	23,112	$ 24	$ 498,765	$ (12,457)	$ (413,244)	$ 1,202	$ 74,295
Net loss	—	—	—	—	—	—	(22)	—	(22)
Unrealized loss from foreign currency translation adjustments	—	—	—	—	—	—	—	(312)	(312)
Issuance of common stock in connection with vesting of stock awards	—	—	54	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	989	—	—	—	989
Shares withheld in payment of taxes in connection with net share settlement of restricted stock units	—	—	(16)	—	—	(131)	—	—	(131)
Balances, September 30, 2023	5,000	$ 5	23,150	$ 24	$ 499,754	$ (12,588)	$ (413,266)	$ 890	$ 74,819

	Nine Months Ended September 30, 2023								
	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances, January 1, 2023	5,000	$ 5	22,623	$ 24	$ 495,818	$ (12,173)	$ (409,381)	$ 1,101	$ 75,394
Net loss	—	—	—	—	—	—	(3,885)	—	(3,885)
Unrealized loss from foreign currency translation adjustments	—	—	—	—	—	—	—	(211)	(211)
Issuance of common stock in connection with vesting of stock awards	—	—	308	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,973	—	—	—	2,973
Shares withheld in payment of taxes in connection with net share settlement of restricted stock units	—	—	(56)	—	—	(415)	—	—	(415)
Proceeds from exercise of warrants	—	—	275	—	963	—	—	—	963
Balances, September 30, 2023	5,000	$ 5	23,150	$ 24	$ 499,754	$ (12,588)	$ (413,266)	$ 890	$ 74,819

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

IDENTIV, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows used in operating activities		
Net income (loss)	$ 75,175	$ (3,885)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	2,176	2,000
Gain on sale of discontinued operations, net of taxes	(99,546)	—
Gain on investment	—	(132)
Amortization of debt issuance costs	113	28
Stock-based compensation expense	7,854	2,973
Loss on disposal of property and equipment	99	—
Changes in operating assets and liabilities:		
Accounts receivable	5,500	(1,006)
Inventories	2,005	(512)
Prepaid expenses and other assets	(2,130)	(1,206)
Accounts payable	(2,042)	(2,715)
Deferred revenue	311	723
Accrued income taxes payable	(220)	49
Accrued expenses and other liabilities	1,195	69
Net cash used in operating activities	(9,510)	(3,614)
Cash flows from investing activities:		
Capital expenditures	(873)	(3,139)
Proceeds from sale of discontinued operations, net of cash sold	143,394	—
Proceeds from investment	—	132
Net cash provided by (used in) investing activities	142,521	(3,007)
Cash flows from financing activities:		
Borrowings under revolving loan facility, net of issuance costs	9,887	18,911
Repayments under revolving loan facility	(20,000)	(9,000)
Taxes paid related to net share settlement of restricted stock units	(1,599)	(415)
Proceeds from exercise of warrants	—	963
Net cash provided by (used in) financing activities	(11,712)	10,459
Effect of exchange rates on cash, cash equivalents, and restricted cash	62	(47)
Net increase in cash, cash equivalents, and restricted cash	121,361	3,791
Cash, cash equivalents, and restricted cash at beginning of period	24,384	17,137
Cash, cash equivalents, and restricted cash at end of period	$ 145,745	$ 20,928
Supplemental disclosures of cash flow information:		
Interest paid	$ 324	$ 335
Taxes paid, net	$ 1,747	$ 58
Non-cash investing and financing activities:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 368	$ 2,306

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

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Identiv, Inc. and its wholly owned subsidiaries (the “Company”). All intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company’s unaudited condensed consolidated financial statements have been included. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024 or any future period. The unaudited condensed consolidated balance sheet as of December 31, 2023 has been derived from audited consolidated financial statements at that date, but does not include all disclosures required by U.S. GAAP for complete financial statements. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors,” and the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as amended.

On September 6, 2024, the Company completed the sale of its physical security, access card, and identity reader operations and assets, including all outstanding shares of Identiv Private Limited, its wholly-owned subsidiary (the “Physical Security Business"), to Hawk Acquisition, Inc., a Delaware corporation (“Buyer”) and a wholly-owned subsidiary of Vitaprotech SAS, a French société par actions simplifiée and provider of security solutions. Due to the sale of its Physical Security Business in the third quarter of 2024, the Company has classified the results of the Physical Security Business as discontinued operations on its condensed consolidated statements of comprehensive income (loss) for all periods presented. See Note 3, *Discontinued Operations* for additional disclosure related to discontinued operations. The discussion in the notes to these condensed consolidated financial statements, unless otherwise noted, relates solely to the Company's continuing operations.

2. Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies

No material changes have been made to the Company's significant accounting policies disclosed in Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements*, in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as amended.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that the Company adopts as of the specified effective date. Unless otherwise discussed, the Company does not believe that the impact of recently issued standards that are not yet effective will have a material impact on its financial position or results of operations upon adoption.

In November 2023, the FASB issued Accounting Standards Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires disclosure of incremental segment information on an annual and interim basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact of the new standard on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU is intended to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The ASU’s amendments are effective for public business entities for annual periods beginning after December 15, 2024. Entities are permitted to early adopt the standard for “annual financial statements that have not yet been issued or made available for issuance.” Adoption is either prospectively or retrospectively, the Company will adopt this ASU on a prospective basis. The Company is currently evaluating the impact of the new standard on the consolidated financial statements and related disclosures.

3. Discontinued Operations

Sale of Physical Security Business

On September 6, 2024, the Company completed the sale of its Physical Security Business to Buyer, and Buyer assumed certain of the Company's liabilities related to the Physical Security Business (collectively, the "Asset Sale") pursuant to that certain Stock and Asset Purchase Agreement, dated as of April 2, 2024 (the "Purchase Agreement"), by and between the Company and Buyer. As consideration for the Asset Sale, the Company received approximately $144.3 million in cash, subject to further customary adjustments as set forth in the Purchase Agreement.

In connection with the closing of the Asset Sale, the Company and Buyer entered into a transition services agreement (the "Transition Services Agreement"). The Transition Services Agreement outlines the information technology, people, and facility support the Company will provide to Buyer for a period of 12 months to 18 months after the transaction closing date. The agreed upon charges for such services are intended to allow the Company and Buyer, respectively, to recover all costs and expenses of providing such services. Fees earned and incurred under the Transition Services Agreement for the three months ended September 30, 2024 were immaterial.

The following summarizes the components of the gain on sale of the Physical Security Business, net of taxes (in thousands):

Cash proceeds	$ 144,262
Assets sold:	
Cash	868
Accounts receivable	11,610
Inventories	15,969
Prepaid expenses and other current assets	1,640
Property and equipment	861
Other assets	2,963
Total assets sold	33,911
Liabilities divested:	
Accounts payable	4,179
Deferred revenue	3,579
Other accrued expenses and liabilities	718
Other liabilities	2,482
Total liabilities divested	10,958
Other:	
Goodwill written off related to sale of Physical Security Business	(10,196)
Intangible assets written off related to sale of Physical Security Business	(3,595)
Transaction and other costs	(676)
Total other	(14,467)
Income tax provision	7,296
Gain on sale of Physical Security Business, net of taxes	$ 99,546

The gain on sale of the Physical Security Business is subject to adjustment as the Company completes its tax analysis on the ability to utilize net operating loss and credit carryforwards to reduce the amount of income tax provision. Any adjustment to the income tax provision recorded in connection with the Sale of the Physical Security Business will be completed by December 31, 2024.

Discontinued Operations

As the sale of the Company's Physical Security Business represented a significant strategic shift that has a material effect on the Company's operations and financial results, the Company has separately reported the results of its Physical Security Business as discontinued operations in the condensed consolidated statements of comprehensive income (loss) for all periods presented.

The following presents the financial results of discontinued operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenue	$ 9,045	$ 20,114	$ 42,473	$ 55,301
Cost of revenue	5,210	9,492	22,825	27,470
Gross profit	3,835	10,622	19,648	27,831
Operating expenses:				
Research and development	2,311	1,897	6,514	5,488
Selling and marketing	3,620	4,237	11,960	13,092
General and administrative	2,240	724	3,741	2,213
Restructuring and severance	—	104	145	330
Total operating expenses	8,171	6,962	22,360	21,123
Income (loss) from operations	(4,336)	3,660	(2,712)	6,708
Non-operating income (expense):				
Foreign currency gains (losses), net	20	(15)	(25)	3
Income (loss) before income tax benefit (provision)	(4,316)	3,645	(2,737)	6,711
Income tax benefit (provision)	48	(7)	—	(46)
Net income (loss)	$ (4,268)	$ 3,638	$ (2,737)	$ 6,665

The cash flows related to the discontinued operations have not been segregated and are included in the condensed consolidated statements of cash flows. The following presents the significant non-cash items and capital expenditures related to discontinued operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation and amortization	$ 226	$ 366	$ 892	$ 1,045
Capital expenditures	192	206	322	646
Stock-based compensation	4,264	475	5,254	1,468

The carrying value of the assets and liabilities of the discontinued operations on the condensed consolidated balance sheet as of September 30, 2024 and December 31, 2023 were as follows (in thousands):

	September 30, 2024	December 31, 2023
ASSETS		
Accounts receivable, net	$ —	$ 14,565
Inventories	—	15,152
Prepaid expenses and other current assets	—	3,199
Total current assets held-for-sale	$ —	$ 32,916
Property and equipment, net	$ —	$ 848
Operating lease right-of-use assets	—	2,925
Intangible assets, net	—	4,251
Goodwill	—	10,218
Other assets	—	556
Total long-term assets held-for-sale	$ —	$ 18,798
LIABILITIES		
Accounts payable	$ —	$ 7,598
Operating lease liabilities	—	932
Deferred revenue	—	2,341
Accrued compensation and related benefits	—	958
Other accrued expenses and liabilities	—	1,173
Total current liabilities held-for-sale	$ —	$ 13,002
Long-term operating lease liabilities	$ —	$ 2,209
Long-term deferred revenue	—	927
Total long-term liabilities held-for-sale	$ —	$ 3,136

Revenue Recognition

The Physical Security Business recognized revenue upon transfer of control of promised products or services to customers in an amount that reflected the consideration expected to be received in exchange for those products or services. The contracts entered into could have included various combinations of its products, software licenses, and services, which were generally capable of being distinct and accounted for as separate performance obligations. For contracts with multiple performance obligations, the transaction price was allocated to each performance obligation, generally on a relative basis using its standalone selling price. The stated contract value was generally the transaction price to be allocated to the separate performance obligations. Revenue was recognized net of any taxes collected from customers that were subsequently remitted to governmental authorities.

Timing of Revenue Recognition

Revenues are derived from sales of hardware products, software licenses, subscriptions, professional services, software maintenance and support, and extended hardware warranties.

Performance Obligation	*When Performance Obligation is Typically Satisfied*	*When Payment is Typically Due*	*How Standalone Selling Price is Typically Estimated*
Hardware products	When customer obtains control of the product (point-in-time)	Within 30-60 days of shipment	Observable in transactions without multiple performance obligations
Software licenses	When license is delivered to customer or made available for download, and the applicable license period has begun (point-in-time)	Within 30-60 days of the beginning of license period	Established pricing practices for software licenses bundled with software maintenance, which are separately observable in renewal transactions
Subscriptions	Ratably over the course of the subscription term (over time)	In advance of subscription term	Contractually stated or list price
Professional services	As services are performed and/or when contract is fulfilled (point-in-time)	Within 30-60 days of delivery	Observable in transactions without multiple performance obligations
Software maintenance and support services	Ratably over the course of the support contract (over time)	Within 30-60 days of the beginning of the contract period	Observable in renewal transactions
Extended hardware warranties	Ratably over the course of the support contract (over time)	Within 30-60 days of the beginning of the contract period	Observable in renewal transactions

Significant Judgments

Contracts with customers often include promises to transfer multiple products and services to a customer. For such arrangements, the transaction price is allocated to each performance obligation based on its relative standalone selling price (“SSP”).

Judgment is required to determine the SSP for each distinct performance obligation in a contract. For the majority of items, the SSP is estimated using historical transaction data. In instances where SSP is not directly observable, such as when the product or service is not sold separately, the SSP is determined using information that may include market conditions and other observable inputs. The determination of SSP is an ongoing process and information is reviewed regularly in order to ensure SSPs reflect current information or trends.

4. Revenue

Revenue Recognition

Revenue is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. For contracts with multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation, generally on a relative basis using its standalone selling price. The stated contract value is generally the transaction price to be allocated to the separate performance obligations. Revenue is recognized net of any taxes collected from customers that are subsequently remitted to governmental authorities.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers based on the shipping location of the customer. The geographic regions that are tracked are the Americas, Europe and the Middle East, and Asia-Pacific regions. See Note 12, *Segment Reporting, Geographic Information, and Concentration of Credit Risk*, for net revenue based on the disaggregation criteria noted above. All revenues from continuing operations are recognized at a point in time following the transfer of control of the products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contract.

5. Fair Value Measurements

The Company determines the fair values of its financial instruments based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The classification of a financial asset or liability within the hierarchy is based upon the lowest level input that is significant to the fair value measurement. Under ASC 820, *Fair Value Measurement and Disclosures*, the fair value hierarchy prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Quoted prices (unadjusted) for identical assets and liabilities in active markets;
- Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

As of September 30, 2024, the only assets measured and recognized at fair value on a recurring basis were cash equivalents, which consisted of amounts held in money market accounts of $60.0 million and treasury bills of $65.0 million with maturities less than 90 days (Level 1 fair value measurements). As of December 31, 2023, the only assets measured and recognized at fair value on a recurring basis were nominal cash equivalents. As of September 30, 2024 and December 31, 2023, there were no liabilities measured and recognized at fair value on a recurring basis.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

Certain of the Company's assets are measured at fair value on a nonrecurring basis if impairment is indicated. As of September 30, 2024 and December 31, 2023, the Company had $348,000 of privately-held investments measured at fair value on a nonrecurring basis, which were classified as Level 3 assets due to the absence of quoted market prices and inherent lack of liquidity. The Company reviews its investments to identify and evaluate investments that have an indication of possible impairment. The Company adjusts the carrying value for its privately-held investments for any impairment if the fair value is less than the carrying value of the respective assets on an other-than-temporary basis. The amount of privately-held investments is included in other assets in the accompanying condensed consolidated balance sheets.

As of September 30, 2024 and December 31, 2023, there were no liabilities that are measured and recognized at fair value on a non-recurring basis.

Assets and Liabilities Not Measured at Fair Value

The carrying amounts of the Company's accounts receivable, prepaid expenses and other current assets, accounts payable, and other accrued liabilities approximate fair value due to their short maturities. The carrying value of the Company's financial liabilities approximates fair value based upon borrowing rates currently available to the Company for loans with similar terms.

6. Balance Sheet Components

The Company’s inventories are stated at the lower of cost or net realizable value. Inventories consist of (in thousands):

	September 30, 2024	December 31, 2023
Raw materials	$ 5,980	$ 8,191
Work-in-progress	28	5
Finished goods	4,702	5,364
Total	$ 10,710	$ 13,560

Property and equipment, net consists of (in thousands):

	September 30, 2024	December 31, 2023
Building and leasehold improvements	$ 1,860	$ 1,392
Furniture, fixtures and office equipment	237	215
Plant and machinery	17,456	17,528
Purchased software	637	296
Total	20,190	19,431
Accumulated depreciation	(11,987)	(10,959)
Property and equipment, net	$ 8,203	$ 8,472

The Company recorded depreciation expense of $0.4 million and $0.4 million during the three months ended September 30, 2024 and 2023, respectively, and $1.3 million and $1.0 million during the nine months ended September 30, 2024 and 2023, respectively.

Other accrued expenses and liabilities consist of (in thousands):

	September 30, 2024	December 31, 2023
Accrued professional fees	$ 594	$ 404
Accrued warranties	100	217
Amounts payable under the Transition Services Agreement	2,344	—
Other accrued expenses	557	296
Total	$ 3,595	$ 917

7. Financial Liabilities

The Company’s financial liabilities consist of (in thousands):

	September 30, 2024	December 31, 2023
Revolving loan facility	$ —	$ 10,000
Less: Unamortized debt issuance costs	—	(51)
Financial liabilities, net of debt issuance costs	$ —	$ 9,949

On February 8, 2017, the Company entered into a Loan and Security Agreement (as amended or amended and restated from time to time, the “Loan Agreement”) with East West Bank (“EWB”). Following subsequent amendments, on April 14, 2022, the Company and EWB amended the Loan Agreement replacing the $20.0 million revolving loan facility subject to a borrowing base with a non-formula revolving loan facility with no borrowing base requirement and a maturity date of February 8, 2023. In addition, the interest rate was lowered from prime to prime minus 0.25% (interest rate as of September 30, 2024 was 8.0%), and certain financial covenants were amended. On February 8, 2023, the Company entered into an amendment (the "Fourth Amendment") to the Loan

Agreement. The Fourth Amendment amends the Loan Agreement to, among other things, extend the maturity date to February 8, 2025, and amend certain financial covenants.

The Loan Agreement contains customary representations and warranties and customary affirmative and negative covenants, including, limits or restrictions on the Company's ability to incur liens, incur indebtedness, make certain restricted payments (including dividends), merge or consolidate and dispose of assets, as well as other financial covenants. The Company's obligations under the Loan Agreement are collateralized by substantially all of its assets. As of September 30, 2024, there were no amounts outstanding under the Loan Agreement and $20.0 million is available.

8. Income Taxes

The Company conducts business globally and, as a result, files federal, state and foreign tax returns. The Company strives to resolve open matters with each tax authority at the examination level and could reach agreement with a tax authority at any time. While the Company has accrued for amounts it believes are the probable outcomes, the final outcome with a tax authority may result in a tax liability that is more or less than that reflected in the condensed consolidated financial statements. Furthermore, the Company may later decide to challenge any assessments, if made, and may exercise its right to appeal.

The Company applies the provisions of, and accounted for uncertain tax positions, in accordance with ASC 740, *Income Taxes* ("ASC 740"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company generally is no longer subject to tax examinations for years prior to 2018. However, if loss carryforwards of tax years prior to 2017 are utilized in the U.S., these tax years may become subject to investigation by the tax authorities. While timing of the resolution and/or finalization of tax audits is uncertain, the Company does not believe that its unrecognized tax benefits would materially change in the next 12 months.

9. Stockholders' Equity

Series B Convertible Preferred Stock Dividend Accretion

The following table summarizes Series B convertible preferred stock and the accretion of dividend activity for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Series B Convertible Preferred Stock:				
Balance at beginning of period	$ 27,070	$ 25,951	$ 26,589	$ 25,323
Cumulative dividends on Series B convertible preferred stock	201	319	682	947
Balance at end of period	$ 27,271	$ 26,270	$ 27,271	$ 26,270
Number of Common Shares Issuable Upon Conversion:				
Number of shares at beginning of period	6,767	6,488	6,647	6,331
Cumulative dividends on Series B convertible preferred stock	50	80	170	237
Number of shares at end of period	6,817	6,568	6,817	6,568

Based on the current conversion price, the outstanding shares, including the accretion of dividends, of Series B convertible preferred stock as of September 30, 2024 would be convertible into 6,817,737 shares of the Company's common stock. However, the conversion rate will be subject to adjustment in certain instances, such as if the Company issues shares of its common stock at a price less than $4.00 per common share, subject to a minimum conversion price of $3.27 per share. As of September 30, 2024, none of the contingent conditions to adjust the conversion rate had been met.

Each share of Series B convertible preferred stock is entitled to a cumulative annual dividend of 5% for the first six years following the issuance of such share and 3% for each year thereafter, with the Company retaining the option to settle each year's dividend after the 10th year in cash. The dividends accrue and are payable in kind upon such time as the shares convert into the Company's common stock. In general, the shares are not entitled to vote except in certain limited cases, including in change of control transactions where the expected price per share distributable to the Company's stockholders is expected to be less than $4.00 per share. The Certificate of Designation with respect to the Series B convertible preferred stock further provides that in the event of, among other things, any change of control, liquidation or dissolution of the Company, the holders of the Series B convertible preferred stock will be entitled to receive, on a pari passu basis with the holders of the common stock, the same amount and form of consideration that the holders of the Company's common stock receive (on an as-if-converted-to-common-stock basis and without regard to the Beneficial Ownership Limitation (as defined in the Certificate of Designation) applicable to the Series B convertible preferred stock).

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance as of September 30, 2024 was as follows:

Exercise of outstanding stock options, vesting of restricted stock units ("RSUs"), vesting of performance stock units ("PSUs") and issuance of RSUs vested but not released	1,972,044
Employee Stock Purchase Plan	293,888
Shares of common stock available for grant under the 2011 Plan	579,575
Shares of common stock issuable upon conversion of Series B convertible preferred stock	7,541,449
Total	10,386,956

10. Stock-Based Compensation

Stock Incentive Plan

The Company maintains a stock-based compensation plan, the 2011 Incentive Compensation Plan, as amended (the "2011 Plan"), to attract, motivate, retain and reward employees, directors and consultants by providing its Board or a committee of the Board the discretion to award equity incentives to these persons.

On June 6, 2011, the Company's stockholders approved the 2011 Plan, which is administered by the Compensation Committee of the Board. The 2011 Plan provides that stock options, stock units, restricted shares, and stock appreciation rights may be granted to executive officers, directors, consultants, and other key employees. In aggregate, as of December 31, 2023, 374,710 shares were available for future grant under the 2011 Plan. At the Company's annual stockholder meeting held on June 28, 2024, the stockholders approved to increase the number of shares of common stock authorized for issuance under the 2011 Plan by an aggregate of 1,500,000 shares.

Stock Options

A summary of stock option activity for the nine months ended September 30, 2024 is as follows:

	Number Outstanding	**Weighted Average Exercise Price per Share**	**Weighted Average Remaining Contractual Term (Years)**	**Aggregate Intrinsic Value**
Balance as of January 1, 2024	494,960	$ 4.99	2.23	$ 1,725,985
Granted	—	—		
Cancelled or Expired	(50,500)	10.50		
Exercised	—	—		
Balance as of September 30, 2024	444,460	$ 4.36	1.68	$ —
Vested or expected to vest as of September 30, 2024	444,460	$ 4.36	1.68	$ —
Exercisable as of September 30, 2024	444,460	$ 4.36	1.68	$ —

The aggregate intrinsic value in the table above represents the difference between the fair value of the Company's common stock as of September 30, 2024 and the exercise price of in-the-money stock options multiplied by the number of such stock options.

The following table summarizes information about stock options outstanding as of September 30, 2024:

	Stock Options Outstanding				Stock Options Exercisable		
Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Contractual Life (Years)**	**Weighted Average Exercise Price**		**Number Exercisable**	**Weighted Average Exercise Price**	
$4.36 - $4.36	444,460	1.68	$	4.36	444,460	$	4.36

On September 6, 2024, in connection with the closing of the Asset Sale and the departure of Steven Humphreys, the Company's former chief executive officer, the Company amended Mr. Humphreys' fully vested stock option award to purchase 444,460 shares of the Company's common stock at an exercise price of $4.36 per share by extending the period of time to exercise the stock option from three months to twelve months. In the third quarter of 2024, the Company recognized $0.2 million in stock-based compensation related to the modification of the contractual terms of Mr. Humphreys' stock option award. As of September 30, 2024, there was no unrecognized stock-based compensation expense related to stock options.

Restricted Stock Units

The following is a summary of RSU activity for the nine months ended September 30, 2024:

	Number Outstanding	**Weighted Average Fair Value**	
Unvested as of January 1, 2024	730,062	$	11.17
Granted	1,290,040		4.39
Vested	(1,046,602)		7.12
Forfeited	(9,784)		12.44
Unvested as of September 30, 2024	963,716	$	8.17
RSUs vested but not released	86,368	$	7.94

The fair value of the Company's RSUs is calculated based upon the fair market value of the Company's common stock at the date of grant. As of September 30, 2024, there was $5.1 million of unrecognized compensation expense related to unvested RSUs granted, which is expected to be recognized over a weighted average period of 2.4 years. No tax benefit was realized from RSUs for the nine months ended September 30, 2024.

At the closing of the Asset Sale, unvested RSUs held by employees who became employed by the Buyer (or an affiliate of Buyer) became fully vested, resulting in the recognition of $3.8 million in stock-based compensation expense in the third quarter of 2024. RSUs held by the Company's remaining employees and its non-employee directors continue to vest according to their original terms.

Performance Stock Units

The Company grants to certain key employees PSUs that are subject to the attainment of performance goals established by the Company's Compensation Committee, the periods during which performance is to be measured, and other limitations and conditions. Performance goals are based on pre-established objectives that specify the manner of determining the number of PSUs that will vest if performance goals are attained. If an employee terminates employment, the non-vested portion of the PSUs will not vest and all rights to the non-vested portion terminate.

The following is a summary of PSU activity for the nine months ended September 30, 2024:

	Number Outstanding	**Weighted Average Fair Value**	
Unvested as of January 1, 2024	—	$	—
Granted	477,500		4.07
Vested	—		—
Forfeited	—		—
Unvested as of September 30, 2024	477,500	$	4.07

As of September 30, 2024, there was $1.8 million of unrecognized compensation expense related to unvested PSUs, which is expected to be recognized over a period of 1.25 years. No tax benefit was realized from PSUs for the nine months ended September 30, 2024.

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense related to stock options and RSUs included in the condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Cost of revenue	$ 5	$ 8	$ 17	$ 27
Research and development	61	37	138	74
Selling and marketing	182	124	743	365
General and administrative	848	345	1,702	1,039
Stock-based compensation expense - continuing operations	1,096	514	2,600	1,505
Stock-based compensation expense - discontinued operations	4,264	475	5,254	1,468
Total	$ 5,360	$ 989	$ 7,854	$ 2,973

Restricted Stock Unit Net Share Settlements

During the nine months ended September 30, 2024 and 2023, the Company repurchased 412,121 and 56,741 shares, respectively, of common stock surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of RSUs issued to employees.

11. Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) available to common stockholders during the period by the weighted average number of common shares outstanding during that period. Diluted net income (loss) per common share is impacted by equity instruments considered to be potential common shares, if dilutive, computed using the treasury stock or the if-converted method of accounting. Dilutive potential common share equivalents are excluded from the computation of net income (loss) per share in loss periods, as their effect would be antidilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net loss from continuing operations	$ (9,329)	$ (3,660)	$ (21,634)	$ (10,550)
Net income from discontinued operations, net of tax	95,278	3,638	96,809	6,665
Net income (loss)	85,949	(22)	75,175	(3,885)
Less: accretion of Series B convertible preferred stock dividends	(201)	(319)	(682)	(947)
Net income (loss) available to common stockholders	$ 85,748	$ (341)	$ 74,493	$ (4,832)
Weighted average common shares outstanding - basic	23,660	23,174	23,496	23,008
Effect of dilutive potential common shares	—	—	—	—
Weighted average common shares outstanding - diluted	23,660	23,174	23,496	23,008
Basic and diluted net income (loss) per common share:				
Continuing operations	$ (0.40)	$ (0.17)	$ (0.95)	$ (0.50)
Discontinued operations, net of tax	$ 4.03	$ 0.16	$ 4.12	$ 0.29
Net income (loss) per common share	$ 3.62	$ (0.01)	$ 3.17	$ (0.21)

The following common stock equivalents have been excluded from diluted net income (loss) per share for the three and nine months ended September 30, 2024 and 2023 because their inclusion would have been anti-dilutive (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares of common stock subject to outstanding RSUs	964	863	964	863
Shares of common stock subject to outstanding PSUs	478	40	478	40
Shares of common stock subject to outstanding stock options	444	495	444	495
Shares of common stock issuable upon conversion of Series B convertible preferred stock	6,817	6,568	6,817	6,568
Total	8,703	7,966	8,703	7,966

12. Segment Reporting, Geographic Information, and Concentration of Credit Risk

Segment Reporting

Historically, the Company organized its operations into two reportable business segments: Identity and Premises. The Identity segment included products and solutions that enabled secure access to information serving the logical access and cyber-security market, and protected connected objects and information using radio-frequency identification ("RFID") embedded security. The Premises segment included the Company's solutions to address the premises security market for government and enterprise, including access control, video surveillance, analytics, audio, access readers and identities.

As disclosed in Note 1, *Basis of Presentation* and Note 3, *Discontinued Operations*, in the third quarter of 2024, the Company completed the sale of its Physical Security Business, which historically represented primarily the Company's Premises segment. As a result, the Company has one reportable segment: the *IoT Business* segment.

The IoT Business segment develops, manufactures, and supplies specialty Internet of Things ("IoT") solutions tailored for the healthcare industry and other high-value end markets. The Company's specialty RFID IoT devices are attached to or embedded into physical items, providing those items with a unique digital identity. The Company sells its products across multiple industries, focusing on pharmaceutical and medical devices, consumer electronics, mobile devices, wine and spirits, luxury goods, libraries, and logistics.

Geographic Information

Geographic net revenue is based on the customer’s ship-to location. Information regarding net revenue by geographic region for the three and nine months ended September 30, 2024 and 2023 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Americas	$ 2,751	$ 4,151	$ 9,095	$ 18,487
Europe and the Middle East	1,641	4,110	6,247	6,351
Asia-Pacific	2,140	3,471	4,589	7,259
Total	$ 6,532	$ 11,732	$ 19,931	$ 32,097
As percentage of net revenue:				
Americas	42 %	35 %	46 %	58 %
Europe and the Middle East	25 %	35 %	31 %	20 %
Asia-Pacific	33 %	30 %	23 %	22 %
Total	100 %	100 %	100 %	100 %

Concentration of Credit Risk

One customer accounted for 16% and 11%, respectively, of net revenue for the three and nine months ended September 30, 2024. One customer accounted for 26% and 31%, respectively, of net revenue for the three and nine months ended September 30, 2023. One customer accounted for 15% of net accounts receivable as of September 30, 2024. Two customers accounted for 29% and 13%, respectively, of net accounts receivable as of December 31, 2023.

Long-lived assets by geographic location as of September 30, 2024 and December 31, 2023 are as follows (in thousands):

	September 30, 2024	December 31, 2023
Property and equipment, net:		
Americas	$ 82	$ 65
Europe and the Middle East	217	355
Asia-Pacific	7,904	8,052
Total property and equipment, net	$ 8,203	$ 8,472
Operating lease right-of-use assets:		
Americas	$ —	$ —
Europe and the Middle East	216	371
Asia-Pacific	1,894	1,918
Total operating lease right-of-use assets	$ 2,110	$ 2,289

13. Restructuring and Severance

During the nine months ended September 30, 2023, restructuring expenses consisted of severance related costs of $46,000.

14. Leases

The Company's leases consist primarily of operating leases for administrative office space, research and development facilities, manufacturing facilities, and sales offices in various countries around the world. The Company determines if an arrangement is a lease at inception. Some lease agreements contain lease and non-lease components, which are accounted for as a single lease component. Total rent expense was $0.2 million and $0.7 million for the three and nine months ended September 30, 2024, respectively, and $0.2 million and $0.5 million for the three and nine months ended September 30, 2023, respectively.

Initial lease terms are determined at commencement and may include options to extend or terminate the lease when it is reasonably certain the Company will exercise the option. Remaining lease terms range from one to four years, some of which include options to extend for up to five years. Leases with an initial term of 12 months or less are not recorded on the condensed consolidated balance sheets. As the Company's leases do not provide an implicit rate, the present value of future lease payments is determined using the Company's incremental borrowing rate based on information available at the lease commencement date.

The table below reconciles the undiscounted cash flows for the first five years and the total of the remaining years to the operating lease liabilities recorded on the condensed consolidated balance sheet as of September 30, 2024 (in thousands):

	September 30, 2024
2024 (remaining three months)	$ 268
2025	1,009
2026	750
2027	280
2028	52
Total minimum lease payments	2,359
Less: amount of lease payments representing interest	(228)
Present value of future minimum lease payments	2,131
Less: current liabilities under operating leases	(880)
Long-term operating lease liabilities	$ 1,251

As of September 30, 2024, the weighted average remaining lease term for the Company's operating leases was 2.5 years, and the weighted average discount rate used to determine the present value of the Company's operating leases was 7.6%.

Cash paid for amounts included in the measurement of operating lease liabilities was $0.3 million and $0.7 million for the three and nine months ended September 30, 2024, respectively, and $0.3 million and $0.5 million for the three and nine months ended September 30, 2023, respectively.

15. Commitments and Contingencies

The following table summarizes the Company's principal contractual commitments, excluding operating leases, as of September 30, 2024 (in thousands):

	Purchase Commitments	Other Contractual Commitments	Total
2024 (remaining three months)	$ 4,434	$ 92	$ 4,526
2025	—	16	16
2026	—	—	—
2027	—	—	—
Total	$ 4,434	$ 108	$ 4,542

Purchase commitments for inventories are highly dependent upon forecasts of customer demand. Due to the uncertainty in demand from its customers, the Company may have to change, reschedule, or cancel purchases or purchase orders from its suppliers. These changes may lead to vendor cancellation charges on these purchases or contractual commitments.

The following table summarizes the Company's warranty accrual account activity during the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Balance at beginning of period	$ 128	$ 197	$ 217	$ 188
Charged (credited) to costs and expenses	(12)	21	(102)	30
Cost of warranty claims	(16)	(15)	(15)	(15)
Balance at end of period	$ 100	$ 203	$ 100	$ 203

The Company provides warranties on certain product sales for a period of 12 months, and allowances for estimated warranty costs are recorded during the period of sale. The determination of such allowances requires the Company to make estimates of product return rates and expected costs to repair or to replace the products under warranty. The Company currently establishes warranty reserves based on historical warranty costs for each product line combined with liability estimates based on the prior 12 months' sales activities. If actual return rates and/or repair and replacement costs differ significantly from the Company's estimates, adjustments to recognize additional cost of sales may be required in future periods. Historically, the warranty accrual and the expense amounts have been immaterial.

16. Subsequent Events

On November 7, 2024, the Company announced that its board of directors authorized a stock repurchase program (the "Stock Repurchase Program"), pursuant to which the Company may purchase up to $10,000,000 of its common stock. Under the Stock Repurchase Program, the Company intends to repurchase shares of common stock on a discretionary basis from time to time through open market repurchases, privately negotiated transactions, or other means.

The timing and amount of shares repurchased, if any, will depend on a number of factors, including stock price, trading volume, general market and business conditions, liquidity and capital needs, and other factors. The Stock Repurchase Program does not obligate the Company to repurchase any specific dollar amount or acquire any specific number of shares of common stock. The Stock Repurchase Program has no expiration date and may be suspended or discontinued at any time without notice.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

This Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other parts of this Quarterly Report on Form 10-Q ("Quarterly Report") contain forward-looking statements, within the meaning of the safe harbor provisions under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. Forward-looking statements reflect current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "will," "believe," "could," "should," "would," "may," "anticipate," "intend," "plan," "estimate," "expect," "project" or the negative of these terms or other similar expressions. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part II, Item 1A of this Quarterly Report and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, as amended, under the heading "Risk Factors," The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023, as amended. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Each of the terms the "Company," "Identiv," "we," "us" and "our" as used herein refers collectively to Identiv, Inc. and its wholly-owned subsidiaries, unless otherwise stated.

Overview

Historically, we organized our operations into two reportable business segments: Identity and Premises. Our Identity segment included products and solutions that enabled secure access to information serving the logical access and cyber-security market, and protected connected objects and information using RFID embedded security. Our Premises segment included the Company's solutions to address the premises security market for government and enterprise, including access control, video surveillance, analytics, audio, access readers and identities.

As disclosed in Note 1, *Basis of Presentation* and Note 3, *Discontinued Operations*, on September 6, 2024, we completed the sale of our Physical Security Business, which historically represented primarily our Premises segment. As a result, we currently have one reportable segment: the *IoT Business* segment.

The IoT Business segment develops, manufactures, and supplies specialty IoT solutions tailored for the healthcare industry and other high-value end markets. Our specialty radio-frequency identification (RFID) IoT devices, including NFC, high frequency (HF), dual frequency (DF), ultra-high frequency (UHF) and Bluetooth Low Energy (BLE), are attached to or embedded into physical items, such as syringes, pill containers, wine bottles, and sports jerseys, providing those items with a unique digital identity. These devices enable unique and secure digital interaction with the physical world while simultaneously capturing relevant data which can then be analyzed and managed by the end customer. We sell our products across multiple industries, focusing on pharmaceutical and medical devices, consumer electronics, mobile devices, wine and spirits, luxury goods, libraries, and logistics.

Recent Developments

Closing of Asset Sale

On September 6, 2024, the Company completed the sale of its physical security, access card, and identity reader operations and assets, including all outstanding shares of Identiv Private Limited, its wholly-owned subsidiary (the "Physical Security Business") to Hawk Acquisition, Inc., a Delaware corporation ("Buyer") and a wholly-owned subsidiary of Vitaprotech SAS, a French société par actions simplifiée and provider of security solutions, and Buyer assumed certain of the Company's liabilities related to the Physical Security Business (collectively, the "Asset Sale") pursuant to that certain Stock and Asset Purchase Agreement, dated as of April 2, 2024 (the "Purchase Agreement"), by and between the Company and Buyer. As consideration for the Asset Sale, the Company received approximately $144.3 million in cash, subject to further customary adjustments as set forth in the Purchase Agreement.

In connection with the closing of the Asset Sale, the Company and Buyer entered into a transition services agreement (the "Transition Services Agreement"). The Transition Services Agreement outlines the information technology, people, and facility support the Company will provide to Buyer for a period of 12 months to 18 months after the transaction closing date.

In addition, at the closing of the Asset Sale, unvested restricted stock units ("RSUs") held by employees who became employed by the Buyer (or an affiliate of Buyer) became fully vested, while RSUs held by our remaining employees and non-employee directors continue to vest according to their terms.

Following the completion of the Asset Sale, we continue to be a public company operating under the name Identiv, Inc. and continue to own the assets and liabilities of our business that were not sold to Buyer, which we refer to herein as the "IoT Business".

The discussion in this Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, unless otherwise noted, relates solely to the Company's continuing operations.

Factors Affecting Our Performance

Market Adoption

Our financial performance depends on the pace, scope and depth of end-user adoption of our RFID products in multiple industries. That pace, scope and depth has resulted in large fluctuations in our operating results. For example, adoption of BLE devices, which accelerated in 2023, significantly declined to date in 2024, as we have experienced lower unit sales of BLE transponder products to one of our customers undergoing a technology transition. We do not expect to resume shipments to this customer for at least a few quarters. As a result, we have experienced a corresponding decrease in utilization in our production facilities in Southeast Asia.

We believe significant improvement in chip capabilities at lower costs has accelerated the opportunities for product engineers to integrate RFID into their products to create new and more engaging customer experiences, reduce counterfeiting, and ensure proper product use and adherence. Though we believe the number of opportunities for RFID-based solutions has increased, the evaluation period and customer adoption originally expected for certain applications has taken longer than we anticipated.

We believe the underlying, long-term trend is continued RFID adoption across multiple verticals, but regulated industries like healthcare take longer to optimize the technology and fully understand the benefits. We also believe that expanding use cases fosters adoption across verticals and into other markets.

If RFID market adoption, and adoption of our products specifically, does not meet our expectations then our growth prospects and operating results will be adversely affected. If we are unable to meet end-user or customer volume or performance expectations, then our business prospects may be adversely affected. In contrast, if our RFID sales exceed expectations, then our revenue and profitability may be positively affected.

Given the uncertainties of the specific timing of our new customer deployments, we cannot assure you that we have appropriate inventory and capacity levels or that we will not experience inventory shortfalls or overages in the future or acquire inventory at costs to maintain gross margins. We attempt to mitigate those risks by being deeply embedded in our customers' design cycles, working with our chip partners on long lead time components, managing our limited capital equipment needs within a short cycle and future proofing our facilities to accommodate several scenarios for growth potential.

If end users with sizable projects change or delay them, we may experience significant fluctuation in revenue on a quarterly or annual basis, and we anticipate that uncertainty to continue to characterize our business for the foreseeable future.

Competitive Landscape

We have seen a large increase in global production capacity at several of our RFID competitors. This has resulted in competitive pricing pressure, and, in response, we have begun to exit some of our lowest margin business. This has had, and we expect will continue to have, a negative impact on our operating results. We have also publicly disclosed allegations of anti-competitive business practices by one of our RFID competitors.

Impacts of Macroeconomic Conditions and Other Factors on our Business

We conduct operations internationally with sales in the Americas, Europe and the Middle East, and Asia-Pacific regions. Our manufacturing operations and third-party contract manufacturers are located in China, Singapore, and Thailand/Southeast Asia. We purchase certain products and key components from a limited number of sources that depend on the supply chain, including freight, to receive components, transport finished goods and deliver our products across the world. In view of the rapidly changing business environment, we have experienced delays and reductions in customer orders, shifting supply chain availability, component shortages, and other production-related challenges. We are currently unable to determine if there will be any continued disruption and the extent to which this may have future impact on our business. We continue to monitor the global supply chain challenges and its effect on our financial position, results of operations, and cash flows.

More recently, we have also been impacted by other adverse macroeconomic conditions, including but not limited to, inflation, foreign currency fluctuations, and the slowdown of economic activity around the globe. These conditions have also impacted our suppliers, contract manufacturers, logistics providers, and distributors, causing increases in cost of materials and higher shipping and transportation rates, which then impacted the pricing of our products. Price increases may not successfully offset cost increases or may cause us to lose market share and, in turn, may adversely impact our financial position, results of operations, and cash flows.

Anticipated Effects of Asset Sale

Our business has and will continue to be affected by the Asset Sale. The Asset Sale included assets and operations that have historically represented the majority of our revenues, representing approximately 63% of our 2023 revenue, as well as a substantial portion of our assets, representing approximately 43% of our assets as of December 31, 2023. The gross margin profile of our continuing business has and will continue to be significantly lower than our historical total gross margins across a lower revenue base. As a result, our net loss has and we expect it will continue to increase substantially.

For additional information regarding the risks related to our continuing business, see "Risks Related to the Company's IoT Business" under "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Results of Operations

Our results of operations for the three and nine months ended September 30, 2024 and 2023 is as follows (in thousands, except percentages).

	Three Months Ended September 30,			**Nine Months Ended September 30,**		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Net revenue	$6,532	$11,732	(44%)	$19,931	$32,097	(38%)
Gross profit	238	1,319	(82%)	1,335	4,169	(68%)
Gross profit margin	4%	11%		7%	13%	
Operating expenses:						
Research and development	1,102	1,019	8%	2,965	3,150	(6%)
Selling and marketing	1,657	1,404	18%	4,654	4,525	3%
General and administrative	7,032	2,215	217%	15,052	6,577	129%
Restructuring and severance	—	—	0%	—	46	(100%)
Total operating expenses	9,791	4,638	111%	22,671	14,298	59%
Loss from continuing operations	(9,553)	(3,319)		(21,336)	(10,129)	
Non-operating income (expense):						
Interest income (expense), net	244	(211)	(216%)	8	(351)	(102%)
Gain on investment	—	132	(100%)	—	132	(100%)
Foreign currency gains (losses), net	340	(249)	(237%)	55	(187)	(129%)
Loss from continuing operations before income tax provision	(8,969)	(3,647)		(21,273)	(10,535)	
Income tax provision	(360)	(13)	2,669%	(361)	(15)	2,307%
Net loss from continuing operations	(9,329)	(3,660)		(21,634)	(10,550)	
Net income (loss) from discontinued operations, net of tax:						
Income (loss) from Physical Security Business, net of tax	(4,268)	3,638	(217%)	(2,737)	6,665	(141%)
Gain on sale of Physical Security Business, net of tax	99,546	—	100%	99,546	—	100%
Total income from discontinued operations, net of tax	95,278	3,638		96,809	6,665	
Net income (loss)	$85,949	$(22)		$75,175	$(3,885)	

Geographic net revenue based on each customer's ship-to location is as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Americas	$2,751	$4,151	(34%)	$9,095	$18,487	(51%)
Europe and the Middle East	1,641	4,110	(60%)	6,247	6,351	(2%)
Asia-Pacific	2,140	3,471	(38%)	4,589	7,259	(37%)
Total	$6,532	$11,732		$19,931	$32,097	
Percentage of net revenue:						
Americas	42%	35%		46%	58%	
Europe and the Middle East	25%	35%		31%	20%	
Asia-Pacific	33%	30%		23%	22%	
Total	100%	100%		100%	100%	

Net Revenue

Net revenue for the three and nine months ended September 30, 2024 was $6.5 million and $19.9 million, respectively, decreases of 44% and 38% compared with $11.7 million and $32.1 million, respectively, for the comparable periods of 2023.

Net revenue in the Americas for the three and nine months ended September 30, 2024 was $2.8 million and $9.1 million, respectively, decreases of 34% and 51% compared to $4.2 million and $18.5 million, respectively, for the comparable periods of 2023. These decreases were primarily due to substantially lower unit sales of RFID transponder products to one of our customers undergoing a technology transition to their next-generation (Gen 3) chip. We do not expect shipments to this customer for at least a few quarters while they work on producing their Gen 3 chip.

Net revenue in Europe, the Middle East, and the Asia-Pacific for the three and nine months ended September 30, 2024 was $3.8 million and $10.8 million, decreases of 50% and 20%, respectively, compared with the comparable period of 2023. The decreases were primarily due to lower sales of RFID transponder products in both Europe and the Middle East and the Asia-Pacific.

Gross Profit and Gross Margin

Gross profit for the three months ended September 30, 2024 was $0.2 million compared with $1.3 million in the comparable period of 2023. Gross profit for nine months ended September 30, 2024 was $1.3 million compared with $4.2 million in the comparable period of 2023. Gross profit represents net revenue less direct cost of product sales, manufacturing overhead, other costs directly related to preparing the product for sale including freight, scrap, and inventory adjustments, where applicable.

Gross profit margins for the three and nine months ended September 30, 2024 decreased to 4% and 7% from 11% and 13% in the comparable periods of 2023. The decrease in gross profit margins was primarily attributable to substantially lower unit sales to one of our customers, as discussed above, resulting in underutilization of our manufacturing production facilities in Singapore and Thailand.

We expect there will be variation in our gross profit from period to period, as our gross profit has been and will continue to be affected primarily by varying mix among our products. Within each product category, gross margins have tended to be consistent, but over time may be affected by a variety of factors, including, without limitation, competition, product pricing, the volume of sales in any given quarter, manufacturing volumes, product configuration and mix, the availability of new products, product enhancements, risk of inventory write-downs and the cost and availability of components.

Operating Expenses

Information about our operating expenses for the three and nine months ended September 30, 2024 and 2023 is set forth below (dollars in thousands).

Research and Development

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Research and development	$ 1,102	$ 1,019	8%	$ 2,965	$ 3,150	(6%)
as a % of net revenue	17%	9%		15%	10%	

Research and development expenses consist primarily of employee compensation and fees for the development of hardware, software and firmware products. We focus the bulk of our research and development activities on the continued development of existing products and the development of new offerings for emerging market opportunities.

Research and development expenses for the three months ended September 30, 2024 increased compared to the comparable prior year period primarily due to higher external contractor costs as well as higher travel related costs. For the nine months ended September 30, 2024, the decrease in research and development expenses were attributable to lower headcount and payroll related costs.

Selling and Marketing

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Selling and marketing	$ 1,657	$ 1,404	18%	$ 4,654	$ 4,525	3%
as a % of net revenue	25%	12%		23%	14%	

Selling and marketing expenses consist primarily of employee compensation as well as customer lead generation activities, tradeshow participation, advertising and other marketing and selling costs.

Selling and marketing expenses for the three months ended September 30, 2024 increased compared to the comparable period in the prior year primarily due to higher advertising and trade show-related costs. For the nine months ended September 30, 2024, the increase period over period was associated with higher trade show-related costs, offset by lower third-party contractor costs.

General and Administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
General and administrative	$ 7,032	$ 2,215	217%	$ 15,052	$ 6,577	129%
as a % of net revenue	108%	19%		76%	20%	

General and administrative expenses consist primarily of compensation expenses for employees performing administrative functions, and professional fees incurred for legal, auditing and other consulting services.

General and administrative expenses for the three and nine months ended September 30, 2024 increased compared to the prior year periods primarily due to higher headcount and related payroll costs, higher stock-based compensation expense, higher outside contractors costs, and legal fees, as well as professional services fees of $3.6 million and $6.1 million, respectively, associated with strategic review-related activities incurred in 2024.

Restructuring and Severance Charges

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Restructuring and severance	$ —	$ —	0%	$ —	$ 46	(100%)

Restructuring expenses for the nine months ended September 30, 2023 consisted of severance related costs.

Non-operating Income (Expense)

Information about our non-operating income (expense) for the three and nine months ended September 30, 2024 and 2023 is set forth below (dollars in thousands).

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Interest income (expense), net	$ 244	$ (211)	216%	$ 8	$ (351)	102%
Gain on investment	$ —	$ 132	(100%)	$ —	$ 132	(100%)
Foreign currency gains (losses), net	$ 340	$ (249)	(237%)	$ 55	$ (187)	(129%)

Interest income (expense), net consists interest income generated on our cash equivalents offset by interest costs on our financial liabilities and amortization of debt issuance costs. The increase in interest income (expense), net for the three and nine months ended September 30, 2024 compared to the comparable period of 2023 was primarily attributable to interest earned on our money market accounts and treasury bills.

Gain on investment is associated with additional proceeds received in connection with the acquisition of a private company that we had previously invested in, which had been fully impaired and had no carrying value.

Changes in currency valuation in the periods mainly were the result of exchange rate movements between the U.S. Dollar, the Euro and the Thai Baht. Our foreign currency gains and losses primarily result from the valuation of current assets and liabilities denominated in a currency other than the functional currency of the respective entity in the local financial statements.

Income Tax Provision

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Income tax provision	$ (360)	$ (13)	2,669%	$ (361)	$ (15)	2,307%
Effective tax rate	(6%)	0%		(2%)	(0%)	

As of September 30, 2024, our deferred tax assets are fully offset by a valuation allowance. ASC 740, *Income Taxes*, provides for the recognition of deferred tax assets if realization of such assets is more likely than not. Based upon the weight of available evidence, which includes historical operating performance, reported cumulative net losses since inception and difficulty in accurately forecasting our future results, we provided a full valuation allowance against all of our net U.S. and foreign deferred tax assets. We reassess the need for our valuation allowance on a quarterly basis. If it is later determined that a portion or all of the valuation allowance is not required, it generally will be a benefit to the income tax provision in the period such determination is made.

We recorded an income tax provision during the three and nine months ended September 30, 2024, respectively, associated with taxable income from one of our foreign subsidiaries. The effective tax rates for the three and nine months ended September 30, 2024 and 2023 differ from the federal statutory rate of 21% primarily due to a change in valuation allowance, and the provision or benefit in certain foreign jurisdictions, which are subject to higher tax rates.

Income (Loss) from Discontinued Operations, net of tax

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Income (loss) from discontinued operations, net of tax	$ (4,268)	$ 3,638	(217%)	$ (2,737)	$ 6,665	(141%)
Gain on sale of Physical Security Business, net of tax	$ 99,546	$ —	100%	$ 99,546	$ —	100%

Income from discontinued operations consists of the results of operations, net of tax of our Physical Security Business which we disclosed as discontinued operations. The gain on sale of the Physical Security Business is subject to adjustment as we complete our tax analysis on the ability to utilize net operating loss and credit carryforwards to reduce the amount of income tax provision. Any adjustment to the income tax provision recorded in connection with the Sale of the Physical Security Business will be completed by December 31, 2024.

Liquidity and Capital Resources

As of September 30, 2024, our working capital, defined as current assets less current liabilities, was $147.0 million, an increase of $98.3 million compared to $48.7 million as of December 31, 2023. As of September 30, 2024, our cash and cash equivalents balance was $145.4 million.

On February 8, 2017, we entered into a Loan and Security Agreement (as amended or amended and restated from time to time, the “Loan Agreement”) with East West Bank (“EWB”). Following subsequent amendments, on April 14, 2022, we amended and restated the Loan Agreement by replacing the $20.0 million revolving loan facility subject to a borrowing base with a non-formula revolving loan facility with no borrowing base requirement and a maturity date of February 8, 2023. In addition, the interest rate was lowered from prime to prime minus 0.25%, and certain financial covenants were amended. On February 8, 2023, we entered into an amendment (the "Fourth Amendment") to the Loan Agreement. The Fourth Amendment amends the Loan Agreement to, among other things, extend the maturity date to February 8, 2025 and amend certain financial covenants. As of September 30, 2024, there were no amounts outstanding under the Loan Agreement.

As our previously unremitted earnings have been subjected to U.S. federal income tax, we expect any repatriation of these earnings to the U.S. would not incur significant additional taxes related to such amounts. However, our estimates are provisional and subject to further analysis. Generally, most of our foreign subsidiaries have accumulated deficits and cash and cash equivalents that are held outside the United States are typically not cash generated from earnings that would be subject to tax upon repatriation if transferred to the United States. We have access to the cash held outside the United States to fund domestic operations and obligations without any material income tax consequences. As of September 30, 2024, the amount of cash included at such subsidiaries was $3.3 million. We have not, nor do we anticipate the need to, repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

We have historically incurred operating losses and negative cash flows from operating activities, and we expect to continue to incur losses in the future. As of September 30, 2024, we had an accumulated deficit of $339.7 million. During the nine months ended September 30, 2024, we had a loss from continuing operations of $21.6 million which included strategic review-related costs of $6.1 million.

We believe our existing cash and cash equivalents, together with cash generated from operations and available credit under our Loan Agreement will be sufficient to satisfy our working capital needs to fund operations for the next 12 months. We may also use cash to acquire or invest in complementary businesses, technologies, services or products that would change our cash requirements. We may also choose to finance our business through public or private equity offerings, debt financings or other arrangements. However, there can be no assurance that additional capital will be available to us or that such capital will be available to us on acceptable terms. If we raise funds by issuing equity securities, dilution to stockholders could result. Debt or any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of our common stock. The terms of debt securities issued or loans could impose significant restrictions on our operations. The incurrence of additional indebtedness or the issuance of certain debt or equity securities could result in increased fixed payment obligations and could also result in restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely affect our ability to conduct our business. Our Loan Agreement imposes restrictions on our operations, increases our fixed payment obligations and has restrictive covenants. In addition, the issuance of additional equity securities by us, or the possibility of such issuance, may cause the market price of our common stock to decline. If we are not able to secure additional funding when needed, we may have to curtail or reduce the scope of our business or forgo potential business opportunities.

The following summarizes our cash flows for the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,	
	2024	**2023**
Net cash used in operating activities	$ (9,510)	$ (3,614)
Net cash provided by (used in) investing activities	142,521	(3,007)
Net cash provided by (used in) financing activities	(11,712)	10,459
Effect of exchange rates on cash, cash equivalents, and restricted cash	62	(47)
Net increase in cash, cash equivalents, and restricted cash	121,361	3,791
Cash, cash equivalents, and restricted cash at beginning of period	24,384	17,137
Cash, cash equivalents, and restricted cash at end of period	$ 145,745	$ 20,928

Cash flows from operating activities

Cash used in operating activities for the nine months ended September 30, 2024 of $9.5 million, was primarily due to adjustments to net income for certain non-cash items of $89.3 million, consisting primarily of the gain on sale of our Physical Security Business of $99.5 million, as well as depreciation, amortization and stock-based compensation, offset by net income of $75.2 million and an increase in cash from net changes in operating assets and liabilities of $4.6 million.

Cash used in operating activities for the nine months ended September 30, 2023 of $3.6 million, was primarily due to net loss of $3.9 million, a decrease in cash from net changes in operating assets and liabilities of $4.6 million, partially offset by adjustments for certain non-cash items of $4.9 million, consisting primarily of depreciation, amortization and stock-based compensation.

Cash flows from investing activities

Cash provided by investing activities for the nine months ended September 30, 2024 was $142.5 million which related primarily to proceeds received in connection with the sale of our Physical Security Business in the third quarter of 2024, partially offset by capital expenditures for our manufacturing facility in Thailand.

Cash used in investing activities for the nine months ended September 30, 2023 was $3.0 million related primarily to capital expenditures for our manufacturing facility in Thailand.

Cash flows from financing activities

Cash used in financing activities during the nine months ended September 30, 2024 was $11.7 million, which consisted of net repayments of $10.1 million under our revolving loan facility with our lender, and net share settlements of RSUs of $1.6 million.

Cash provided by financing activities during the nine months ended September 30, 2023 was $10.5 million, which consisted of net borrowings of $9.9 million under our revolving loan facility with our lender, proceeds received from the exercise of warrants by 21 April Fund, LP and 21 April Fund, Ltd. of approximately $1.0 million, partially offset by net share settlements of RSUs of $0.4 million.

Contractual Obligations

We lease facilities, certain equipment, and automobiles under non-cancelable operating lease agreements. See Note 14, *Leases*, in the accompanying notes to our condensed consolidated financial statements.

Purchases for inventories are highly dependent upon forecasts of customer demand. Due to the uncertainty in demand from our customers, we may have to change, reschedule, or cancel purchases or purchase orders from our suppliers. These changes may lead to vendor cancellation charges on these orders or contractual commitments. See Note 15, *Commitments and Contingencies*, in the accompanying notes to our condensed consolidated financial statements.

Our other long-term liabilities include gross unrecognized tax benefits, and related interest and penalties. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years in connection with these tax liabilities.

Off-Balance Sheet Arrangements

We have not entered into off-balance sheet arrangements, or issued guarantees to third parties.

Climate Change

We believe that neither climate change, nor governmental regulations related to climate change, have had a material effect on our business, financial condition or results of operations.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed consolidated financial statements requires management to establish accounting policies that contain estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. These policies relate to revenue recognition, inventory, income taxes, goodwill, intangible and long-lived assets and stock-based compensation. We have other important accounting policies and practices; however, once adopted, these other policies either generally do not require us to make significant estimates or assumptions or otherwise only require implementation of the adopted policy and not a judgment as to the policy itself. Management bases its estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Despite our intention to establish accurate estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions.

During the three months ended September 30, 2024, management believes there have been no significant changes to the items that we disclosed within our critical accounting policies and estimates in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2023, as amended.

Recent Accounting Pronouncements

See Note 2, S*ignificant Accounting Policies and Recent Accounting Pronouncements*, in the accompanying notes to our unaudited condensed consolidated financial statements in Item 1 of Part I of this Quarterly Report for a description of recent accounting pronouncements, which is incorporated herein by reference.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Controls over Financial Reporting

We have made no changes to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended September 30, 2024, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We are and from time to time, may become subject to various legal proceedings and claims arising in the ordinary course of business or could be named a defendant in other lawsuits. Legal proceedings could result in material costs, occupy significant management resources and entail penalties, even if we prevail. The outcome of such claims or other proceedings cannot be predicted with certainty and may have a material effect on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors

Our business and results of operations are subject to numerous risks, uncertainties, and other factors that you should be aware of. You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as amended, under the heading "Risk Factors." There have been no material changes from the risk factors disclosed in our 2023 Annual Report on Form 10-K, as amended, other than as set forth below. The risks, uncertainties and other factors described in the risk factors are not the only ones facing our company. Additional risks, uncertainties and other factors not presently known to us or that we currently deem immaterial may also impair our business operations. Any of the risks, uncertainties and other factors could have a materially adverse effect on our business, financial condition, results of operations, cash flows or product market share and could cause the trading price of our common stock to decline substantially.

Risks Related to Our Intellectual Property, and Litigation

We may not be able to protect our intellectual property rights, which could make us less competitive and cause us to lose market share.

Our future success will depend, in part, upon our intellectual property rights and our ability to protect these rights. We rely on a combination of patent, copyright, trademark and trade secret laws, nondisclosure agreements and other contractual provisions to establish, maintain and protect our proprietary rights. From time to time, we may be required to use litigation to protect our proprietary technology. As a result, we may incur substantial costs and we may not be successful in any such litigation. Despite our efforts to protect our proprietary rights, unauthorized third parties may copy aspects of our products, obtain and use information that we regard as proprietary, or infringe upon our patents. In addition, the laws of some foreign countries do not protect proprietary and intellectual property rights to the same extent as do the laws in the U.S. Because many of our products are sold and a significant portion of our business is conducted outside the U.S., our exposure to intellectual property risks may be higher. Our efforts to protect our proprietary and intellectual property rights may not be adequate. Additionally, there is a risk that our competitors will independently develop similar technology or duplicate our products or design around patents or other intellectual property rights. If we are unsuccessful in protecting our intellectual property or our products or technologies are duplicated by others, our competitive position could be harmed and we could lose market share.

As an example, the complexity and uncertainty of European patent laws have increased in recent years. In Europe, a new unitary patent system took effect June 1, 2023 which will significantly impact European patents, including those granted before the introduction of such a system. Under the unitary patent system, European applications have the option, upon grant of a patent, of becoming a Unitary Patent which will be subject to the jurisdiction of the Unitary Patent Court (UPC). As the UPC is a new court system, there is no precedent for the court, increasing the uncertainty of any litigation. Patents granted before the implementation of the UPC will have the option of opting out of the jurisdiction of the UPC and remaining as national patents in the UPC countries. Patents that remain under the jurisdiction of the UPC will be potentially vulnerable to a single UPC-based revocation challenge that, if successful, could invalidate the patent in all countries who are signatories to the UPC. We cannot predict with certainty the long-term effects of the unitary patent system and any potential changes.

Risks Related to the Company's IoT Business

The growing number of competitors in the RFID industry is posing additional risks to our business.

As the RFID industry continues to grow, there has been an increase in the number of companies entering the market, including from China. Competitors have and may continue to sell products or solutions at low prices in order to gain market share, because they have lower costs than other competitors, or for other reasons. The number of contract manufacturers and the amount of manufacturing capacity has also increased significantly. If the growth of the RFID industry does not keep pace with the increased manufacturing capacity, this may result in downward pressure on pricing and reduced margins, each of which could have a serious adverse impact on our business, financial condition and results of operations.

Our success depends largely on the continued service and availability of key personnel.

Our future success depends on our ability to continue to attract, retain, and motivate our senior management as well as qualified technical personnel in the RFID industry. Competition for these employees is intense and many of our competitors may have greater name recognition and significantly greater financial resources to better compete for these employees. We have in the past, and may in the future, experience the loss of employees to our competitors. If we are unable to retain our existing personnel, or attract and retain additional qualified personnel, specifically following the completion of the Asset Sale, our growth may be limited. Our key employees are employed on an "at will" basis, meaning either we or the employee may terminate their employment with us at any time. The loss of or inability to hire or replace key employees could slow our product development processes and sales efforts or harm our reputation. Also, if our stock price declines, as it has recently, it may result in difficulty attracting and retaining personnel as equity incentives generally comprise a significant portion of our employee compensation.

The separation of the Physical Security Business following the closing of the Asset Sale may significantly disrupt our operations.

The separation of the Physical Security Business from our operations and financial reporting and corporate functions has required us to reconfigure our system processes, transactions, data and controls. This transition has required significant management attention, capital and personnel resources, and the coordination of our system providers and internal business teams. We may experience difficulties, including delays and higher than anticipated costs related to capital and personnel resources, as we continue to manage these changes, including loss or corruption of data, delays in finalizing our financial records for each accounting period and related delays in completion of our financial reporting, unanticipated expenses, and lost revenue. In addition, any delays in finalizing our records could result in our failure to timely file our periodic reports with the SEC, which could limit our access to the public markets to raise debt or equity capital, restrict our ability to issue equity securities, and result in the delisting of our common stock and/or regulatory sanctions from the SEC or The Nasdaq Stock Market, any of which could have a material adverse impact on our operations. Difficulties in continuing to implement the separation of the Physical Security Business could disrupt our operations, divert management's attention from key strategic initiatives and have an adverse effect on our results of operations, financial condition and cash flows.

Failure to expand our IoT Business to penetrate new markets and scale successfully within those markets may negatively impact our revenues and financial condition.

Following the closing of the Asset Sale, our growth strategy for the IoT Business depends in part on our ability to penetrate emerging markets, such as the medical device market, and scale successfully within those markets. The medical device market and other new markets present distinct and substantial challenges and risks and will likely require us to develop new customized solutions to address the particular requirements of that market. Additionally, these new market opportunities may be outside the scope of our proven expertise or in areas which have unproven market demand, and the utility and value of new products developed by us may not be accepted in the markets served by the new products. Our inability to gain market acceptance of new products could prevent us from scaling successfully within new markets and may harm our future operating results. Our future success also depends on our ability to manufacture new products to meet customer demand in a timely and cost-effective manner. Difficulties or delays in replacing existing products with new products we introduce or in manufacturing improved or new products in sufficient quantities to meet customer demand could diminish future demand for our products and harm our future operating results. In addition, if the medical device market and other new market opportunities for our current and future products are smaller than estimated or do not develop as we expect, our growth may be limited and our business, financial condition and results of operations could be adversely affected. Even if the medical device market and other emerging markets develop as expected, we may not be able to achieve the high gross margins associated with such markets, or, if we do achieve such gross margins, we may not be able to sustain them.

We continue to incur significant expenses and administrative burdens as a public company despite our revenue being significantly lower following the Asset Sale, which could have an adverse effect on our business, financial condition and results of operations.

Following the closing of the Asset Sale, we continue to incur significant legal, accounting, administrative and other costs and expenses as a public company. Because our revenue has and will continue to be significantly reduced as a result of the divestiture of the Physical Security Business, these expenses will represent a larger percentage of our revenue and will have a negative effect on our gross margins. If we are unable to generate sufficient revenue through our IoT Business, these increased expenses as a percentage of our revenue may have an adverse effect on our business, financial condition and results of operations.

Uncertainty regarding the use of proceeds from the Asset Sale and our future operations may negatively impact the value and liquidity of our common stock.

As consideration for the Asset Sale, we received approximately $144.3 million in cash, subject to further customary adjustments as set forth in the Purchase Agreement. Our board of directors will have discretion regarding the use of proceeds from the Asset Sale and plans to use a portion of the net proceeds to pursue growth opportunities for the IoT Business. It may also use the funds to pay dividends and distributions on or redeem or repurchase our capital stock pursuant to our stock repurchase program; for working capital and other general corporate purposes, which may include sales and marketing activities, research and development, general and administrative matters and capital expenditures; to invest in or acquire complementary businesses, products, services, technologies or assets; or to otherwise execute our growth strategy. Although our board of directors continues to evaluate various alternatives regarding use of the proceeds from the Asset Sale, it has not yet identified any specific plans, investments or acquisitions or committed to making any such decision by a particular date. This uncertainty may negatively impact the value and liquidity of our common stock. While our board of directors has approved a stock repurchase program following the Asset Sale, we cannot guarantee that the program will be fully completed. The program does not obligate us to repurchase any specific dollar amount or number of shares of our common stock. Additionally, it has no expiration date and may be suspended or terminated at any time at our discretion.

We may use the net proceeds for purposes that do not yield a significant return or any return at all for our stockholders. In addition, pending their use, we may invest the net proceeds from the Asset Sale in a manner that does not produce income or that loses value, or in a manner that stockholders do not agree with. For example, repurchases pursuant to our stock repurchase program could affect the trading price of our stock, increase volatility and reduce the market liquidity for our common stock. If we do not invest or apply the net proceeds from the Asset Sale in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

The amount of net proceeds that we receive from the Asset Sale is subject to decrease.

We received approximately $144.3 million in cash as consideration for the Asset Sale, which amount is subject to further customary adjustments as set forth in the Purchase Agreement. Such post-closing adjustment process, including any disputes between us and the Buyer regarding the final purchase price and any adjustments thereof, could result in a significant reduction to the amount of net proceeds that we receive from the Asset Sale.

Our business prospects may diminish following completion of the Asset Sale and our stock price has and may continue to decline.

We continue to operate our IoT Business despite the sale of assets that have historically generated a significant portion of our revenue. For example, the Physical Security Business generated approximately 63% of the Company's revenue for the fiscal year ended December 31, 2023. The divestiture of the Physical Security Business resulted in material cash proceeds to the Company and a reduction in operating expenses and liabilities; however, our revenue following the closing of the Asset Sale is now limited to our IoT Business. A failure by us to grow our IoT Business could result in our business prospects diminishing, and the value and liquidity of our common stock could be negatively impacted.

We cannot provide any assurances that we will realize the intended benefits of the Asset Sale.

We cannot provide any assurances that we will realize the intended benefits of the Asset Sale. We expect to continue to focus our resources, capital, and management attention towards expanding our IoT Business. However, we may not be able to realize our goals for the IoT Business. In addition, we have and will continue to experience a significant decrease in revenue as a result of the sale of the Physical Security Business. Any failure to realize the intended benefits of the Asset Sale could have a material adverse impact on our future operating results and financial condition and could materially and adversely affect our stock price or trading volume.

To the extent we pursue acquisitions, strategic alliances, or investments in other businesses, products, services, technologies or assets, we could experience operating difficulties and other consequences that may harm our business, financial condition, and operating results, and we may not be able to successfully consummate favorable transactions or successfully integrate such acquisitions.

We expect to apply a portion of the net proceeds from the Asset Sale to pursue growth opportunities for the IoT Business, including potentially investing in opportunities such as acquisitions of complementary businesses, products, services, technologies or assets. We may also pursue strategic alliances that leverage our core technology and industry experience to expand our IoT offerings or make investments in other companies or technologies.

The identification of suitable acquisition candidates is difficult, and we may not be able to complete acquisitions on favorable terms, if at all. With respect to any future acquisitions, we may not be able to integrate such acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Any acquisitions by us also could result in significant write-offs or the incurrence of debt and contingent liabilities, any of which could harm our operating results. Furthermore, the loss of customers, partners or suppliers following the completion of any acquisition could harm our business. Changes in services, sources of revenue, and branding or rebranding initiatives may involve substantial costs and may not be favorably received by customers, resulting in an adverse impact on our financial results, financial condition and stock price. Integration of an acquired company or business also may require management's time and resources that otherwise would be available for ongoing development of our existing business. We may also need to divert cash from other uses, or issue equity securities in order to fund these integration activities and these new businesses. If the stock price of our common stock is low or volatile, we may not be able to acquire other companies for stock. In addition, our stockholders may experience substantial dilution as a result of additional securities we may issue for acquisitions. Open market sales of substantial amounts of our common stock issued to stockholders of companies we acquire could also depress our stock price.

Ultimately, we may not realize the anticipated benefits of any acquisition, strategic alliance, or investment, or these benefits may take longer to realize than we expected. The occurrence of any of these risks could harm our business, results of operations, and financial condition.

Changes in management following the closing of the Asset Sale may adversely affect the future performance of our IoT Business.

In connection with the closing of the Asset Sale, our former Chief Executive Officer, Steven Humphreys, and certain other members of our senior management joined Buyer. The senior management of the Company currently includes Kirsten Newquist, Chief Executive Officer, Justin Scarpulla, Chief Financial Officer, Edward Kirnbauer, Vice President, Global Corporate Controller, Dr. Manfred Mueller, Chief Strategy Officer, Amir Khoshniyati, Executive Vice President and General Manager, IoT Solutions, and Boon Yong (BY) Koh, Executive Vice President, Operations. In connection with these changes in management and the sale of our Physical Security Business, there have been and will continue to be changes to the Company's operations and our key strategies and tactical initiatives related to our IoT Business over time. If we do not successfully implement and adapt to these changes, we may be unable to successfully execute our long-term business development plans for our IoT Business, which could adversely affect our financial condition and results of operations. Further, the future performance of our IoT Business will depend, in part, on the successful transition of our workforce to our new operating and organizational structure, and our inability to successfully manage these transitions could be viewed negatively by our customers, employees, investors and other third-party partners, and could have an adverse impact on our business and results of operations.

We are subject to five-year non-competition and non-solicitation covenants under the Purchase Agreement, which will prevent us from reentering the Physical Security Business.

We are subject to five-year non-competition and non-solicitation covenants in the Purchase Agreement. During such five-year period, the Company and its controlled affiliates are restricted from directly or indirectly engaging with, managing or operating, or having any ownership interest in any person that engages with, manages, or operates, a business that is competitive with the Physical Security Business or competes for customers of the Physical Security Business, in each case, with respect to geographies that the Physical Security Business participated in as of the closing of the Asset Sale. In addition, during this five-year period, the Company has agreed, not to directly or indirectly hire, engage, recruit, employ, solicit or otherwise attempt to employ or engage or enter into any business relationship with any Business Employee or Acquired Entity Employee (each as defined in the Purchase Agreement), or induce or attempt to induce any such employee to leave his or her employment with Buyer or Buyer's affiliates, subject to certain customary limitations. These limitations will prevent us from reentering the Physical Security Business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2024, we repurchased 325,781 shares of our common stock. The table below sets forth information regarding the Company's purchases of its common stock during the three months ended September 30, 2024:

	Issuer Purchases of Equity Securities			
Period	**Total number of shares purchased[1]**	**Average price paid per share**	**Total number of shares purchased as part of publicly announced plans or programs**	**Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs**
July 1, 2024 – July 31, 2024	9,561	$ 4.04	—	—
August 1, 2024 – August 31, 2024	8,114	3.58	—	—
September 1, 2024 – September 30, 2024	308,106	3.22	—	—
Total	325,781	$ 3.25	—	

[1] Consists of shares surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued to employees.

Item 5. Other Information

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the quarter ended September 30, 2024, no director or officer adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
2.1*	Stock and Asset Purchase Agreement dated April 2, 2024 between Identiv, Inc. and Hawk Acquisition, Inc. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 3, 2024).
10.1^	Amendment No. 1 to Stock and Asset Purchase Agreement dated September 6, 2024 between Identiv, Inc. and Hawk Acquisition, Inc.
31.1^	Certification of Chief Executive Officer pursuant to Section 302 of the Securities Exchange Act of 1934.
31.2^	Certification of Chief Financial Officer pursuant to Section 302 of the Securities Exchange Act of 1934.
32#	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document with embedded Linkbase Documents.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K promulgated by the SEC. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.
^ Filed herewith.
# Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		IDENTIV, INC.
November 12, 2024	By:	/s/ **Kirsten Newquist**
		Kirsten Newquist Chief Executive Officer (Principal Executive Officer)
November 12, 2024	By:	/s/ **Justin Scarpulla**
		Justin Scarpulla Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1
EXECUTION VERSION

AMENDMENT NO. 1 TO
STOCK AND ASSET PURCHASE AGREEMENT

This Amendment No. 1, dated as of September 6, 2024 (this "Amendment"), is entered into by and between Identiv, Inc., a Delaware corporation ("Seller"), and Hawk Acquisition, Inc., a Delaware corporation ("Buyer").

RECITALS:

WHEREAS, Buyer and Seller are parties to that certain Stock and Asset Purchase Agreement, dated as of April 2, 2024 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Agreement");

WHEREAS, Section 10.1 of the Agreement provides that the Agreement may be amended, supplemented, modified or changed only by written agreement signed by both Seller and Buyer; and

WHEREAS, the parties hereto desire to amend the Agreement solely for the purposes of making the changes described herein.

NOW, THEREFORE, in consideration of these premises, the covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement.

2. Amendments to the Agreement.

(a) The definition of "Adjustment Time" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Adjustment Time" shall mean 11:59 p.m. Eastern Time on August 31, 2024, except with respect to Selling Expenses, in which case it means as of Closing (but giving effect to the Closing).

(b) The definition of "Pre-Closing Tax Period" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Pre-Closing Tax Period" shall mean any taxable period ending on or before August 31, 2024 and the portion of any Straddle Period ending on and including August 31, 2024.

(c) The definition of "Pre-Closing Taxes" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Pre-Closing Taxes" shall mean (without duplication) (i) all Taxes of Seller and its Affiliates (not including the Acquired Entity) with respect to the Business, Purchased Assets, and the Purchased Equity Interests, including amounts that should have been withheld from or by the Seller or its Affiliates, for any Pre-Closing Tax Period, and (ii) any Taxes of the Acquired Entity, including amounts that should have been withheld from or by the Acquired Entity, for any Pre-Closing Tax Period, in each case determined in accordance with Section 6.9(a) for Taxes described therein; provided, that "Pre-Closing Taxes" shall not include any amount of Taxes taken into account in determining the Purchase Price as finally determined pursuant to Section 2.7 or allocated to Buyer pursuant to Section 3.2(a).

(d) The definition of "Purchased IP Assets" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Purchased IP Assets" shall mean all Intellectual Property Rights and Technology Assets (a) primarily used in, primarily held for use in, or necessary for, the conduct and operation of the Business and (b) used or held for use by the Acquired Entity, including, for the avoidance of doubt, Seller's LinkedIn account (https://www.linkedin.com/company/identiv).

(e) The definition of "Straddle Period" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Straddle Period" shall mean any Tax period that includes (but does not end on) August 31, 2024.

(f) Section 3.2(a) of the Agreement is hereby amended and restated in its entirety as follows:

Notwithstanding any provision of this Agreement to the contrary, all sales, use, value added, transfer, stamp, conveyance, documentary, recording and registration Taxes, customs duties or similar fees or Taxes (together with any interest or penalty, addition to Tax or additional amount but excluding any gains, income or gross receipts Taxes), if any, imposed by any Governmental Authority or Law, in connection with the transfer of the Purchased Equity Interests or Purchased Assets hereunder or the consummation of the transactions contemplated by this Agreement, or the execution or filing of any instruments in connection therewith (the "Transfer Taxes") shall (i) to the extent attributable to any transfer of Excluded Assets, Excluded Liabilities or Non-Transferrable Assets be borne solely by Seller and (ii) otherwise, be borne equally by Buyer and Seller (including after giving effect to any effective recovery by a Party from a Governmental Authority with respect to value added tax (if applicable) (any such taxes, a "VAT" and any such recovery, a "VAT Recovery") for the transfer of the applicable Purchased Assets from Identiv GmbH, a Gesellschaft mit beschränkter Haftung (company with limited liability) organized under the laws of Germany ("Identiv GmbH") to TIL GmbH, a Gesellschaft mit beschränkter Haftung (company with limited liability) organized under the laws of Germany ("TIL GmbH")); provided, however, in the event there are any Transfer Taxes payable upon the transfer of Inventories located in jurisdictions others than Germany constituting Purchased Assets at the Closing, from Identiv GmbH to TIL GmbH in accordance with the terms of this Agreement, any such amounts shall be borne solely by Seller. Seller shall file any and all Tax Returns in respect of such Transfer Taxes and promptly provide to Buyer upon request evidence of payment of all Transfer Taxes. For the avoidance of doubt, in the event of a VAT Recovery, the Party receiving such VAT Recovery shall promptly transfer such portion of the VAT Recovery to the other Party such that after giving effect to such transfer, Buyer and Seller bear equally the VAT.

(g) The definition of "Indebtedness" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Indebtedness" shall mean, without duplication, (i) the Tax Liability Amount, and (ii) the following with respect to any Person: all Liabilities (a) of such Person for the payment or repayment of borrowed money (including the principal amount and the amount of accrued and unpaid interest thereon), (b) evidenced by a credit agreement, note, bond, indenture, securities, debenture or similar instruments or securities, (c) in respect of any capital lease obligations of such Person, (d) for deferred purchase price of assets, property, securities, goods or services including obligations under "earn-outs" or similar obligations (valued at the maximum amount payable with respect thereto), (e) under any interest rate swap agreement, forward rate agreement, interest rate cap, hedging or collar agreement or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks, (f) secured by a purchase money mortgage or other Encumbrance to secure all or part of the purchase price of the property subject to such mortgage or Encumbrance, (g) under any reimbursement obligation relating to a letter of credit, bankers' acceptance (to the extent drawn), note purchase facility or similar instruments, (h) in respect of deferred payroll or compensation, accrued severance, and accrued or deferred bonuses, commissions and benefits (including paid sick/leave/vacation), and the employer's portion of any employment, payroll or social security Taxes with respect thereto, (i) in respect of any matching, discretionary, or other employer contributions to Seller Employee Plans that, as of the Closing, are unpaid or otherwise attributable to a pre-Closing period, (j) in respect of any unfunded retirement, pension and deferred compensation liabilities and the employer's portion of any employment, payroll or social security Taxes with respect thereto, (k) equal to twenty-five percent (25%) of the total Liabilities in respect of any advances by customers for work not yet performed or other deferred revenue, or (l) Indebtedness of another Person referred to in clauses (a) through (k) above guaranteed, endorsed or assumed by such Person, in each case of the foregoing clauses (a) through (l) assuming the Closing occurred as of the Adjustment Time. Additionally, Indebtedness shall exclude any amounts to the extent included in Working Capital or Selling Expenses. In the event that, between the Adjustment Time and the Closing, there is any breach of (A) the final sentence of Section 6.1 with respect to items 1, 5, 8, 12, 15 or 16 (but with respect to item 16 set forth in Section 6.1(b), only as such item is applicable to items 1, 5, 8, 12 or 15 set forth in Section 6.1(b) of the Disclosure Schedule) set forth in Section 6.1(b) of the Disclosure Schedule, or (B) subsection (a) of the first sentence of Section 6.1 and involving (I) any payments made or agreed to be made by the Acquired Entity or relating to matters constituting Assumed Liabilities, or liabilities assumed or indemnities incurred by the Acquired Entity or relating to matters that constitute Assumed Liabilities, in each case, for the benefit of an Affiliate of the Seller (other than the Acquired Entity), or (II) the waiver or agreement to waive (whether conditional or not) by the Acquired Entity or relating to matters constituting Assumed Liabilities, or liabilities assumed or indemnities incurred by the Acquired Entity or relating to matters that constitute Assumed Liabilities, of any amount owed to such Person by Seller or any of its Affiliates, or (III) the agreement, commitment or undertaking by the Acquired Entity or otherwise relating to a Purchased Asset or Assumed Liabilities to do any of the matters set out in (I) and (II) then, without limitation of any other rights and remedies available to Buyer under the Agreement, the Indebtedness of the Acquired Company will be deemed to be increased by the quantum of any such payment or other amount which formed the basis of such breach.

(h) References to "prior to Closing" in Section 2.2(a) and Section 2.2(f) are hereby deleted in their entirety and replaced with "prior to 11:59 p.m. Eastern Time on August 31, 2024".

(i) Reference to "following the Closing" in Section 2.2(b) is hereby deleted in its entirety and replaced with "following 11:59 p.m. Eastern Time on August 31, 2024".

(j) Section 2.4 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.4 Assumption of Assumed Liabilities. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Buyer shall assume from Seller or its Affiliates, and shall agree to fully pay, discharge and satisfy when due and perform in accordance with their terms, effective from the Closing, only the obligations of Seller or its Affiliates set forth below, whether known or unknown, contingent or otherwise, whether currently in existence or arising hereafter (collectively, the "Assumed Liabilities"):

(a) all obligations of Seller or its Affiliates related to the Business or the Purchased Assets arising from and after 11:59 p.m. Eastern Time on August 31, 2024;

provided, however, that Buyer will not assume or be responsible for any such Liabilities to be performed prior to 11:59 p.m. Eastern Time on August 31, 2024 (subject to Section 2.4(d)), to the extent that they relate to the operation of the Business or events or occurrences prior to 11:59 p.m. Eastern Time on August 31, 2024 (subject to Section 2.4(d)), or to the extent that they arise from breaches of such Assigned Contracts or Permits or defaults under such Assigned Contracts or Permits prior to Closing or this Agreement;

(b) all Current Liabilities;

(c) all liabilities and obligations resulting from actions taken after 11:59 p.m. Eastern Time on August 31, 2024 relating to the Business (for the avoidance of doubt, other than Pre-Closing Taxes and Transfer Taxes allocated to Seller under Section 3.2(a));

(d) all liabilities and obligations of Seller or any of its Affiliates for servicing warranty claims for Target Products sold prior to Closing;

(e) all liabilities and obligations of Seller or any of its Affiliates relating to or arising out of the Purchased Assets after 11:59 p.m. Eastern Time on August 31, 2024; provided, however, that Buyer will not assume or be economically responsible for any Pre-Closing Taxes and Transfer Taxes allocated to Seller under Section 3.2(a); and

(f) any liabilities or obligations relating to or arising out of the termination or retention of employment of any Business Employee to whom Buyer fails to make an offer of employment in accordance with Section 6.13(a), including any liabilities associated with any claims for severance, discharge indemnity, equity compensation, compensation for unfair dismissal or wrongful termination, and payments in lieu of notice and other payments for social security including any shortfall of social security contributions thereof) (including the employer portion of any payroll, social security, unemployment or similar Taxes related thereto).

(k) Section 2.5(a)(i) of the Agreement is hereby deleted in its entirety and replaced with the following:

"(i) any liabilities or obligations arising out of or relating to Seller's ownership or operation of the Business and the Purchased Assets prior to 11:59 p.m. Eastern Time on August 31, 2024, including any liabilities arising from any non-compliance with Indian exchange control regulations"

(l) Section 6.9(a) of the Agreement is hereby deleted in its entirety and replaced with the following:

"(i) Any property and ad valorem or similar Taxes on the Purchased Assets or Purchased Equity Interests for any Straddle Period shall be prorated based upon the actual number of days in such Straddle Period that occur on or before August 31, 2024, on the one hand, and the number of days in such period that occur after August 31, 2024, on the other hand. Seller shall be allocated all such Taxes that are attributable to any Taxable period, or such portion of any Straddle Period, ending on or prior to August 31, 2024. Buyer shall be allocated all such Taxes that are attributable to any Taxable period, or such portion of any Straddle Period, beginning after August 31, 2024. The proration of such Taxes shall be based upon the assessed valuation and Tax rate figures (assuming, if consistent with Seller's past practice with respect to the Business, payment at the earliest time to allow for the maximum possible discount) for the Tax period that includes August 31, 2024 to the extent the same are available; provided, however, that in the event that actual figures (whether for the assessed value of such property or for the Tax rate) for the Tax period that includes August 31, 2024 are not available at Closing, the proration shall be made using the estimated Taxes for the Tax period that includes August 31, 2024. Within thirty (30) days after receipt of the current year's final Tax or assessment bill for the Purchased Assets, Buyer or Seller shall deliver a copy to the other Party and Buyer shall refund to Seller any amount overpaid by Seller, or Seller shall pay to Buyer the amount of any deficiency in the proration.

(ii) Other than Taxes subject to Section 6.9(a)(i), Taxes allocable to the Pre-Closing Tax Period shall be computed as if such taxable period ended as of the close of business on August 31, 2024 (and for such purpose, the taxable period of any entity that is relevant to determining Tax liabilities for which any person will be responsible, shall be deemed to terminate at that time, with the effect that any Taxes that are attributable to economic activity occurring on or prior to 11:59 p.m. Eastern Time on August 31, 2024 will be considered attributable to and will be allocated to the Pre-Closing Tax Period); provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the Pre-Closing Tax Period and the post-Pre-Closing period in proportion to the number of days in each period."

3. Miscellaneous.

(a) Except as expressly amended and/or superseded by this Amendment, the Agreement remains and shall remain in full force and effect. This Amendment shall not constitute an amendment or waiver of any provision of the Agreement, except as expressly set forth herein. Upon the execution and delivery hereof, the Agreement shall thereupon be deemed to be amended and supplemented as set forth in this Amendment as fully and with the same effect as if the amendments and supplements made hereby were originally set forth in the Agreement. This Amendment and the Agreement shall each be read, taken and construed as one and the same instrument, but such amendments and supplements shall not operate so as to render invalid or improper any action heretofore taken under the Agreement. If and to the extent there are any inconsistencies between the Agreement and this Amendment with respect to the matters set forth herein, the terms of this Amendment shall control. References in the Agreement to the Agreement shall be deemed to mean the Agreement as amended by this Amendment.

(b) Sections 10.1 (*Amendment and Modification*), 10.2 (*Waiver*), 10.3 (*Construction*), 10.4 (*Expenses*), 10.5 (*Binding Effect; Assignment*), 10.6 (*Entire Agreement; No Third Party Rights*), 10.7 (*Counterparts; Electronic Delivery*), 10.8 (*Notices*), 10.9 (*Governing Law; Jurisdiction; Waiver of Jury Trail*) and 10.10 (*Severability*) of the Agreement are incorporated herein by reference and shall apply to this Amendment *mutatis mutandis*.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized signatories as of the day and year first written above.

SELLER:

IDENTIV, INC.

By: /s/ Justin Scarpulla

Name: Justin Scarpulla

Title: Chief Financial Officer

Signed at: Santa Ana, California

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized signatories as of the day and year first written above.

BUYER:

Hawk Acquisition, Inc.

By: /s/ Larry Thomas

Name: Larry Thomas

Title: Secretary

Signed at: Reno, Nevada, USA

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kirsten Newquist, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Identiv, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Kirsten Newquist

Kirsten Newquist
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Justin Scarpulla, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Identiv, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Justin Scarpulla

Justin Scarpulla
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 32

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kirsten Newquist, the Chief Executive Officer of Identiv, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Quarterly Report of Identiv, Inc. on Form 10-Q for the quarterly period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (2) the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Identiv, Inc.

Date: November 12, 2024	/s/ Kirsten Newquist
	Kirsten Newquist
	Chief Executive Officer
	(Principal Executive Officer)

I, Justin Scarpulla, the Chief Financial Officer of Identiv, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Quarterly Report of Identiv, Inc. on Form 10-Q for the quarterly period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (2) the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Identiv, Inc.

Date: November 12, 2024	/s/ Justin Scarpulla
	Justin Scarpulla
	Chief Financial Officer and Secretary
	(Principal Financial and Accounting Officer)