

Identiv, Inc.
Form 10-Q
March 29, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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 (I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION) IDENTIFICATION NUMBER)

2201 Walnut Avenue, Suite 310

Fremont, California 94538

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES INCLUDING ZIP CODE)

(949) 250-8888

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(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

N/A

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

At March 6, 2016, 10,746,911 shares of common stock were outstanding.

EXPLANATORY NOTE

Identiv, Inc. is filing this Quarterly Report on Form 10-Q late due to an investigation undertaken by a special committee of the Board of Directors, which investigation was completed in late 2015. For more information, please see Note 14, Subsequent Events, included in Item 1. Unless otherwise indicated, the information in this Quarterly Report on Form 10-Q is as of as June 30, 2015.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

IDENTIV, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited; in thousands, except par value)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash	\$30,846	\$36,547
Accounts receivable, net of allowances of \$301 and \$156 as of June 30, 2015 and December 31, 2014, respectively	13,004	13,612
Inventories	12,475	9,254
Prepaid expenses	1,215	1,002
Other current assets	3,527	1,200
Total current assets	61,067	61,615
Property and equipment, net	4,954	5,311
Goodwill	7,783	8,853
Intangible assets, net	8,003	8,730
Other assets	1,126	1,371
Total assets	\$82,933	\$85,880
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$8,732	\$8,372
Earn-out liability	—	3,510
Current portion - payment obligation	659	635
Deferred revenue	4,235	508
Accrued compensation and related benefits	2,113	2,139
Other accrued expenses and liabilities	5,000	4,471
Total current liabilities	20,739	19,635
Long-term payment obligation	5,218	5,545
Long-term financial liabilities	18,017	13,938
Other long-term liabilities	485	630
Total liabilities	44,459	39,748
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Identiv, Inc. stockholders' equity:		
Preferred stock, \$0.001 par value: 10,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value: 130,000 shares authorized; 11,365 and 10,884 outstanding	11	11

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shares issued and 11,056 and 10,640 shares outstanding as of June 30, 2015		
and December 31, 2014, respectively		
Additional paid-in capital	394,312	389,401
Treasury stock, 308 and 244 shares as of June 30, 2015 and December 31, 2014,		
respectively	(5,222)	(4,572)
Accumulated deficit	(351,597)	(338,670)
Accumulated other comprehensive income	1,119	1,699
Total Identiv, Inc. stockholders' equity	38,623	47,869
Noncontrolling interest	(149)	(1,737)
Total stockholders' equity	38,474	46,132
Total liabilities and stockholders' equity	\$82,933	\$85,880

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

IDENTIV, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net revenue	\$15,587	\$22,301	\$30,521	\$39,155
Cost of revenue	8,941	13,371	17,791	23,623
Gross profit	6,646	8,930	12,730	15,532
Operating expenses:				
Research and development	2,340	1,731	4,332	3,233
Selling and marketing	5,467	5,731	10,462	10,766
General and administrative	5,536	2,867	8,601	5,910
Impairment of goodwill	988	—	988	—
Restructuring and severance	21	612	193	1,049
Total operating expenses	14,352	10,941	24,576	20,958
Loss from operations	(7,706)	(2,011)	(11,846)	(5,426)
Non-operating income (expense):				
Interest expense, net	(465)	(506)		