NASDAQ:INVE Q4 2025 Earnings Call Transcript

Generated on 6/10/2026

John | Operator:

Good afternoon. Welcome to Adena's presentation of its fourth quarter and fiscal year 2025 earnings call. My name is John, and I will be your operator this afternoon. Joining us for today's presentation are the company's CEO, Kirsten Newquist, and CFO, Ed Kernbauer. Following manager's remarks, we will open the call for questions. Before we begin, please note that during this call, management may be making references to non-GAAP financial measures or guidance. including non-GAAP adjusted EBITDA, non-GAAP gross profit, non-GAAP gross margin, and non-GAAP operating expenses. In addition, during the call, management will be making forward-looking statements. Any statement that refers to expectations, projections, or other characteristics of future events, including future financial results, future business and market conditions and opportunities, strategic partnerships and collaborations, and any related benefits and attributes and future plans, strategies, opportunities, and goals is a forward-looking statement. Actual results may differ materially from those expressed in these forward-looking statements. For more information, please refer to the risk factors discussed and documents filed from time to time with the SEC, including the company's 2024 Annual Report on Form 10-K and Second Quarter 2025 Form 10-Q. and the 2025 Annual Report on Form 10-K, which will be filed with the SEC in the future. IDENTIF assumes no obligation to update these forward-looking statements. I will now turn the call over to CEO Kirsten Newquist for her comments. Ms. Newquist, please proceed.

Kirsten Newquist | CEO:

Thank you, Operator, and thank you all for joining our Quarter 4 and Fiscal Year 2025 Earnings Call. During the fourth quarter, we made meaningful progress across each pillar of our perform, accelerate, and transform strategy. Of particular note, we made significant advancements in the development of the specialized Bluetooth Low Energy, BLE, smart label in collaboration with IFCO, a leading global provider of reusable packaging solutions for fresh food. As announced on Tuesday, we signed a multi-year agreement with IFCO to manufacture and supply these specialized next-generation BLE smart labels. This agreement represents a major milestone in our high-growth BLE strategy and reinforces IDENSA's leadership in scalable, BLE-enabled solutions for complex global industries. Our BLE smart label will be a key component of IFCO's digital platform, designed to transform the global fresh grocery supply chain by delivering enhanced visibility, reducing waste, and supporting a more sustainable circular food system. Under the multi-year agreement, Identiv will serve as exclusive supplier for committed manufacturing volumes. Following the development phase, ISCA will maintain exclusivity for these customized BLE labels as they are deployed across its global network of more than 400 million reusable packaging containers. Full-scale mass production is expected to begin later this year, subject to achieving final development milestones. Turning to our quarter four financial performance, I'm pleased to report that fourth quarter sales of $6.2 million exceeded our guidance, with all other key financial metrics also coming in ahead of expectations. We saw continued strength in growth profit margin, reflecting the successful completion of our two-year transition of production from Singapore to our new state-of-the-art manufacturing facility in Thailand. With the Singapore shutdown now complete, we have completed our second full quarter of operations entirely out of Thailand, which has structurally reduced our cost profile while increasing manufacturing efficiency and scalability. Our CFO, Ed Kernbauer, will now provide a detailed review of our quarter four financial performance, and I'll return afterward to share more on how we're progressing across our strategic initiatives.

Ed Kernbauer | CFO:

Thanks, Kirsten. In the fourth quarter of 2025, we delivered $6.2 million in revenue, which exceeded our previously announced guidance range, compared to $6.7 million in Q4 2024. The year-over-year decrease was as expected, and due to the exit of lower-margin business, which we did not transfer to Thailand. Fourth quarter gap and non-gap gross margins were 18.1% and 25.6% respectively, compared to gap and non-gap gross margins of negative 14.9% and negative 5.2% respectively in Q4 2024. Factors driving the expansion of gross margin included the elimination of direct labor and fixed manufacturing overhead costs associated with our discontinued Singapore operations, and improved utilization of our manufacturing production facility in Thailand. As we mentioned on our November call, we stopped production of RFID inlays and labels in Singapore at the end of Q2 2025. Singapore facility shutdown activities continued through the fourth quarter of 2025, And as of December 31st, 2025, it's now complete. Gap and non-gap operating expenses for the fourth quarter of 2025, including research and development, sales and marketing, general and administrative, and restructuring and severance, totaled $5.8 million and $4.1 million, respectively, as compared to $5.6 million and $4.1 million, respectively, in Q4 2024. The year-over-year increase in GAAP operating expenses was driven primarily by higher strategic review-related costs incurred in Q4 2025 compared to the fourth quarter of 2024. Non-GAAP operating expenses in Q4 2025 were comparable to the prior year period as we continue a careful allocation of operating expenses as we execute on our PAT strategic initiatives. Fourth quarter gap net loss from continuing operations was $3.7 million, or $0.16 per basic and diluted share, compared to gap net loss from continuing operations of $4.3 million, or $0.19 per basic and diluted share, in the fourth quarter of 2024. This reduction in net loss was due to lower direct labor and overhead costs following the shutdown of our Singapore operations. as well as 1.1 million of charges to cost of revenues recorded in the fourth quarter of 2024. These charges were primarily related to inventory written off after a customer phased out a legacy program earlier than expected. These cost improvements were partially offset by strategic review-related expenses incurred in the fourth quarter of 2025. Non-GAAP adjusted EBITDA loss for Q4 2025 was 2.5 million. compared to $4.5 million in the fourth quarter of 2024. The decreased loss was a result from the production transition to our Thailand facility in 2025, the charge to cost of revenue in Q4 2024, and the disciplined spending of operating expenses as we executed on our PAT strategic initiatives as mentioned earlier. In the appendix of today's presentation, we have provided a full reconciliation of GAAP to non-GAAP financial information, which is also included in our earnings release. Turning now to our fiscal year 2025 financials. Fiscal year 2025 revenue was $21.5 million, a decrease of $5.1 million compared to the prior year period, primarily the result of the intentional exit of certain lower margin legacy business. Fiscal year 2025 gap and non-gap gross margin was 6.1% and 14.3%, respectively, compared to gap and non-gap gross margin of 1.3% and 8%, respectively, in fiscal year 2024. This year-over-year margin expansion reflects a more favorable product mix and significant operational efficiencies following the successful completion of our manufacturing transition to Thailand. Gap and non-gap operating expenses for fiscal year 2025, including research and development, sales and marketing, general and administrative, and restructuring and severance, totaled $23.5 million and $17.6 million, respectively, as compared to $28.3 million and $17.9 million, respectively, in fiscal year 2024. Fiscal year 2024 GAAP operating expenses included 5.3 million of incremental strategic review-related costs compared to 2025. Fiscal year GAAP net loss from continuing operations was 18 million, or 79 cents per basic and diluted share, compared to GAAP net loss from continuing operations of 25.9 million, or $1.14 per basic and diluted share in fiscal year 2024. Non-GAAP adjusted EBITDA loss for fiscal year 2025 was $14.5 million, compared to $15.8 million in fiscal year 2024. This relative stability in adjusted EBITDA, despite lower year-over-year revenues, was primarily driven by the reduction in manufacturing overhead and targeted allocation of operating expenses as we execute on our PAT strategic initiatives. Moving now to the balance sheet. We exited Q4 2025 with 128.9 million in cash, cash equivalents, and restricted cash, which is a sequential increase of 2.3 million over the third quarter of 2025. This increase included an income tax refund of 2.9 million and a prepayment of 2.8 million from a new customer to procure product for their full 2026 projected sales volumes. Excluding these items, Operating cash usage net of interest income for the fourth quarter was approximately 3.4 million. Our working capital exiting Q4 was 133.3 million. Our balance sheet remains strong as we move into 2026. In our 10-K filing, we will be providing a full reconciliation of full-year cash flows. For completeness, we have included the full balance sheet in the appendix of today's earnings release. As we look ahead into 2026, we anticipate Q1 sales of 6.7 to 7.2 million, which includes the benefit of one of our new customers ordering their full year volume in Q1. This would be an anticipated increase of 26% to 35% over the 5.3 million in sales that we reported for Q1 of 2025. Throughout 2026, we do expect some near-term variability in gross margins as we begin scaling production for the IFCO program and for another new customer in Q1. This reflects the typical dynamics of ramping production for large programs. It's important to note that the underlying cost structure improvements from our manufacturing transition remain in place. As these programs mature and volume scale, we believe they will support attractive long-term margin performance. From a cash usage perspective, we expect to use $14 to $16 million in 2026, excluding strategic review-related costs. This includes the cash required to support ongoing operations, plus $3.5 million of capital expenditures primarily related to the IFFCO production, $1 million increase in working capital to support growth, and $1.5 million to purchase chips, locking in favorable pricing required to fulfill orders which extend past 2026. This concludes the financial discussion. I'll now pass the call back to Kirsten.

Kirsten Newquist | CEO:

Thanks, Ed. As you just heard, we delivered results that exceeded our guidance and expectations, a solid step forward as we continued executing against our perform, accelerate, and transform strategy. Our mission is clear. We provide digital identities for billions of fiscal objects, enabling real-time intelligence for the world's most demanding industries. While there is more work ahead to reach our long-term financial goals, we are encouraged by the tangible progress we made in 2025. Perform. Under the perform pillar, our focus is on strengthening and growing our core business while driving operational efficiency, scalability, and margin expansion to create stronger long-term value for both our customers and our shareholders. In 2025, we achieved several important milestones that directly enhanced the value we deliver. First, we completed a major two-year manufacturing transformation. We moved production of all RFID tags, inlays, and labels to our Thailand facility and fully shut down the Singapore site. This transition has lower costs and improved efficiency, increased margins, and is enabling faster, more reliable product delivery. We also implemented new enterprise software systems, including a CRM platform and an MRP system to better integrate sales, demand planning, and operations. These enhanced capabilities will increase visibility across the business and enable faster responses to customer needs produce more accurate demand forecasting, and generate higher product availability. As a result, we expect more efficient planning of raw materials and production, driving lower operating costs and supporting continued margin expansion. In addition, we completed our transition to a pure-play IoT company, fully separating from the physical security business sold to Vita Protect after a 12-month transition period. This strategic focus allows us to concentrate all of our resources, innovation, and capital on high-value IoT opportunities where we see the strongest long-term growth potential. On the commercial side, we completed the build-out of our team, adding market development and business development capabilities, and reoriented the company around a stronger customer-centric operating mode. Throughout the year, we converted 29 new pipeline opportunities into sales which generated $1.2 million in revenue, with continued growth expected as these customers reach steady state adoption. Our marketing communications function was rebuilt following the separation, culminating in the launch of our new corporate website in January, which more clearly communicates our technology leadership, market positioning, and value proposition. I encourage all of you to check it out if you have not already done so. Looking ahead to 2026, our focus is on translating this stronger operational foundation into profitable growth. We are shifting to a make-to-forecast production model for key customers, supported by predictive demand planning that better aligns inventory with customer demand, lowers raw material costs through higher volume purchasing, and improves factory utilization. Quarterly sales and operations planning sessions will align our sales operations and supply chain teams around a single demand plan and disciplined production execution, enabling better overall service for our customers. These capabilities position us to support large deployment customer programs, such as Cisco, and scale them more rapidly. With improved forecasting, shorter lead times, and a more flexible manufacturing platform, we can respond more quickly to new sales opportunities and bring new products to market more efficiently. This combination of operational discipline and commercial focus enables us not only to operate more efficiently, but also to pursue growth opportunities more aggressively. We will also launch targeted cost reduction initiatives on key products and deepen engagement with key customers through strategic business reviews. Together, these initiatives will strengthen execution and ensure the operational investments of the past two years translate directly into faster growth and long-term value creation. Accelerate. Under the accelerate pillar, our focus is on driving growth in high-value segments through innovation, particularly in BLE technology and multi-component manufacturing. In 2025, we made meaningful progress across our innovation pipelines. We advanced our BOE Smart Label programs, producing the first 30,000 units for IFCO proof of concept trials. These trials provided valuable feedback that is helping us refine the product design ahead of scale-up and mass production. We also shipped our first orders of Williots Next Generation Pixel. In addition, we completed five customer-driven new product development projects that are shifting to commercialization. including applications in wine authentication, medication compliance, and water safety. We expanded our partner ecosystem through strategic agreements, including with InPlay, Tagintrack, Novanta, Naravera, ISCO, and Williott. These partnerships are a key component of our Accelerate strategy, aligning us closely with organizations building complementary elements of IoT-enabled solutions. We also finalized detailed BLE and high-value segment RFID roadmaps to closely align our innovation efforts with market opportunities, our core competencies, and customer priorities. In 2026, we are working to build on this momentum. A major focus will be completing development for the ISCO BLE Smart Label Program and ramping production to support more than 100 million units per year. In partnership with IFCO, we are expanding our capacity in multi-component manufacturing to support these volumes. This program represents a transformational opportunity for both our business and the fresh food logistics industry as IFCO works to bring unprecedented digital visibility to the global fresh food supply chain, reducing waste and supporting a more sustainable circular food system. In terms of artificial intelligence, We are developing a BOE AmbientChat.ai demonstration platform to showcase the value of connecting the physical and digital worlds enhanced by real-time intelligence powered by AI. In addition, several programs from our BOE roadmap will advance this year, focusing on high-value applications across healthcare, industrial, and logistics markets. In particular, we expect to commercialize our ID Blue smart label, utilizing the next generation in Play Chip later this year. Together, these initiatives are designed to accelerate growth in our high-value segments and maximize the commercial impact of our BLE and IoT innovation platforms. Transform. Our third pillar, transform, focuses on expanding the business through strategic M&A that accelerates EBITDA break-even, broadens our product portfolio, enhances technical capabilities, and seeks to increase shareholder value. We have a dedicated team working with our financial advisor, Raymond James, to evaluate our strategic alternative. Transform remains a top priority this year. Our metrics. In 2025, we began reporting several new metrics to monitor our progress against strategic objectives. We learned a lot, made some refinements, and have established targets for 2026. First, new sales pipeline and conversion rate. This metric tracks opportunities with new customers or customers we haven't sold to in over two years. By year end, the pipeline included 101 opportunities, up 35% from the start of the year. As mentioned, throughout the year we converted 29 of the opportunities, totaling $1.2 million in sales. This represents a 28% conversion rate of the current pipeline, or 16% when including opportunities that were lost or removed during the year. Our 2026 goal is to grow the pipeline to 125 opportunities and convert at least 35 by the end of the year. Second, new product development projects. This metric tracks the number of active NPD initiatives. These projects involve the development of entirely new RFID or BLE tags, inlays, or labels. As of the end of quarter four, there were 18 active NPD projects, 10 customer driven and eight internally driven. We will continue to measure our NPD pipeline but will not be setting a 2026 target as our focus will be to ensure enough resources are allocated to producing the multi-million volumes needed by IFCO. Third, NPD project completion. This metric captures the number of NPD projects completed within the quarter. In quarter four, we completed one customer-driven project, bringing us to a total of five for the full year. The project completed in quarter four is for mass transit applications. Our target for 2026 is to complete five to seven MPD projects, including IFCO. We are pleased with the progress we made in 2025 advancing our perform, accelerate, and transform strategy. Our fourth quarter results show encouraging momentum, including gross margin improvement following the completion of our production transition to Singapore. In addition, The advancements that the board has overseen in 2025 are not only related to operational and financial improvement, but it has also taken several shareholder-friendly actions to improve our governance profile over the past 12 months. Such actions include the declassification of the board, with each of the directors now being annually elected, and enhancing the board's collective expertise with the addition of Mick Lopez, a seasoned financial expert and former CFO. As we move into 2026, we are focused on building on the operational foundation established last year, scaling production for ISCO, expanding our customer base, and launching new products. With our strategy in place and strong execution ahead, we believe we are well positioned to capture opportunities in the rapidly growing global IoT market. I want to thank our employees, customers, partners, and shareholders for their continued trust and support. We are encouraged by our progress and excited about the opportunities ahead in the RFID and BLE markets. With that, I'd like to open the call for your questions. Operator, please open the question queue.

John | Operator:

At this time, we will be conducting a question and answer session. If you would like to ask a question, please press star 1 on your telephone keypad. The confirmation tone will indicate your line is in the question queue. You may press star 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

John | Operator:

Once again, please press star 1 if you have a question or a comment. The first question comes from Jason Schmidt with Lake Street.

John | Operator:

Please proceed.

Jason Schmidt | Analyst, Lake Street:

Hey guys, thanks for taking my questions. Just want to dig in a bit more on the IFCO opportunity. Obviously, it's noted that they have over 400 million units out there and you guys are obviously scaling in anticipation to support a large number. But how should we think about this revenue opportunity from an ASP and gross margin profile standpoint?

Kirsten Newquist | CEO:

Yeah, sure. So, we're very excited about the IFCO project. We've been working on development for the past year and so very thrilled that we were able to announce the signing of the agreement. We are scaling up to 100 million units of capacity per year, and they do want to tag their full 400 million and growing plus of reusable plastic containers. They also have to replace approximately 10 percent of those per year. So there's the ongoing opportunity to continue to support their full pool of plastic containers. So we aren't talking specifically about the pricing or specific gross margin, but it is a higher price point than our average price per product, which I think we've previously told around 15 cents. And it's also a lower price than we anticipate our standard BLE label, which we've publicly announced is going to be less than a dollar. So somewhere in that range. And obviously, gross margins, it is a true partnership with ISCO. They are investing CapEx along with us to scale up. They are committing to a certain volume. And so with that, we are, you know, the growth margin will be less than our target growth margin of 30%, but still a very, very great opportunity for us.

Jason Schmidt | Analyst, Lake Street:

Gotcha. That's helpful. And just to clarify, are you guys sole sourced here? How many potential suppliers are there?

Kirsten Newquist | CEO:

It's an exclusive agreement. So this is an exclusive agreement. We will be developing this product exclusively for them, and then we will be the exclusive supplier for them over the term of the agreement.

Jason Schmidt | Analyst, Lake Street:

Okay, perfect. And then just the last one from me, and I'll jump back into Q. When you think about your new opportunity pipeline, can you give us a rough sense of sort of how that breaks down by end market?

Kirsten Newquist | CEO:

Yeah, so kind of in our current pipeline, so the customer-driven opportunities that we have in our pipeline, it's roughly 25% of them are for healthcare. I would say another probably 25% for logistics, probably another 25% for food and beverage, and then the rest is a variety of applications.

Jason Schmidt | Analyst, Lake Street:

Gotcha. I appreciate that. Thanks a lot.

John | Operator:

You're welcome. The next question comes from Tony Stoss with Craig Hallam. Please proceed.

Tony Stoss | Analyst, Craig Hallum:

Hey, it's Ryan on for County Sauce. Thanks for taking my questions. Just following up on the last question about your pipeline, I think last quarter you said about two-thirds is at or above your 30% gross margin target. Any changes there? And if you could, what percentage of revenue in the December quarter were from these new opportunities?

Kirsten Newquist | CEO:

So anything that's in our NPD pipeline, those are being developed. So there would be nothing in our quarter four that is in our NPD pipeline. Those are new product development, they're in process. And I would still say that roughly two-thirds of the opportunities in the NPD pipeline would be in higher margin targets, because these are more specialized, highly engineered products that we're developing. They're not from our standard product portfolio. So, in order to accept them into the pipeline, we would want to see that margins would be slightly higher than average.

Tony Stoss | Analyst, Craig Hallum:

Okay. Got it. And then one more on the, uh, if code deal, you know, it was nice to see that by agreement come in. Um, you know, it said there was a, you know, a development phase that needed completion. I'm curious what kind of that looks like throughout the year. And if, you know, it seems like the plan is still the ramp towards the end of the year, towards the larger volumes.

Kirsten Newquist | CEO:

Yep. So we are still in product development. We are still making final design changes to it. We will continue to be producing in lower volumes throughout the year for pilots and testing and so on, but the significant ramp-up will be at the end of the year, quarter four.

Unknown Participant | Analyst:

Got it. Thank you.

John | Operator:

The next question comes from Rebecca Rosetzky with B. Reilly Securities. Please proceed.

Rebecca Rosetzky | Analyst, B. Riley Securities:

Hello, thank you for taking my question. I'm on for Craig Ellis. Could you provide some color on the relative contribution and the visibility of the gross margin drivers in 2026, whether that be the Singapore cost elimination, silent yield improvement, NPD, Nick Schiff, and the IFCORAMP?

Kirsten Newquist | CEO:

I'm sorry, so just trying to clarify the question. So are you asking just about our kind of gross margin expectations as we go into 2026?

Rebecca Rosetzky | Analyst, B. Riley Securities:

Yeah, like could you just like provide some kind of relative contribution of the gross margins either?

Ed Kernbauer | CFO:

So you're asking about, what we're expecting from a gross margin perspective as we move into 2026? Yes. Okay, thank you. Okay. Yeah, so as we mentioned earlier on the call, you know, we did finish the year at a non-GAAP 25.6% margin. But as we move into 2026, we do anticipate near-term variability as we start scaling for the EFCO project. And as well as we're onboarding a new customer in Q1. So in the near term, we're expecting some variability. But if we look at our current customer base, we're definitely seeing strength and improvement. And we expect expansion of the margin as we progress through 2026 with our current customer base.

Unknown Participant | Analyst:

Thank you. OK.

John | Operator:

Okay, I'd like to turn the floor back to Kirsten Newquist for our closing remarks.

Kirsten Newquist | CEO:

Okay, well, thank you. Thank you, everyone, for joining. We are pleased to share our fourth quarter results and summarize our full year 2025. So thank you for joining us today, and we'll talk to you next quarter.

John | Operator:

Thank you. This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.