Impinj Second-Quarter 2026 Earnings Conference Call
Wednesday, July 29, 2026
5:00 p.m. ET / 2:00 p.m. PT

Andy Cobb, Impinj VP Corporate Finance and IR

Thank you, Nick.

Good afternoon and thank you all for joining us to discuss Impinj's second-quarter 2026 results. On today's call, Chris Diorio, Impinj's co-founder and CEO, will provide a brief overview of our market opportunity and performance. Cary Baker, Impinj's CFO, will follow with a detailed review of our second-quarter financial results and third-quarter outlook. We will then open the call for questions. You can find management's prepared remarks, plus trended financial data, on the company's investor-relations website.

We will make statements in this call about financial performance and future expectations that are based on our outlook as of today. Any such statements are forward-looking under the Private Securities Litigation Reform Act of 1995. Whereas we believe we have a reasonable basis for making these forward-looking statements, our actual results could differ materially because any such statements are subject to risks and uncertainties. We describe these risks and uncertainties in the annual and quarterly reports we file with the SEC. We do not undertake, and expressly disclaim, any obligation to update or alter our forward-looking statements except as required by law.

On today's call, all financial metrics except for revenue, or where we explicitly state otherwise, are non-GAAP. All balance-sheet and cash-flow metrics except for free cash flow are GAAP. Please refer to our earnings release for a reconciliation of non-GAAP financial metrics to the most comparable GAAP metrics.

Before turning to our results and outlook, note that we will participate in the 2026 Jefferies Semiconductor, IT Hardware and Communications Technology Conference on August 25th in Chicago and the Piper Sandler Growth Frontiers Conference on September 15th in Nashville. We look forward to connecting with many of you this quarter.

I will now turn the call over to Chris.

Chris Diorio, Impinj Co-Founder and Chief Executive Officer

Thank you, Andy. And thank you all for joining the call.

Our second-quarter results were strong, with revenue, adjusted EBITDA and earnings-per-share setting new quarterly records. For the second consecutive quarter, endpoint IC bookings also hit an all-time high, driven by strong demand across retail apparel, general merchandise and supply chain and logistics. Looking to the third quarter, we see accelerating demand and strong product revenue growth.

Starting with silicon, second-quarter endpoint IC product revenue exceeded our expectations, with unit volumes setting a new quarterly record. In supply chain and logistics, the custom ASIC ramp at our second large North American supply chain and logistics end user is ahead of schedule, with our inlay partners rapidly filling their supply chain and full conversion expected in the third quarter. In retail apparel and general merchandise, stronger-than-expected demand drove outsized revenue even as channel inventory declined. We believe market expansion, retailer pull-ins before temporary tariffs expired last week and consumer resilience drove the demand strength. Looking forward, strong bookings suggest continued market expansion and demand on top of our inlay partners rebuilding their IC inventory back to normal levels. Reader IC revenue also beat our expectations, driven by strong enterprise demand. Looking to third quarter, we expect reader ICs to be our fastest growing product line. For both endpoint and reader ICs, we have sufficient wafers to support the demand with strong support from our foundry partner.

Turning to food, a few weeks ago another large US grocer publicly cited their ongoing bakery pilot, using RAIN to track in-store inventory and product expiration dates. Three of the five largest US grocers have now announced pilots or deployments across bakery, deli or meats. I'll take a moment to give some color on the food opportunity. We are currently supporting four distinct types of food programs. First, store replenishment, led by quick-serve restaurants and focused on availability and freshness. Second, in-store inventory, led by supermarkets and focused on stocking and product expiration. Third, loss identification, also led by supermarkets and focused on flagging unscanned items at point of sale. And fourth, automated self-checkout, led by the large, vertically integrated European grocer we have discussed previously. A few enterprises in the first and second categories have progressed to chainwide rollouts, consuming a modest number of endpoint ICs relative to current RAIN industry volumes but still small relative to the total opportunity. The third and fourth categories are still in proof-of-concept, with encouraging results to date. Notably, the opportunity breadth and sheer number of large, engaged enterprises, so early in the market cycle, is far larger and faster than anything I've seen in our industry's history.

With all the excitement around food, I need to encourage you not to lose sight of the opportunities in the supply chain and logistics and general merchandise markets. The former is poised to expand from shipments to eCommerce and third-party logistics. The latter continues its inexorable growth and expansion, with many large categories, such as OTC pharmaceuticals, cosmetics and health and beauty not yet deployed. Given their head start, both markets today are consuming significantly more endpoint ICs than food. Also, both offer significant solutions opportunities for us.

Touching on those solutions, despite only modest second-quarter reader and gateway shipments to our lighthouse enterprises, our solutions engagements with those enterprises continue advancing. We are focused on two enterprise pain points, replenishment and point-of-sale, using our endpoint and reader ICs, readers, gateways and software to provide real-time event data around supply-chain transitions and at front of store. And we are engaging partners to sell and deploy those solutions. We believe the event data our solutions deliver, for example a 100% certain event that a store received an item, will dramatically improve AI models that analyze and automate enterprise operations.

We are incredibly well positioned to lead and win in solutions, using machine learning to find moving items and confine read zones, Gen2X to improve item readability, label production systems to ensure label quality and reliability, custom ASICs as needed, and solutions engineering and sales to truly deliver the use case. Although we are still in the early days of solutions delivery, my focus is expanding our company from being primarily a component seller to also being a solution provider. I am confident we can do so, and given our solutions demand, I have never been more excited about our future than I am today.

In closing, this month marks our 10-year anniversary as a public company. And our timing couldn't be better. Our market opportunity is expanding rapidly, with the growth rate in supply chain and logistics, general merchandise and food outpacing retail apparel, which is in mainstream adoption. We delivered a quarter with record revenue, adjusted EBITDA, earnings-per-share and endpoint IC volumes and look to another strong quarter ahead. And we have a stellar team, energized by the opportunities in front of us and driving forward with pace and conviction.

As always, before I turn the call over to Cary for our financial review and third-quarter outlook, I'd like to thank every member of the Impinj team for your tireless effort. I feel honored by my incredible good fortune to work with you. Cary.

Cary Baker, Impinj Chief Financial Officer

Thank you Chris, and good afternoon everyone.

Second-quarter revenue was a record $108.4 million, up 46% sequentially from $74.3 million in first-quarter 2026 and up 11% year-over-year from $97.9 million in second-quarter 2025.

Second-quarter endpoint IC revenue was a record $96.4 million, up 53% sequentially from $63.2 million in first-quarter 2026 and up 14% year-over-year from $84.6 million in second-quarter 2025. Excluding licensing revenue, endpoint IC product revenue grew 26% sequentially and 16% year-over-year, significantly exceeding our expectations. Looking forward, we expect third-quarter endpoint IC product revenue to increase sequentially, above the high end of typical seasonal growth.

Second-quarter systems revenue was $12.0 million, up 8% sequentially from $11.0 million in first-quarter 2026 and down 10% year-over-year from $13.3 million in second-quarter 2025. Systems revenue met expectations, with reader IC strength offsetting label production systems weakness. Looking forward, we expect a strong sequential third-quarter systems revenue increase.

Second-quarter gross margin was a record 60.9%, compared with 52.4% in first-quarter 2026 and 60.4% in second-quarter 2025. The sequential increase was driven primarily by licensing revenue. The year-over-year increase was driven primarily by endpoint IC product mix, specifically a richer mix of M800, partially offset by lower systems revenue mix. Excluding licensing revenue, second-quarter product gross margin was 53.6%, compared with 52.6% in second-quarter 2025. Looking forward, we expect third-quarter product gross margin to increase sequentially.

Total second-quarter operating expense was $35.3 million, compared with $35.5 million in first-quarter 2026 and $31.5 million in second-quarter 2025. Operating expense met expectations. Research and development expense was $20.2 million. Sales and marketing expense was $7.1 million. General and administrative expense was $8.1 million. Looking to third quarter, we expect third-quarter operating expense to increase sequentially.

Second-quarter adjusted EBITDA was a record $30.7 million, compared with $3.4 million in first-quarter 2026 and $27.6 million in second-quarter 2025. Second-quarter adjusted EBITDA margin was a record 28.3%. Excluding licensing revenue, adjusted EBITDA margin was 15.0%.

Second-quarter GAAP net income was $12.2 million. Second-quarter non-GAAP net income was a record $27.0 million, or 86¢ per share on a fully diluted basis.

Turning to the balance sheet, we ended the second quarter with cash, cash equivalents and investments of $263.7 million, compared with $235.2 million in first-quarter 2026 and $260.5 million in second-quarter 2025. Inventory totaled $91.5 million, up $5.2 million from the prior quarter.

Second-quarter capital expenditures totaled $2.4 million. Free cash flow was $29.2 million.

Turning to our outlook, we expect third-quarter revenue between $105.5 and $108.5 million, compared with $91.4 million product revenue in second-quarter 2026, a quarter-over-quarter increase of 17% at the midpoint. We expect adjusted EBITDA between $20.7 and $22.2 million. On the bottom line, we expect non-GAAP net income between $18.5 and $20.0 million, reflecting non-GAAP fully diluted earnings-per-share between 59¢ and 63¢.

In closing, I want to thank the Impinj team, our customers, our suppliers and you, our investors, especially those of you still holding IPO shares today, at our 10-year listing anniversary, for your ongoing support. I will now turn the call to the operator to open the question-and-answer session. Nick.