

Impinj Third-Quarter 2026 Earnings Conference Call
Wednesday, October 28, 2026
5:00 p.m. ET / 2:00 p.m. PT

Andy Cobb, Impinj VP Corporate Finance and IR

Thank you, Jaime.

Good afternoon and thank you all for joining us to discuss Impinj's third-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 third-quarter financial results and fourth-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 BMO Technology and Innovation Leaders Conference on November 12th in New York, the 30th Annual UBS Global Technology and AI Conference on December 2nd in Scottsdale, the Barclays 24th Annual Global Technology Conference on December 9th in San Francisco and the 29th Annual Needham Growth Conference on January 13th in New York. We look forward to connecting with many of you at these events.

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 third-quarter results were strong, with endpoint IC revenue and unit volumes, as well as total revenue, all setting new quarterly records. M800's market strength, resilient retail demand, growth at our lighthouse accounts and Gen2X momentum all contributed to the record results. Looking forward, we see those trends continuing.

Starting with silicon, M800 demand, the custom ASIC conversion at our supply chain and logistics end user and strength at our visionary European retailer anchored our strong unit-volume growth. We met but were unable to get ahead of market need, despite us ramping our backend wafer post-processing throughput as quickly as we could. We will continue ramping our backend at an elevated pace for at least the next two quarters to meet the growing demand. With strong support from our wafer foundry partner, we remain confident in our ability to deliver. Reader IC revenue also beat our expectations and was our fastest growing product line, driven by enterprise pull for partner readers. Looking to the fourth quarter, we anticipate strong year-over-year unit-volume and revenue growth for both endpoint and reader ICs, including returning specialty endpoint IC revenue.

Turning to solutions, today's revenue still derives primarily from hardware sales. Our software is in beta at our lighthouse accounts and not yet generating meaningful revenue. That said, the enterprise need for our software is acute, with very tight end-user-driven delivery schedules, confirming our conviction in the long-term software opportunity. Third-quarter reader and gateway revenue was strong, led by sales into those lighthouse accounts. We expect those accounts to burn down reader and gateway stock in the fourth quarter, so despite us having a strong pipeline, fourth-quarter deliveries will not see the typical seasonal step up. Looking into 2027, we expect that timing to reverse. Even as we invest in and drive solutions in and beyond our lighthouse accounts, I encourage you to not lose sight of the fact that our solutions efforts at those accounts generate sustained sales across our entire platform, today contributing more than 20% of our total revenue.

Turning to food, as we highlighted last quarter, there are four distinct types of food programs. Store replenishment, in-store inventory, loss identification and automated self-checkout. The third quarter added a large new logo in replenishment and another in inventory. We are closely engaged with the former, on operational improvements to reduce out-of-stocks and food spoilage. Although it is still early days, we expect the solution to require our entire platform. And for those of you who may have missed Kroger's recent investor day, their bakery pilot delivered nearly 70% faster inventory counts, 50% lower waste, approximately 200 basis points of sales lift and nearly 50 basis points of share gains in the category. With trusted item-level data, in our parlance Physical Intelligence, Kroger is creating a better store routine with lower waste, higher availability and more sales.

We launched Physical Intelligence in September, spotlighting how our platform provides real, trusted item data to enterprise AI systems. Physical Intelligence tells enterprises what items they have and when and where the items are moving, enabling the enterprises to take action and, by learning from those actions, improve their business outcomes. Building on that launch, I'm thrilled to announce that Aileen Ryan, the outgoing president of the RAIN Alliance, will join us on December 1st as Chief Commercial Officer. In her four years leading the Alliance, Aileen built deep ecosystem and enterprise connections that will serve us well. She also brings 20 plus years of engineering and leadership experience at technology companies. Aileen will lead lighthouse-account success as well as our solutions go-to-market, including partnerships and whole-solutions delivery. She will partner closely with Gahan Richardson, now EVP of product management, and Carl Brasek, our SVP who leads go-to-market for our endpoint and reader ICs, readers, gateways and solution engines.

In closing, our strong market and product leadership, solutions focus and enterprise engagements continue driving record results. Our secular growth opportunity in retail, supply chain and logistics, food and a long tail of other applications continues expanding. Our solutions pipeline also continues growing, with exciting, emerging opportunities in food. As we continue driving our bold vision, I remain confident in our market position and energized by the opportunities ahead.

As always, before I turn the call over to Cary for our financial review and fourth-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.

Third-quarter revenue was a record \$112.1 million, up 3% sequentially from \$108.4 million in second-quarter 2026 and up 17% year-over-year from \$96.1 million in third-quarter 2025. Notably, this quarter's revenue exceeded last quarter's record, and did so without the benefit of licensing revenue.

Third-quarter endpoint IC revenue was a record \$97.3 million, up 1% sequentially from \$96.4 million in second-quarter 2026 and up 24% year-over-year from \$78.8 million in third-quarter 2025. Excluding the \$17 million second-quarter licensing revenue, endpoint IC product revenue grew 23% sequentially, exceeding our expectations. Looking forward, we expect a modest sequential decline in fourth-quarter endpoint IC revenue, yet on the favorable side of typical seasonality.

Third-quarter systems revenue was \$14.8 million, up 23% sequentially from \$12.0 million in second-quarter 2026 and down 15% year-over-year from \$17.3 million in third-quarter 2025. Systems revenue exceeded expectations, with strength across all product lines. Looking forward, we expect fourth-quarter systems revenue to decline sequentially, for the reasons Chris cited.

Third-quarter gross margin was 54.9%, compared with 60.9% in second-quarter 2026 and 53.0% in third-quarter 2025. The sequential decline was driven primarily by licensing revenue. The year-over-year increase was driven primarily by endpoint IC product mix, specifically a higher contribution from M800. Excluding the licensing revenue, third-quarter product gross margin increased 130 basis points sequentially, driven primarily by M800. Looking forward, we expect fourth-quarter gross margin to again increase sequentially, driven primarily by specialty ICs and M800.

Total third-quarter operating expense was \$37.0 million, compared with \$35.3 million in second-quarter 2026 and \$31.8 million in third-quarter 2025. Operating expense met expectations. Research and development expense was \$21.5 million. Sales and marketing expense was \$7.6 million. General and administrative expense was \$7.9 million. Looking to the fourth quarter, we expect operating expense to increase sequentially.

Third-quarter adjusted EBITDA was \$24.5 million, compared with \$30.7 million in second-quarter 2026 and \$19.1 million in third-quarter 2025. Third-quarter adjusted EBITDA margin was 21.9%, well within the long-term range we provided at our 2023 investor day.

Third-quarter GAAP net income was \$4.7 million. Third-quarter non-GAAP net income was \$22.1 million, or 69¢ per share on a fully diluted basis.

Turning to the balance sheet, we ended the third quarter with cash, cash equivalents and investments of \$228.3 million, compared with \$263.7 million in second-quarter 2026 and \$265.1 million in third-quarter 2025. Inventory totaled \$83.4 million, down \$8.1 million from the prior quarter.

Third-quarter capital expenditures totaled \$5.0 million. Free cash flow was \$20.6 million.

Before turning to our guidance, I want to highlight a few items specific to our results and outlook.

First, in September, when our 1.125% convertible notes, due May 2027, became callable, we opportunistically repurchased \$56.3 million aggregate principal using a mix of cash and shares. This repurchase highlights our ongoing commitment to minimize dilution, in this case by roughly 300 thousand shares, as we reduce our convertible debt.

Second, we elected cash settlement for our capped call that matures in fourth-quarter 2026, increasing our flexibility to opportunistically manage our remaining convertible debt. We now include the value of that asset, roughly \$49 million, on our third-quarter balance sheet as a current asset.

Third, as Chris highlighted, our growing endpoint IC demand requires additional backend investment, specifically focused on throughput, site diversification and capacity. We expect capital expenditures to step up in first-quarter 2027, with overall 2027 capital intensity back in-line with our long-term model after lower spend in 2025 and 2026.

Finally, after a multi-year drought, we anticipate modest specialty endpoint IC revenue in the fourth quarter and into 2027. That revenue is gross margin accretive.

Turning to our outlook, we expect fourth-quarter revenue between \$104.0 and \$107.0 million, compared with revenue of \$92.8 million in fourth-quarter 2025, a year-over-year increase of 14% at the midpoint. We expect adjusted EBITDA between \$19.2 and \$20.7 million. On the bottom line, we expect non-GAAP net income between \$17.6 and \$19.1 million, reflecting non-GAAP fully diluted earnings-per-share between 55¢ and 60¢.

In closing, I want to thank the Impinj team, our customers, our suppliers and you, our investors, for your ongoing support. I will now turn the call to the operator to open the question-and-answer session. Jaime.