

IMPINJ, INC.

Non-GAAP Financial Measures

To supplement our consolidated financial statements prepared and presented in accordance with U.S. generally accepted accounting principles, or GAAP, we use non-GAAP financial measures by financial statement line items that exclude the effects of stock-based compensation, depreciation expenses, and other non-recurring expenses such as restructuring and investigation costs. Our non-GAAP liquidity and performance metrics include adjusted EBITDA and non-GAAP net income (loss), as defined below. We use these non-GAAP financial measures and metrics for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain income and expenses that are not considered to be indicative of our ongoing core business operating results. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and liquidity. Our presentation of these non-GAAP financial measures and metrics are not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

We define adjusted EBITDA as net income (loss) determined in accordance with GAAP, excluding the effects of stock-based compensation, depreciation, restructuring costs, investigation costs, other income (expense), net, interest expense and income tax expense. We believe that adjusted EBITDA provides meaningful supplemental information regarding our performance and liquidity.

We define non-GAAP net income (loss) to consist of net income (loss) determined in accordance with GAAP, excluding the effects of stock-based compensation, depreciation, restructuring costs, investigation costs, amortization of debt issuance costs and non-cash income tax expense. We exclude the non-cash portion of income taxes because of our ability to offset a substantial portion of future income tax liabilities by utilizing our deferred tax assets, which primarily consist of federal net operating loss carryforwards and federal research and experimentation credit carryforwards.

For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables captioned "Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures" included at the end of this release.

IMPINJ, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value, unaudited)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| Assets: | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 33,636 | \$ 7,307 | \$ 14,832 | \$ 17,558 | \$ 19,285 | \$ 28,000 | \$ 15,500 | \$ 17,593 |
| Short-term investments | 66,905 | 76,235 | 59,684 | 44,916 | 38,831 | 29,873 | 37,307 | 37,069 |
| Accounts receivable, net | 17,447 | 21,052 | 25,514 | 25,610 | 22,244 | 17,023 | 20,016 | 19,588 |
| Inventory | 27,734 | 39,189 | 43,419 | 45,817 | 47,083 | 54,706 | 53,278 | 49,195 |
| Prepaid expenses and other current assets | 3,004 | 2,475 | 2,294 | 2,585 | 2,359 | 1,846 | 1,533 | 2,020 |
| Total current assets | 148,726 | 146,258 | 145,743 | 136,486 | 129,802 | 131,448 | 127,634 | 125,465 |
| Property and equipment, net | 14,929 | 16,987 | 17,888 | 17,715 | 18,110 | 17,507 | 16,918 | 20,552 |
| Other non-current assets | — | — | — | 171 | 241 | 208 | 214 | 202 |
| Goodwill | 3,881 | 3,881 | 3,881 | 3,881 | 3,881 | 3,881 | 3,881 | 3,881 |
| Total assets | \$ 167,536 | \$ 167,126 | \$ 167,512 | \$ 158,253 | \$ 152,034 | \$ 153,044 | \$ 148,647 | \$ 150,100 |
| Liabilities, redeemable convertible preferred stock and stockholders' deficit: | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ 7,166 | \$ 7,372 | \$ 5,920 | \$ 2,843 | \$ 4,666 | \$ 4,499 | \$ 5,299 | \$ 3,441 |
| Accrued compensation and employee related benefits | 7,647 | 4,195 | 5,678 | 3,770 | 5,729 | 4,444 | 5,992 | 4,903 |
| Accrued liabilities | 6,098 | 7,061 | 6,927 | 5,227 | 3,162 | 3,374 | 3,140 | 7,514 |
| Accrued restructuring costs | — | — | — | — | — | 2,352 | 1,590 | 1,038 |
| Current portion of long-term debt | 2,589 | 3,479 | 4,078 | 4,083 | 4,088 | — | 1,593 | 4,261 |
| Current portion of capital lease obligations | 1,130 | 1,105 | 1,073 | 1,017 | 936 | 814 | 703 | 593 |
| Current portion of deferred rent | 306 | 295 | 316 | 536 | 628 | 363 | 374 | 385 |
| Current portion of deferred revenue | 445 | 590 | 587 | 756 | 714 | 586 | 509 | 719 |
| Total current liabilities | 25,381 | 24,097 | 24,579 | 18,232 | 19,923 | 16,432 | 19,200 | 22,854 |
| Long-term debt, net of current portion | 9,676 | 8,650 | 7,547 | 6,524 | 5,500 | 19,841 | 18,266 | 19,533 |
| Capital lease obligations, net of current portion | 1,698 | 1,443 | 1,198 | 964 | 745 | 625 | 495 | 371 |
| Long-term liabilities — other | 770 | 792 | 814 | 836 | 532 | 548 | 560 | 738 |
| Long-term restructuring liabilities | — | — | — | — | — | 1,286 | 685 | 538 |
| Deferred rent, net of current portion | 5,022 | 5,958 | 5,869 | 5,769 | 5,891 | 5,596 | 5,495 | 5,395 |
| Deferred revenue, net of current portion | 966 | 960 | 1,020 | 485 | 501 | 156 | 219 | 208 |
| Total liabilities | 43,513 | 41,900 | 41,027 | 32,810 | 33,092 | 44,484 | 44,920 | 49,637 |
| Commitment and contingencies | | | | | | | | |
| Stockholders' equity (deficit): | | | | | | | | |
| Common stock, \$0.001 par value | 20 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Additional paid in capital | 311,216 | 314,614 | 316,854 | 320,630 | 323,482 | 327,562 | 330,441 | 334,228 |
| Accumulated other comprehensive loss | (10) | (46) | (50) | (17) | (36) | (56) | (36) | (17) |
| Accumulated deficit | (187,203) | (189,363) | (190,340) | (195,191) | (204,525) | (218,967) | (226,699) | (233,769) |
| Total stockholders' equity (deficit) | 124,023 | 125,226 | 126,485 | 125,443 | 118,942 | 108,560 | 103,727 | 100,463 |
| Total liabilities and stockholders' equity (deficit) | \$ 167,536 | \$ 167,126 | \$ 167,512 | \$ 158,253 | \$ 152,034 | \$ 153,044 | \$ 148,647 | \$ 150,100 |

IMPINJ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data, unaudited)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| GAAP Statements of Operations Data: | | | | | | | | |
| Revenue | \$ 33,655 | \$ 31,727 | \$ 34,111 | \$ 32,599 | \$ 26,863 | \$ 25,068 | \$ 28,542 | \$ 34,405 |
| <i>Percentage change in revenue from prior year quarter</i> | <i>48.7%</i> | <i>46.7%</i> | <i>31.3%</i> | <i>5.1%</i> | <i>(20.2%)</i> | <i>(21.0%)</i> | <i>(16.3%)</i> | <i>5.5%</i> |
| Cost of revenue | 15,267 | 14,959 | 15,940 | 15,606 | 13,854 | 13,306 | 14,882 | 17,857 |
| Gross profit | 18,388 | 16,768 | 18,171 | 16,993 | 13,009 | 11,762 | 13,660 | 16,548 |
| Operating expenses: | | | | | | | | |
| Research and development | 7,403 | 7,343 | 7,119 | 8,846 | 8,912 | 8,003 | 8,363 | 8,804 |
| Sales and marketing | 6,428 | 7,336 | 7,044 | 8,107 | 9,092 | 8,859 | 8,023 | 7,864 |
| General and administrative | 4,212 | 4,087 | 4,822 | 4,723 | 4,529 | 5,225 | 5,061 | 6,695 |
| Restructuring costs | — | — | — | — | — | 3,927 | (178) | — |
| Total operating expenses | 18,043 | 18,766 | 18,985 | 21,676 | 22,533 | 26,014 | 21,269 | 23,363 |
| Income (loss) from operations | 345 | (1,998) | (814) | (4,683) | (9,524) | (14,252) | (7,609) | (6,815) |
| Other income (expense), net | 139 | 269 | 189 | 105 | (55) | 90 | 267 | 204 |
| Interest expense | (311) | (374) | (307) | (223) | (4) | (229) | (351) | (390) |
| Income (loss) before tax expense | 173 | (2,103) | (932) | (4,801) | (9,583) | (14,391) | (7,693) | (7,001) |
| Income tax benefit (expense) | (70) | (57) | (45) | (50) | 249 | (51) | (39) | (69) |
| Net income (loss) | \$ 103 | \$ (2,160) | \$ (977) | \$ (4,851) | \$ (9,334) | \$ (14,442) | \$ (7,732) | \$ (7,070) |
| Net income (loss) per share: | | | | | | | | |
| Basic | \$ 0.01 | \$ (0.11) | \$ (0.05) | \$ (0.23) | \$ (0.45) | \$ (0.68) | \$ (0.36) | \$ (0.33) |
| Diluted | \$ 0.01 | \$ (0.11) | \$ (0.05) | \$ (0.23) | \$ (0.45) | \$ (0.68) | \$ (0.36) | \$ (0.33) |
| Weighted-average shares: | | | | | | | | |
| Basic | 19,078 | 20,344 | 20,636 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| Diluted | 20,667 | 20,344 | 20,636 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| Percentage of Revenue: | | | | | | | | |
| Revenue | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of revenue | 45.4 | 47.1 | 46.7 | 47.9 | 51.6 | 53.1 | 52.1 | 51.9 |
| Gross profit | 54.6 | 52.9 | 53.3 | 52.1 | 48.4 | 46.9 | 47.9 | 48.1 |
| Operating expenses: | | | | | | | | |
| Research and development | 22.0 | 23.1 | 20.9 | 27.1 | 33.2 | 31.9 | 29.3 | 25.6 |
| Sales and marketing | 19.1 | 23.1 | 20.7 | 24.9 | 33.8 | 35.3 | 28.1 | 22.9 |
| General and administrative | 12.5 | 12.9 | 14.1 | 14.5 | 16.9 | 20.8 | 17.7 | 19.5 |
| Restructuring costs | — | — | — | — | — | 15.7 | (0.6) | — |
| Total operating expenses | 53.6 | 59.1 | 55.7 | 66.5 | 83.9 | 103.8 | 74.5 | 67.9 |
| Income (loss) from operations | 1.0 | (6.3) | (2.4) | (14.4) | (35.5) | (56.9) | (26.7) | (19.8) |
| Other income (expense), net | 0.4 | 0.8 | 0.6 | 0.3 | (0.2) | 0.4 | 0.9 | 0.6 |
| Interest expense | (0.9) | (1.2) | (0.9) | (0.7) | (0.0) | (0.9) | (1.2) | (1.1) |
| Income (loss) before tax expense | 0.5 | (6.6) | (2.7) | (14.7) | (35.7) | (57.4) | (27.0) | (20.3) |
| Income tax benefit (expense) | (0.2) | (0.2) | (0.1) | (0.2) | 0.9 | (0.2) | (0.1) | (0.2) |
| Net income (loss) | 0.3% | (6.8)% | (2.9)% | (14.9)% | (34.7)% | (57.6)% | (27.1)% | (20.5)% |

IMPINJ, INC.
REVENUE BY TYPE
(in thousands, except percentages)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|-------------------------------|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| Revenue: | | | | | | | | |
| Endpoint ICs | 26,294 | 23,767 | 26,429 | 24,007 | 17,495 | 19,409 | 20,022 | 23,711 |
| Systems ⁽¹⁾ | 7,361 | 7,960 | 7,682 | 8,592 | 9,368 | 5,659 | 8,520 | 10,694 |
| Total revenue | \$ 33,655 | \$ 31,727 | \$ 34,111 | \$ 32,599 | \$ 26,863 | \$ 25,068 | \$ 28,542 | \$ 34,405 |
| Percentage of Revenue: | | | | | | | | |
| Endpoint ICs | 78% | 75% | 77% | 74% | 65% | 77% | 70% | 69% |
| Systems ⁽¹⁾ | 22 | 25 | 23 | 26 | 35 | 23 | 30 | 31 |
| Total revenue | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

⁽¹⁾ Systems revenue includes sales of our reader ICs and modules, readers, gateways and software.

IMPINJ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data, unaudited)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| Non-GAAP Statements of Operations Data: | | | | | | | | |
| Revenue | \$ 33,655 | \$ 31,727 | \$ 34,111 | \$ 32,599 | \$ 26,863 | \$ 25,068 | \$ 28,542 | \$ 34,405 |
| Cost of revenue | 14,929 | 14,528 | 15,465 | 15,094 | 13,303 | 12,723 | 14,281 | 17,216 |
| Gross profit | 18,726 | 17,199 | 18,646 | 17,505 | 13,560 | 12,345 | 14,261 | 17,189 |
| Operating expenses: | | | | | | | | |
| Research and development | 6,551 | 6,554 | 6,393 | 7,851 | 7,662 | 6,859 | 7,139 | 7,362 |
| Sales and marketing | 5,785 | 6,610 | 6,346 | 7,058 | 7,929 | 7,973 | 6,961 | 6,547 |
| General and administrative | 3,971 | 3,789 | 4,495 | 4,118 | 3,746 | 4,653 | 4,197 | 4,175 |
| Total operating expenses | 16,307 | 16,953 | 17,234 | 19,027 | 19,337 | 19,485 | 18,297 | 18,084 |
| Income (loss) from operations / Adjusted EBITDA | 2,419 | 246 | 1,412 | (1,522) | (5,777) | (7,140) | (4,036) | (895) |
| Other income (expense), net | 139 | 269 | 189 | 105 | (55) | 90 | 267 | 204 |
| Interest expense | (292) | (351) | (282) | (199) | 19 | (208) | (333) | (372) |
| Income (loss) before tax expense | 2,266 | 164 | 1,319 | (1,616) | (5,813) | (7,258) | (4,102) | (1,063) |
| Income tax benefit (expense) | (47) | (35) | (22) | (29) | (48) | (35) | (27) | (57) |
| Net income (loss) | \$ 2,219 | \$ 129 | \$ 1,297 | \$ (1,645) | \$ (5,861) | \$ (7,293) | \$ (4,129) | \$ (1,120) |
| Net income (loss) per share: | | | | | | | | |
| Basic | \$ 0.12 | \$ 0.01 | \$ 0.06 | \$ (0.08) | \$ (0.28) | \$ (0.35) | \$ (0.19) | \$ (0.05) |
| Diluted | \$ 0.11 | \$ 0.01 | \$ 0.06 | \$ (0.08) | \$ (0.28) | \$ (0.35) | \$ (0.19) | \$ (0.05) |
| Weighted-average shares: | | | | | | | | |
| Basic | 19,078 | 20,344 | 20,636 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| Diluted | 20,667 | 21,688 | 21,914 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| Percentage of Revenue: | | | | | | | | |
| Revenue | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of revenue | 44.4 | 45.8 | 45.3 | 46.3 | 49.5 | 50.8 | 50.0 | 50.0 |
| Gross profit | 55.6 | 54.2 | 54.7 | 53.7 | 50.5 | 49.2 | 50.0 | 50.0 |
| Operating expenses: | | | | | | | | |
| Research and development | 19.5 | 20.7 | 18.7 | 24.1 | 28.5 | 27.4 | 25.0 | 21.4 |
| Sales and marketing | 17.2 | 20.8 | 18.6 | 21.7 | 29.5 | 31.8 | 24.4 | 19.0 |
| General and administrative | 11.8 | 11.9 | 13.2 | 12.6 | 13.9 | 18.6 | 14.7 | 12.1 |
| Total operating expenses | 48.5 | 53.4 | 50.5 | 58.4 | 72.0 | 77.7 | 64.1 | 52.6 |
| Income (loss) from operations | 7.2 | 0.8 | 4.1 | (4.7) | (21.5) | (28.5) | (14.1) | (2.6) |
| Other income (expense), net | 0.4 | 0.8 | 0.6 | 0.3 | (0.2) | 0.4 | 0.9 | 0.6 |
| Interest expense | (0.9) | (1.1) | (0.8) | (0.6) | 0.1 | (0.8) | (1.2) | (1.1) |
| Income (loss) before tax expense | 6.7 | 0.5 | 3.9 | (5.0) | (21.6) | (29.0) | (14.4) | (3.1) |
| Income tax benefit (expense) | (0.1) | (0.1) | (0.1) | (0.1) | (0.2) | (0.1) | (0.1) | (0.2) |
| Net income (loss) | 6.6% | 0.4% | 3.8% | (5.0)% | (21.8)% | (29.1)% | (14.5)% | (3.3)% |

IMPINJ, INC.
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES
(in thousands, unaudited)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| GAAP Gross profit | \$ 18,388 | \$ 16,768 | \$ 18,171 | \$ 16,993 | \$ 13,009 | \$ 11,762 | \$ 13,660 | \$ 16,548 |
| Adjustments: | | | | | | | | |
| Depreciation | 281 | 385 | 438 | 450 | 465 | 500 | 503 | 497 |
| Stock-based compensation | 57 | 46 | 37 | 62 | 86 | 83 | 98 | 144 |
| Non-GAAP Gross profit | \$ 18,726 | \$ 17,199 | \$ 18,646 | \$ 17,505 | \$ 13,560 | \$ 12,345 | \$ 14,261 | \$ 17,189 |
| GAAP Gross margin | 54.6% | 52.9% | 53.3% | 52.1% | 48.4% | 46.9% | 47.9% | 48.1% |
| Adjustments: | | | | | | | | |
| Depreciation | 0.8% | 1.2% | 1.3% | 1.4% | 1.7% | 2.0% | 1.8% | 1.4% |
| Stock-based compensation | 0.2% | 0.1% | 0.1% | 0.2% | 0.3% | 0.3% | 0.3% | 0.4% |
| Non-GAAP Gross margin | 55.6% | 54.2% | 54.7% | 53.7% | 50.5% | 49.2% | 50.0% | 50.0% |
| GAAP Research and development expense | \$ 7,403 | \$ 7,343 | \$ 7,119 | \$ 8,846 | \$ 8,912 | \$ 8,003 | \$ 8,363 | \$ 8,804 |
| Adjustments: | | | | | | | | |
| Depreciation | (285) | (306) | (311) | (343) | (369) | (385) | (402) | (403) |
| Stock-based compensation | (567) | (483) | (415) | (652) | (881) | (759) | (822) | (1,039) |
| Non-GAAP Research and development expense | \$ 6,551 | \$ 6,554 | \$ 6,393 | \$ 7,851 | \$ 7,662 | \$ 6,859 | \$ 7,139 | \$ 7,362 |
| GAAP Sales and marketing expense | \$ 6,428 | \$ 7,336 | \$ 7,044 | \$ 8,107 | \$ 9,092 | \$ 8,859 | \$ 8,023 | \$ 7,864 |
| Adjustments: | | | | | | | | |
| Depreciation | (108) | (119) | (126) | (128) | (150) | (129) | (131) | (129) |
| Stock-based compensation | (535) | (607) | (572) | (921) | (1,013) | (757) | (931) | (1,188) |
| Non-GAAP Sales and marketing expense | \$ 5,785 | \$ 6,610 | \$ 6,346 | \$ 7,058 | \$ 7,929 | \$ 7,973 | \$ 6,961 | \$ 6,547 |
| GAAP General and administrative expense | \$ 4,212 | \$ 4,087 | \$ 4,822 | \$ 4,723 | \$ 4,529 | \$ 5,225 | \$ 5,061 | \$ 6,695 |
| Adjustments: | | | | | | | | |
| Depreciation | (52) | (64) | (98) | (100) | (98) | (106) | (102) | (107) |
| Stock-based compensation | (189) | (234) | (229) | (505) | (685) | (466) | (762) | (964) |
| Investigation costs | — | — | — | — | — | — | — | (1,449) |
| Non-GAAP General and administrative expense | \$ 3,971 | \$ 3,789 | \$ 4,495 | \$ 4,118 | \$ 3,746 | \$ 4,653 | \$ 4,197 | \$ 4,175 |
| GAAP Total operating expense | \$ 18,043 | \$ 18,766 | \$ 18,985 | \$ 21,676 | \$ 22,533 | \$ 26,014 | \$ 21,269 | \$ 23,363 |
| Adjustments: | | | | | | | | |
| Depreciation | (445) | (489) | (535) | (571) | (617) | (620) | (635) | (639) |
| Stock-based compensation | (1,291) | (1,324) | (1,216) | (2,078) | (2,579) | (1,982) | (2,515) | (3,191) |
| Restructuring costs | — | — | — | — | — | (3,927) | 178 | — |
| Investigation costs | — | — | — | — | — | — | — | (1,449) |
| Non-GAAP Total operating expense | \$ 16,307 | \$ 16,953 | \$ 17,234 | \$ 19,027 | \$ 19,337 | \$ 19,485 | \$ 18,297 | \$ 18,084 |

IMPINJ, INC.
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES
(in thousands, except per share data, unaudited)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| GAAP Interest income (expense), net | \$ (311) | \$ (374) | \$ (307) | \$ (223) | \$ (4) | \$ (229) | \$ (351) | \$ (390) |
| Adjustments: | | | | | | | | |
| Amortization of debt issuance costs | 19 | 23 | 25 | 24 | 23 | 21 | 18 | 18 |
| Non-GAAP Interest income (expense), net | \$ (292) | \$ (351) | \$ (282) | \$ (199) | \$ 19 | \$ (208) | \$ (333) | \$ (372) |
| GAAP Income tax benefit (expense) | \$ (70) | \$ (57) | \$ (45) | \$ (50) | \$ 249 | \$ (51) | \$ (39) | \$ (69) |
| Adjustments: | | | | | | | | |
| Non-cash income tax (benefit) expense | 23 | 22 | 23 | 21 | (297) | 16 | 12 | 12 |
| Non-GAAP Income tax benefit (expense) | \$ (47) | \$ (35) | \$ (22) | \$ (29) | \$ (48) | \$ (35) | \$ (27) | \$ (57) |
| GAAP Net income (loss) | \$ 103 | \$ (2,160) | \$ (977) | \$ (4,851) | \$ (9,334) | \$ (14,442) | \$ (7,732) | \$ (7,070) |
| Adjustments: | | | | | | | | |
| Depreciation | 726 | 874 | 973 | 1,021 | 1,082 | 1,120 | 1,138 | 1,136 |
| Stock-based compensation | 1,348 | 1,370 | 1,253 | 2,140 | 2,665 | 2,065 | 2,613 | 3,335 |
| Restructuring costs | — | — | — | — | — | 3,927 | (178) | — |
| Investigation costs | — | — | — | — | — | — | — | 1,449 |
| Other (income) expense, net | (139) | (269) | (189) | (105) | 55 | (90) | (267) | (204) |
| Interest expense | 311 | 374 | 307 | 223 | 4 | 229 | 351 | 390 |
| Income tax (benefit) expense | 70 | 57 | 45 | 50 | (249) | 51 | 39 | 69 |
| Adjusted EBITDA | \$ 2,419 | \$ 246 | \$ 1,412 | \$ (1,522) | \$ (5,777) | \$ (7,140) | \$ (4,036) | \$ (895) |
| GAAP Net income (loss) | \$ 103 | \$ (2,160) | \$ (977) | \$ (4,851) | \$ (9,334) | \$ (14,442) | \$ (7,732) | \$ (7,070) |
| Adjustments: | | | | | | | | |
| Depreciation | 726 | 874 | 973 | 1,021 | 1,082 | 1,120 | 1,138 | 1,136 |
| Stock-based compensation | 1,348 | 1,370 | 1,253 | 2,140 | 2,665 | 2,065 | 2,613 | 3,335 |
| Restructuring costs | — | — | — | — | — | 3,927 | (178) | - |
| Investigation costs | — | — | — | — | — | — | — | 1,449 |
| Amortization of debt issuance costs | 19 | 23 | 25 | 24 | 23 | 21 | 18 | 18 |
| Non-cash income tax (benefit) expense | 23 | 22 | 23 | 21 | (297) | 16 | 12 | 12 |
| Non-GAAP Net income (loss) ⁽¹⁾ | \$ 2,219 | \$ 129 | \$ 1,297 | \$ (1,645) | \$ (5,861) | \$ (7,293) | \$ (4,129) | \$ (1,120) |
| Non-GAAP Net income (loss) per share: | | | | | | | | |
| Basic | \$ 0.12 | \$ 0.01 | \$ 0.06 | \$ (0.08) | \$ (0.28) | \$ (0.35) | \$ (0.19) | \$ (0.05) |
| Diluted | \$ 0.11 | \$ 0.01 | \$ 0.06 | \$ (0.08) | \$ (0.28) | \$ (0.35) | \$ (0.19) | \$ (0.05) |

IMPINJ, INC.
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES
(in thousands, unaudited)

| | December 31, | March 31, | June 30, | September 30, | December 31, | March 31, | June 30, | September 30, |
|--|---------------------|------------------|-----------------|----------------------|---------------------|------------------|-----------------|----------------------|
| | 2016 | 2017 | 2017 | 2017 | 2017 | 2018 | 2018 | 2018 |
| GAAP Weighted-average shares — basic | 19,078 | 20,344 | 20,636 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| Non-GAAP Weighted-average shares — basic | 19,078 | 20,344 | 20,636 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| GAAP Weighted-average shares — diluted | 20,667 | 20,344 | 20,636 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |
| Adjustments: | | | | | | | | |
| Effects of dilutive securities | | | | | | | | |
| Weighted-average unvested shares of common stock subject to repurchase | — | 100 | 84 | — | — | — | — | — |
| Stock Options | — | 1,244 | 1,194 | — | — | — | — | — |
| Non-GAAP Weighted-average shares — diluted | 20,667 | 21,688 | 21,914 | 20,826 | 20,907 | 21,125 | 21,333 | 21,403 |

IMPINJ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

| | December 31, 2016 | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|
| Operating activities: | | | | | | | | |
| Net income (loss) | \$ 103 | \$ (2,160) | \$ (977) | \$ (4,851) | \$ (9,334) | \$ (14,442) | \$ (7,732) | \$ (7,070) |
| Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | | | | | |
| Depreciation | 726 | 874 | 973 | 1,021 | 1,082 | 1,120 | 1,138 | 1,136 |
| Stock-based compensation | 1,348 | 1,370 | 1,253 | 2,140 | 2,665 | 2,065 | 2,613 | 3,335 |
| Restructuring costs | — | — | — | — | — | 454 | (908) | — |
| Accretion of discount or amortization of premium on short-term investments | 31 | 59 | 46 | 15 | (50) | (60) | (83) | (104) |
| Amortization of debt issuance costs | 19 | 23 | 25 | 24 | 23 | 21 | 18 | 18 |
| Changes in operating assets and liabilities: | | | | | | | | |
| Accounts receivable | 102 | (3,630) | (4,412) | (96) | 3,316 | 5,221 | (2,993) | 428 |
| Inventory | (7,248) | (11,455) | (4,230) | (2,398) | (1,266) | (7,623) | 1,428 | 4,083 |
| Prepaid expenses and other assets | (1,280) | 543 | 181 | (446) | 161 | 561 | 303 | (473) |
| Deferred revenue | 44 | 139 | 57 | (366) | (26) | (473) | (14) | 199 |
| Deferred rent | 7 | 925 | (68) | 120 | 214 | (1,123) | 1,036 | (89) |
| Accounts payable | 3,506 | (50) | (1,071) | (3,004) | 1,289 | 34 | 545 | (1,353) |
| Accrued compensation and employee related benefits | 2,344 | (3,406) | 1,520 | (1,859) | 2,010 | (1,236) | 1,577 | (1,061) |
| Accrued liabilities | 300 | 147 | 544 | (574) | (2,916) | 307 | (341) | 1,257 |
| Accrued restructuring costs | — | — | — | — | — | 3,638 | (1,363) | (699) |
| Net cash provided by (used in) operating activities | 2 | (16,621) | (6,159) | (10,274) | (2,832) | (11,536) | (4,776) | (393) |
| Investing activities: | | | | | | | | |
| Purchases of investments | (52,987) | (17,293) | — | (11,594) | (20,238) | (8,857) | (10,297) | (14,243) |
| Proceeds from maturities of investments | — | 7,861 | 16,501 | 26,364 | 26,349 | 17,850 | 2,950 | 14,602 |
| Purchases of property and equipment | (1,203) | (1,220) | (2,911) | (2,025) | (396) | (698) | (373) | (1,980) |
| Net cash provided by (used in) investing activities | (54,190) | (10,652) | 13,590 | 12,745 | 5,715 | 8,295 | (7,720) | (1,621) |
| Financing activities: | | | | | | | | |
| Proceeds from public offerings, net of offering costs | 39,288 | (600) | (50) | — | 50 | — | — | — |
| Payments on capital lease financing obligations | (275) | (280) | (277) | (290) | (300) | (242) | (241) | (234) |
| Payments on term loans | (87) | (159) | (529) | (1,042) | (1,042) | (2,147) | — | (83) |
| Proceeds from term loans, net of debt issuance costs | 919 | — | — | — | — | 12,379 | — | 4,000 |
| Proceeds from exercise of stock options and employee stock purchase plan | 44 | 1,983 | 950 | 1,587 | 136 | 1,966 | 237 | 424 |
| Net cash provided by (used in) financing activities | 39,889 | 944 | 94 | 255 | (1,156) | 11,956 | (4) | 4,107 |
| Net increase (decrease) in cash and cash equivalents | (14,299) | (26,329) | 7,525 | 2,726 | 1,727 | 8,715 | (12,500) | 2,093 |
| Cash and cash equivalents | | | | | | | | |
| Beginning of period | 47,935 | 33,636 | 7,307 | 14,832 | 17,558 | 19,285 | 28,000 | 15,500 |
| End of period | \$ 33,636 | \$ 7,307 | \$ 14,832 | \$ 17,558 | \$ 19,285 | \$ 28,000 | \$ 15,500 | \$ 17,593 |