S&P Global
Market Intelligence

ChargePoint Holdings, Inc. NYSE:CHPT

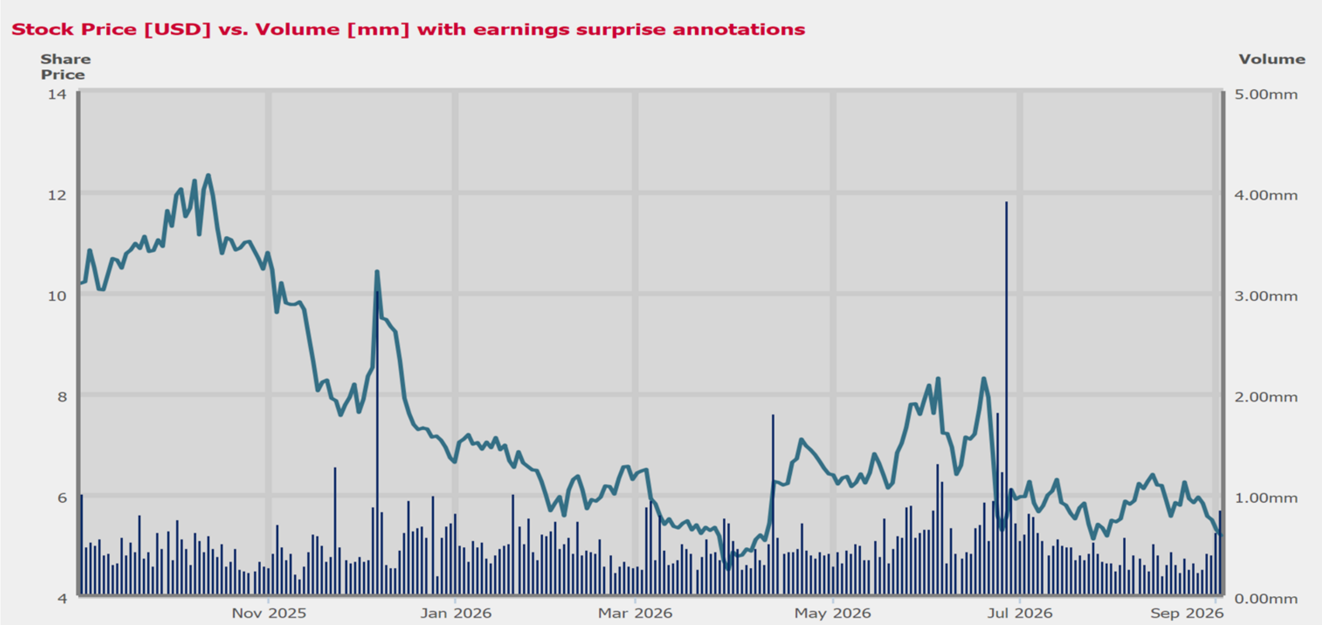
FQ2 2027 Earnings Call Transcripts

Wednesday, September 2, 2026 8:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2027-			-FQ3 2027-	-FY 2027-	-FY 2028-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	(0.85)	(0.35)	NM	(0.75)	(2.98)	NA
Revenue (mm)	105.27	116.08	▲10.27	109.29	429.69	NA

Currency: USD
Consensus as of Sep-02-2026 11:47 AM GMT



- EPS NORMALIZED -			
	CONSENSUS	ACTUAL	SURPRISE
FQ3 2026	(1.31)	(1.32)	NM
FQ4 2026	(1.04)	(0.55)	NM
FQ1 2027	(1.01)	(0.74)	NM
FQ2 2027	(0.85)	(0.35)	NM

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Call Participants

EXECUTIVES

Audrey Dion
Head of Investor Relations

Mansi Khetani
Chief Financial Officer

Richard Wilmer
President, CEO & Director

ANALYSTS

Christopher Alan Pierce
Needham & Company, LLC, Research Division

Christopher J. Dendrinos
RBC Capital Markets, Research Division

Colin William Rusch
Oppenheimer & Co. Inc., Research Division

Craig Irwin
ROTH Capital Partners, LLC, Research Division

Itay Michaeli
TD Cowen, Research Division

Ryan James Pfingst
B. Riley Securities, Inc., Research Division

Presentation

Operator

Hello, everyone. Thank you for joining us and welcome to the ChargePoint Second Quarter 2027 Earnings Call.

[Operator Instructions]

I will now hand the conference over to Audrey Dion, Head of Investor Relations. Audrey, please go ahead.

Audrey Dion
Head of Investor Relations

Good afternoon and thank you for joining us on today's conference call to discuss ChargePoint's second quarter fiscal 2027 earnings results. This call is being webcast and can be accessed on the Investor section of our website at investors.chargepoint.com. With me on today's call are Rick Wilmer, our Chief Executive Officer, and Mansi Khetani, our Chief Financial Officer.

This afternoon, we issued a press release announcing results for the quarter ended July 31, 2026, which can be found on our website. We'd like to remind you that during the conference call, management will make forward-looking statements, including our outlook for the third quarter of fiscal 2027. These forward-looking statements involve risks and uncertainties, many of which are beyond our control and could cause actual results to differ materially from our expectations.

These forward-looking statements apply as of today, and we undertake no obligation to update these statements after the call. For a more detailed description of certain factors that could cause actual results to differ, please refer to our Form 10-Q filed with the SEC on June 8, 2026, and our earnings release posted today on our website and filed with the SEC on Form 8-K.

Also, please note that we use certain non-GAAP financial measures on this call, which we reconcile to GAAP in our earnings release and for certain historical periods in the investor presentation posted on the Investor section of our website. And finally, we'll post a transcript of this call on our Investor Relations website under the quarterly results section. Thank you. I will now turn the call over to our CEO, Rick Wilmer.

Richard Wilmer
President, CEO & Director

Good afternoon, and thank you for joining us. Q2 was an exceptional quarter for ChargePoint that demonstrates why we believe we are the definitive leader in intelligent electrification and e-mobility. We meaningfully exceeded the top of our guidance range, delivered record gross margins, and achieved essentially 0 cash burn. We also began shipping early access units of Express Solo, which is the first product based on what we consider to be the fastest, most advanced DC charging architecture ever developed.

In partnership with Eaton, we are building the intelligent energy infrastructure of the future that will supercharge the energy transition, including autonomous vehicles and electric fleets. We are building for what is coming, not just what is here today.

We delivered revenue of $116 million in Q2, a decisive beat above the top end of our guidance range and our strongest quarter in recent history. This result represents 18% year-over-year growth and also marks our fourth consecutive quarter of year-over-year growth. More than 80% of the Fortune 50 are ChargePoint customers, and many of the leading fleet electrification companies in the world run on our platform. This is the result of disciplined execution against our 3-year strategic plan, operational excellence, and our steadfast commitment to innovation.

Our gross margins hit an all-time record as a public company this quarter. Part of this included non-recurring tariff refunds, but even excluding that benefit, the normalized gross margin still set a new record. That is the business model working exactly as designed, sustained pricing discipline, relentless focus on cost, operational excellence, and the compounding power of our higher-margin software and subscription revenues. As Express Solo and our compelling new single-port AC product enter the market, we expect this trajectory to accelerate. Our industry-leading full stack intelligent electrification platform is being validated as a driver for both growth and strong margins.

We also achieved effectively 0 cash burn in Q2. Our capital-light model is a structural competitive advantage. We grow revenue, expand margins, and do not consume significant cash on capital assets to do so. We are on a clear trajectory towards adjusted EBITDA-positive. Our operating expenses this quarter reduced further compared to the prior quarter, and we expect another reduction in the third quarter. This has been accomplished without compromises to execution or the scope of what we do.

Guided by our excellent leadership team, AI is fundamentally changing how we operate. Our AI initiatives are compressing software development cycles, automating business processes, and enabling us to accomplish more with less. We are continuously adapting our organizational structure as a result, which means we are flatter with broader spans of control. This new operating model leads to an organization that is simultaneously accelerating growth, delivering faster, and becoming more efficient. That combination will drive sustainable operating leverage that compounds over time.

A core pillar of this third year of our 3-year strategic plan is driving growth. We are executing with our fourth quarter of sequential year-over-year growth, and now we aim to accelerate further. Accordingly, we are focused on revenue enablement. We are building a world-class sales and marketing engine with a significant emphasis on Europe, and we're putting elite leadership in place to run it. A critical recent addition to our team is John Saffrett, who has joined ChargePoint as Executive Vice President and Managing Director of Europe. John is a proven enterprise operator with deep regional expertise and a track record of building and scaling organizations across European markets.

Our pipeline is expanding, and customer confidence in our platform has never been higher. Express Solo, the first product based on what we consider to be the most advanced DC charging architecture on the planet, will be a key driver for accelerating growth. We co-engineered Express with Eaton with an uncompromising focus on performance, scalability, energy density, and economics that we believe is unmatched.

Early access units have begun shipping, and the demand signal from customers has been exceptional. Access units are substantially committed, backlog is building, and the market is telling us exactly what we expected. Express is the product the industry has been waiting for.

In terms of performance of Express, let me put a number on it. We recently demonstrated a 600-plus kilowatt charge on a passenger vehicle at our headquarters. We charged the car from 10% to 80% state of charge in just 11 minutes. I want to be clear that is not a theoretical benchmark, that is not a laboratory result, it is a live demonstration on a production system based on the Express architecture that was developed internally by ChargePoint down to every single component. This is the future of refueling, and ChargePoint intends to lead it.

ChargePoint Express is a platform that unlocks entirely new markets for ChargePoint. Ultra-high-power highway corridors, autonomous vehicle fleet depots where 24/7 uptime is mission-critical, and premium charge point operator deployments where speed, reliability, and density are non-negotiable. And looking further ahead and in partnership with Eaton, we think Express's architecture positions us for emerging opportunities in adjacent markets that will require exactly the kind of intelligent, high-density power delivery that Express was designed to provide. We are building for the next decade, not just the next quarter. We expect that Express will be a significant revenue driver as it scales as we enter into FY '28 and have started taking orders and building backlog.

Globally, the long-term case for EV adoption continues to strengthen, and we are seeing meaningful real-time market dynamics that support continued growth for ChargePoint. In North America, the economic argument for EV ownership has never been stronger. CNBC reported that average U.S. gas prices were approximately $4.10 per gallon as of late July, up roughly 31% from 1 year ago. That cost differential has a direct impact on consumer purchasing decisions with Cox Automotive reporting used EV sales reaching 42,923 units in May, up 5.5% month-over-month and 24.7% year-over-year.

New EV models continue to enter the market across a widening range of price points, expanding the addressable population of EV buyers. And once consumers go electric, they stay. According to J.D. Power's 2026 U.S. Electric Vehicle Ownership Survey, 96% of EV owners would consider purchasing or leasing another EV even without the now-expired federal tax credit. In Europe, there are even stronger tailwinds. EV sales climbed 33% year-over-year in July, with year-to-date growth of 28%. France, Germany, and Britain posted EV sales growth of 81%, 46%, and 43%, respectively in July alone.

In the U.K., electrified vehicles filled every spot on Auto Trader's top 10 fastest-selling used car rankings in July, which is the first time no petrol or diesel models appeared on that list. European subsidies continue to support demand. Regulatory tailwinds are durable, and ChargePoint's position in Europe, strengthened by John Saffrett's appointment and our growing install base, positions us well to benefit from this sustained growth.

Let me frame the growth opportunity. We see 4 vectors that will define ChargePoint's trajectory, and we have a defensible position in every single one: First, autonomous vehicles. Every major AV platform will need reliable, high-uptime, high-throughput charging infrastructure at scale. ChargePoint is already a charging partner for leading AV companies, and Express was purpose-built for this use case. Second, truck electrification in Europe. The commercial vehicle transition is accelerating under regulatory mandate, and our product portfolio and established European presence give us a first-mover advantage.

Third, metro transit. Our transit wins are proof points, and we see significant opportunity in this market. Fourth, charge point operators demanding super-fast charging. Express fundamentally changes the economics for CPOs operating high-utilization sites. The 600-plus kilowatt capability is the best in the world, and it creates a value proposition that our competitors simply cannot match today.

Our customer wins this quarter are strategic proof points. We announced the continued expansion of our long-standing relationship with Mercedes-Benz, extending our work together to simplify fleet electrification for Mercedes commercial customers in the U.K. and Germany. When one of the most iconic automotive brands in the world chooses to go deeper with ChargePoint, that tells you everything you need to know about the quality and reliability of our intelligent electrification platform. This relationship continues to grow in scope because we deliver.

We announced a deal with Optimus Energy Solutions, a leading charge point operator in the United States, to grow its charging network by more than 200 DC ports across the Southeast. Optimus chose ChargePoint because when you are scaling a high-utilization network, there is only 1 platform that delivers the full-stack, hardware, software, network management, and a rich suite of services. That is ChargePoint.

We announced a deal with Onvo, a Pennsylvania-based travel stop company, to deploy DC fast charging solutions at a dozen travel stops along major highways in the Northeast. Highway corridor charging is a strategically important and growing segment, and Onvo's deployment represents the kind of high-visibility, high-utilization infrastructure that benefits most from ChargePoint's platform capabilities.

We announced a significant deployment at Portland International Airport in Oregon that is redefining how airports approach rental car electrification. Airports are an underserved and rapidly evolving market for EV infrastructure, and this installation serves as a model for how ChargePoint can address that opportunity at scale.

In Rhode Island, our partnership with the Office of Energy Resources, which dates back to 2014, continues to expand. More than 140 charging ports across approximately 95 sites are now active. We recently deployed a new DC fast charging site in Newport and additional DC fast charging sites are expected to come online as the year progresses. This long-tenured government partnership is a strong example of how ChargePoint builds durable multi-site infrastructure programs at the state and regional level.

In partnership with Eaton, we also commenced a new collaboration with the Santa Monica Department of Transportation to enable the agency's transition to a 0-emission Big Blue Bus fleet by 2032. As part of Santa Monica's $56 million investment in electric transit fleet infrastructure, the project combines ChargePoint's DC fast charging solutions and powerful fleet software with Eaton's electrical infrastructure and energy management solutions to power one of the nation's most ambitious public transit electrification programs. Big Blue Bus plans to deploy 130 DC fast charging ports exclusively featuring the Express Plus line of ChargePoint equipment powered by Eaton.

I want to spend a moment on our partnership with Eaton because it is becoming one of the most powerful strategic alliances in the energy infrastructure space. This is a deep co-engineered technology and go-to-market partnership that is creating products and solutions neither company could build alone. We are building jointly, selling jointly, and winning jointly across product development, go-to-market execution, and customer-facing solution design. The joint solutions we have developed address a massive unmet need in residential, commercial, and industrial deployments, where electrical infrastructure, intelligent power management software, and charging hardware must work together as one integrated system. No other partnership in this industry can offer what ChargePoint and Eaton deliver together.

Customer interest in our joint offerings is accelerating. The pipeline of co-developed opportunities continues to build, and we are converting that pipeline into wins with customers who recognize that this integration is a genuine advantage.

As the world's leading intelligent power management company, Eaton brings scale, global distribution, and 100-plus years of electrical infrastructure expertise. ChargePoint brings the most intelligent and performant charging platform, the best software, and relentless product innovation. Together, we are redefining the category.

Turning to our key performance indicators, software-only managed ports, defined as third-party hardware ports managed by the ChargePoint software platform, grew to 138,750 from 135,000 last quarter. Share of ports exceeding 30% utilization at least 1 day in a month, an important leading indicator for expansion demand, reached 141,000 AC ports compared to slightly over 100,000 AC ports in April 2026.

This increase is partly attributable to a change in how utilization is calculated for individual session times. Monthly active users, the equivalent of our user community, increased to 1.55 million versus 1.48 million active users at the end of April. ChargePoint now manages approximately 422,000 ports, up from 406,000 ports last quarter, including more than 46,950 DC fast chargers, up from

44,650, and more than 150,000 ports located in Europe, up from 145,000. Globally, ChargePoint drivers have access to almost 1.5 million public and private charging ports versus slightly over 1.4 million last quarter.

In summary, our Q2 results further reinforce that ChargePoint is executing against our 3-year strategic plan. We beat significantly on revenue at $116 million. We delivered all-time record gross margins and effectively burned 0 cash. We began shipping Express, the most advanced DC charging architecture in the world, to meet strong early demand. We put elite leadership in place in Europe with the addition of John Saffrett, and we continue to transform our organization with AI at the core, and we expanded strategic relationships with customers across CPO, fleet, government, transit, and automotive segments, including more than 80% of the Fortune 50.

ChargePoint is a capital-light, AI-enabled, intelligent electrification platform with the most powerful and differentiated solutions in the industry. Growing recurring software and services revenue, the strongest strategic partnership in the space with Eaton, expanding operating leverage, and a central role in the electrification of transportation, autonomous mobility, and the broader energy transition. The fundamentals of our business and our market are compounding. The opportunity ahead of us is exceptional, and ChargePoint is built to capture it. Thank you for your continued support. I'll now turn the call over to Mansi.

Mansi Khetani
Chief Financial Officer

Thanks, Rick. As a reminder, please refer to our earnings press release for a reconciliation of our non-GAAP results to GAAP. Our principal exclusions are stock-based compensation, amortization of intangible assets and certain costs related to restructuring, settlements and nonrecurring legal expenses.

Second quarter revenue came in at $116 million above our guidance range of $100 million to $110 million, up 14% sequentially and up 18% year-over-year, marking our fourth consecutive quarter of year-over-year revenue growth. The beat was mainly due to stronger-than-expected hardware shipments, particularly higher home sales. Breaking that down, network charging systems revenue was $63 million, or 54% of total revenue, up 18% sequentially and up 25% year-over-year. Subscription revenue was $44 million or 38% of total revenue up 7% sequentially and up 10% year-over-year. Other revenue was $9 million, representing the remaining 8%.

Turning to verticals, which we report on a billings basis, second quarter billings percentages were; commercial 69%; fleet, 11%; residential, 10%; and other 11%. Geographically, North America accounted for 82% of revenue with Europe at 18%. Non-GAAP gross margin was 38%, up 7 percentage points sequentially and up 5 percentage points year-over-year. Results included approximately $4 million of tariff refunds recognized as a one-time reduction to cost of goods sold. Excluding this benefit, non-GAAP gross margin would have been approximately 35%, reflecting a 3 percentage point sequential improvement and a 2 percentage point increase compared to the prior year period. The underlying margin expansion reflects continued operational improvements across the business supported by economies of scale. Looking ahead, we expect gross margins to remain generally in line with these normalized levels for the balance of the fiscal year.

Hardware gross margin was 21%, up 13 percentage points sequentially, benefiting in part from the previously discussed tariff refunds. Underlying hardware margin trends also improved as a result of ongoing operational efficiencies and mix of products sold. Subscription gross margin rose to 59% on a GAAP basis and was higher on a non-GAAP basis, demonstrating the strong profitability profile of our subscription revenue and continued leverage within the model. Non-GAAP operating expenses declined to $52 million from $54 million in Q1, representing a 4% sequential reduction and an 11% decrease year-over-year, reflecting our continued focus on cost management. In late July, we completed a company-wide cost optimization initiative that is expected to drive additional operating expense reductions. As a result, we expect non-GAAP operating expenses to be below $50 million on a quarterly basis for the rest of the year.

Non-GAAP adjusted EBITDA loss narrowed significantly to $5 million compared with a loss of $19 million in the prior quarter and $22 million in the second quarter of last year. Stock-based compensation was $11 million, flat sequentially and down from $18 million in the second quarter of last year. Our inventory balance decreased nicely this quarter to $179 million from $204 million in the prior quarter as we sold through inventory on hand. We have consistently highlighted the cash flow benefits associated with reducing inventory, and that dynamic played out as expected this quarter. As inventory levels declined, working capital was released and converted into cash, helping to fund operations while preserving our liquidity. We expect inventory to continue declining over the course of the year, which should further improve working capital efficiency and support additional cash generation.

On the cash side, we ended the quarter with $96 million of cash, unchanged from Q1, reflecting essentially 0 cash usage during the period. This outcome reflects the combined benefit of improved adjusted EBITDA and strong execution on our inventory reduction initiatives, as mentioned previously.

Turning to guidance. For the third quarter of fiscal 2027, we expect revenue of $105 million to $115 million, representing 4% year-over-year growth at the midpoint.

In summary, this quarter demonstrated significant progress across our key financial and operational objectives. We delivered sequential and year-over-year revenue growth, achieved record high gross margins and reduced operating expenses, resulting in improved profitability while lowering cash usage through disciplined execution and cash management. We are committed to building on this momentum and driving continued progress towards sustainable growth, greater operating leverage and profitability in the quarters ahead.
With that, we'll open the call for questions.

Question and Answer

Operator

[Operator Instructions]. Your first question comes from the line of Colin Rusch with Oppenheimer. Please go ahead.

Colin William Rusch
Oppenheimer & Co. Inc., Research Division

Guys, can you just talk about the sustainability of margins? Obviously, you've made a ton of progress here. I just want to get a sense of how much of that is related to a little bit better revenue here moving through mix and the growth in subscriptions and how we should think about that trajectory and margin on a go-forward basis?

Mansi Khetani
Chief Financial Officer

Colin, thanks for the question. So overall, on a normalized basis, margins improved to 35%, and this is mostly due to the improvement in hardware margins. Subscription margins also improved sequentially because of economies of scale. But on the hardware margin side, the increase was because of scale because we did have higher revenue, so there was better absorption of fixed costs. But there were also improvements in warranty costs, inbound freight costs, warehousing costs, just overall improvements in all operating costs across the board.

Going forward, we expect margins to be in the normalized level. I forgot to mention, product mix was an important factor as well. We did sell more of the higher-margin AC products this quarter compared to the previous quarter. So that gave us a boost to the margins. And so going forward, if mix remains the same, we should expect overall margins to remain around this normalized level. If mix shifts a little bit, maybe we end up a point to lower here or there.

Colin William Rusch
Oppenheimer & Co. Inc., Research Division

And then in terms of the go-forward technology development, now that you've kind of gotten yourself fully reset here and on track. How should we think about the other product development cycles and cadence of new introductions? Is this kind of an 18-month, 24-month sort of cadence? Or are there going to be incremental adjustments that we can think about on an ongoing basis?

Richard Wilmer
President, CEO & Director

Yes. I think, Colin, the innovation drumbeat is going to continue as far into the future as we can see. The Express Solo product that we announced is just the first version of the product off the new DC architecture. There are variants of that product targeted at different vertical markets and use cases that will go into production over the coming 1.5 years. And then alongside that, we've also got new innovation coming on all of our different products from our single port AC product through our dual port AC products and even future road map around DC beyond the Express platform.

Operator

Your next question comes from the line of Chris Dendrinos with RBC Capital Markets. Please go ahead.

Christopher J. Dendrinos
RBC Capital Markets, Research Division

I wanted to ask maybe just about like customer refresh cycles and how much of the demand or product sales that you are making maybe on the commercial side of things are new customers versus customers that are refreshing their equipment? And if it's fairly low, like when does that maybe start to kick in?

Mansi Khetani
Chief Financial Officer

Yes. I mean, typically, our business model is land and expand. So a large percentage of the billings in each quarter comes from prior customers. Mostly expansion, there is some refreshment of older equipment, but equipment is -- the stuff that we've had on the ground isn't that old. So it's still largely new equipment purchased by existing customers. Obviously, we've also been adding a lot of new customers on the fleet side and on the commercial side as well and in Europe as well.

Christopher J. Dendrinos
RBC Capital Markets, Research Division

Got it. And then maybe just on the cash flow side of things, would you expect cash flow for the remainder of the year to maybe slightly improve just given continuation of inventory declines and working capital benefits? Or just maybe broadly, how are you thinking about cash flow trends here going forward.

Mansi Khetani
Chief Financial Officer

Yes. There are lots of puts and takes on the cash flow forecast. So it's difficult to say with certainty, but we're confident overall that inventory is going to continue to come down and that is going to continue to release cash. As we did this quarter, inventory came down and funded our EBITDA loss, our capital expenses or other working capital requirements resulting in essentially 0 cash usage. Now going forward, inventory will come down. They will continue to be a source of cash, and then EBITDA loss, we've already brought down nicely. So that further reduces the usage of cash. So this was all -- this all kind of supports our progress towards cash flow breakeven. As we've noted previously, could position us to generate positive cash flow later in the year. But again, there are a lot of moving parts.

Operator

Your next question comes from the line of Chris Pierce with Needham.

Christopher Alan Pierce
Needham & Company, LLC, Research Division

If we think back maybe a year or so ago, my timing might not be exact, but the kind of -- there was this idea that inventory will be cleared, which we're starting to see this quarter and then you had sort of moved into Asian manufacturing partnerships and those partnerships would drive higher margin equipment sales. I just -- I kind of want to understand, is that still something we should be expecting? I know Mansi talked about what we should expect the second half of the year, but is that still sort of part of the full thesis here? Or is Express Solo sort of kind of overwhelm that? I just want to understand sort of why we don't hear about that as much anymore.

Richard Wilmer
President, CEO & Director

Yes. I think we've largely executed our transition to Asian, it's fully executed, in fact, Chris. So the benefits on the existing portfolio of products that we garnered from our lower-cost manufacturing strategy are now moving through the P&L, and it's partly contributing to the positive margin results you saw us report for the Q2 quarter. Going forward, our product designs are very, very, very cost focused. So I would expect further margin benefit from the new hardware products like Express going into the market because the fundamental cost structure that is dictated by the design not what you do in manufacturing, although we're taking advantage of that is just fundamentally better than what we've had in the past.

Christopher Alan Pierce
Needham & Company, LLC, Research Division

Okay. Perfect. And then, Mansi, I think you said higher home charging sales helped to drive a portion of the revenue beat. Can you sort of isolate -- should we assume that's in Europe? And if we see continued gas prices where they are, should we think of that as potential upside to guidance? Or is that too onetime to sort of think about how the moving pieces kind of drive the top line?

Mansi Khetani
Chief Financial Officer

Yes. So there's higher home sales with the phenomenon in Q2, and this was all in North America. These tend to be lumpy around large sale days like Prime Day, Black Friday, et cetera. So we don't expect that bump to happen again in Q3. That's why you see it on the prudent guidance. And then there were also other areas on the revenue side, like higher professional services, we sold more regulated credits. There's an increase in other revenue, as you see. So there were a lot of other factors driving revenue higher than guidance in Q2.

Christopher Alan Pierce
Needham & Company, LLC, Research Division

Okay. Perfect. And then just lastly, I think, Rick, in your remarks, you talked about adjacent markets for Express Solo. Can you just sort of kind of give us some bit of highlights around what markets we should be thinking about?

Richard Wilmer
President, CEO & Director

Stay tuned for more news on that as we take these initiatives to further maturity.

Operator

[Operator Instructions]. Your next question comes from the line of Itay Michaeli with TD Cowen. Please go ahead.

Itay Michaeli
TD Cowen, Research Division

Great. Rick, I know in the last call, you mentioned how AI initiatives were helping to kind of -- on a lot of fronts, but including on the reduction of OpEx. I'm curious as we saw the reduction in Q2 and the second half outlook, to what extent are those initiatives coming through or maybe kind of how to think about that even prospectively beyond this year?

Richard Wilmer
President, CEO & Director

I think the impact is now quantifiable in terms of OpEx. We've done some really impactful work around process -- business process automation that's allowing us to get more done with less. And then repurpose people that had done those jobs into other roles that are more externally facing value-add rather than just running business process. We've also now doubled our productivity on the software engineering side. We're turning out twice as much code as we were previously, thanks to AI. It's also starting to turn up in our products and our services. So the way we support our customers, the amount of support calls that we take with live human beings is being influenced positively by AI. So it really is impactful across the board.

It also, interestingly, is having an effect on the way we're set up organizationally and that it's allowing our spans of control to increase without compromising the quality of our leadership or the work -- the amount of work we get done. So we're able to really flatten the organization, increase the pace of decision-making through a flatter organization without compromising the quality of the work or demanding that people work an inordinate amount of hours to do their jobs.

Itay Michaeli
TD Cowen, Research Division

That's very helpful. And maybe as a follow-up on just on gross margins. It sounds like the kind of normalized gross margin is about 35% in the quarter. Maybe just remind us on kind of the path to get to maybe your targeted 40% just from here on kind of what has to happen to go up from 35% to about 40%.

Richard Wilmer
President, CEO & Director

Yes. There's a number of drivers around that, Itay. Some of those are on the services side. I think there's also opportunities around pricing on the software side that we're beginning to roll out through the course of this year. And then probably the biggest driver is going to be just the fundamental cost structure of the new hardware platforms that we're putting into the market like Express Solo.

Operator

Your next question comes from the line of Craig Irwin with ROTH Capital Partners.

Craig Irwin
ROTH Capital Partners, LLC, Research Division

First, I should say, congratulations on getting out ahead of your cost structure and really handling that over the last couple of years. It's been hard work. And with the revenue uptick, it's nice to see the rewards. So I definitely want to make note to say that.

Mansi, can you talk a little bit about the gross margin benefit in the quarter from the tariff refunds. Can you maybe unpack for us what the impact of tariffs was in your April quarter? And will we see a similar tariff benefit and is that factored in your guidance for the October quarter that we're currently in?

Mansi Khetani
Chief Financial Officer

Yes. Thanks for the comments, Craig. So on the tariff question, so we had incurred these tariffs over the last 3, 4 quarters since they were implemented. We saw -- we got a refund this quarter and majority of that which is about $4.2 million was reflected in Q2's numbers as a onetime reduction to cost of goods sold. So if you -- margins on a non-GAAP basis were 38%. If you take that $4 million out, they were 35% on a normalized basis. Going forward, we don't have any more -- we don't have too much refund remaining. There's a little bit here and there. And as it comes through and as we sell through those products, we'll reflect them on the P&L, but the guidance for continued margins around that normalized level does not include any expectation of further tariff refunds?

Craig Irwin
ROTH Capital Partners, LLC, Research Division

Okay. So then just to be crystal clear on that, you seem to be expecting a reduction in tariff benefit in your upcoming quarter, but continued fundamental improvement in the product portfolio and the margins you're generating cash impact, et cetera. Is that a clear way to put it?

Mansi Khetani
Chief Financial Officer

Yes, that is correct.

Operator

Your next question comes from the line of Ryan Pfingst with B. Riley Securities. Please go ahead.

Ryan James Pfingst
B. Riley Securities, Inc., Research Division

You talked about the early access shipments of the Express Solo. Could you just remind us how we should be thinking about that product ramping here in the coming quarters?

Richard Wilmer
President, CEO & Director

Yes. Good question. So production is starting now. We've got backlog that we're fulfilling with what we call early access units. If you happen to be in our neighborhood come charge on one that is installed at the back of our building and charging cars every day. We also have one installed at an Eaton innovation center in Pittsburgh. So if you're in that neighborhood, feel free to go charge at that charger. And additional shipments are going out now almost every week or every other week of these early access units and then we ramp into production starting now with production inventory available in our fiscal Q4.

Ryan James Pfingst
B. Riley Securities, Inc., Research Division

Great. Appreciate that. And then as you guys ramp, is there anything to be aware of from a supply chain perspective or otherwise that could be a potential strain for you guys as you expand here?

Richard Wilmer
President, CEO & Director

Generally speaking, we've got this under control. The supply chains have been affected by the AI data center build-out. Obviously, memory prices have increased. We've recognized all of that in our product cost and pricing forecasts. Silicon carbide modules are also in demand due to the data center build out, but we've got strong partnerships there and commitments to the supply chain to get what we need. So we're feeling pretty confident that we've got supply covered for the demand we see now.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.