

ESPRESSIF SYSTEMS

2026 Q3 REPORT



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Facts About Espressif

Espressif Systems (SSE: 688018.SH) is a leading fabless semiconductor company providing wireless connectivity and edge intelligence solutions for IoT devices. The Company has expanded beyond chip supply to become a platform enabler for hardware digitalization and intelligent transformation, supported by an integrated combination of silicon, software, tools, and ecosystem resources.

Built around the **ESP32** product family, which has emerged as a preferred and highly recognizable platform among global developers, Espressif has established strong ecosystem momentum. A large and active developer community, thousands of third-party software components, and long-term platform continuity drive sustained adoption.

Through this ecosystem-led approach, Espressif enables customers to build, scale, and continuously evolve intelligent hardware products, positioning the Company to capture durable value as hardware digitalization and intelligence continue to deepen globally.



1.5 Billion+

Global IoT Chip
Shipment
(Cumulative)



Global Leader

In Wi-Fi MCU
Market



230+ Patents

In AIoT
Technology



10,000+

Satisfied
Customers
Worldwide



3 Million+

Active Ecosystem
Developers

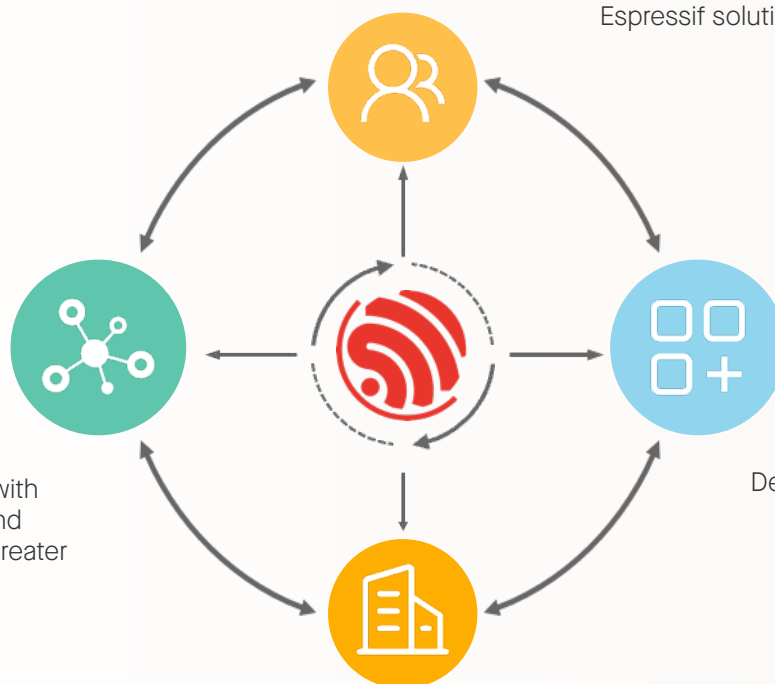
Developer Flywheel

Developer Growth

More developers join, learn, and build with Espressif solutions.

Ecosystem Expansion

The ecosystem grows with more partners, tools, and integrations, enabling greater possibilities.



Application Innovation

Developers create innovative applications and solutions across diverse use cases.

Enterprise Adoption

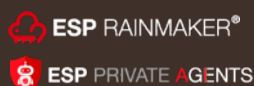
Enterprises adopt Espressif's platform to commercialize and scale these innovations.

Key Technologies

As a global semiconductor innovator, we deliver high-performance RISC-V SoCs and comprehensive solutions with integrated AI, in-house operating system, robust security, and seamless cloud integration—shaping the future of smart, connected systems.



Cloud & Ecosystem



AI & IoT SDK

AI

ESP-CLAW

Edge AI Agent Framework

ESP-VISION

Low-Code Edge AI

ESP-SR

Speech Recognition

ESP-WHO

Computer Vision

ESP-DL

Deep Learning

ESP-NN

Neural Network Library

IoT

ESP-Brookesia

AI-Powered UI Framework

ESP-GMF

Audio&Video Processing

ESP-IoT-Solution

Peripheral Integration

Operating System

In-House

ESP-IDF
Official IoT OS

Compilers & Tool Chains

Third-Party



IC Design

Connectivity

Wireless Communication

- Wi-Fi 7/6E/6 | 2.4/5/6 GHz Tri-band
- Bluetooth 6 (LE) | Bluetooth Classic (BR/EDR)
- IEEE 802.15.4

High-Speed Data Transmission

160 MHz Channel Bandwidth | 1024-QAM | 2x2 MU-MIMO

Computing

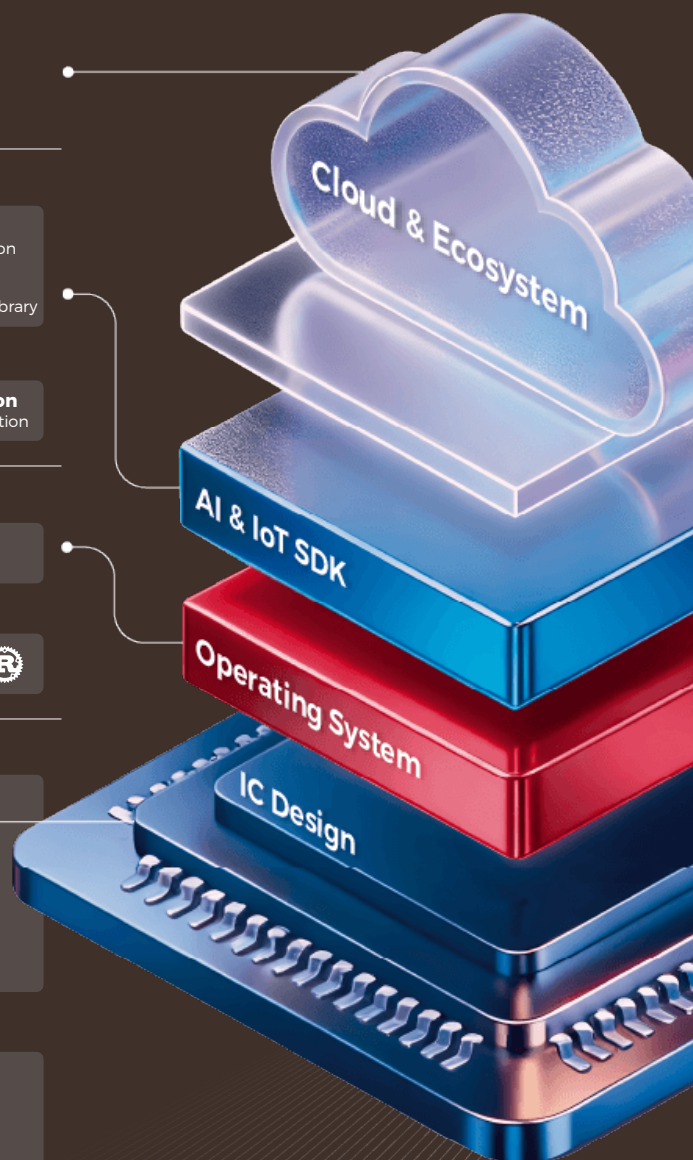
Core

32-bit RISC-V

AI FPU | Instruction Set Extensions

Multimedia ISP | H.264 Encoder | JPEG Codec

High-Speed Interfaces PCIe | DDR | USB



Brand Awareness

The ESP32 and Espressif brands have a strong sense of recognition among users. This recognition has become a key factor in our competitive advantage and success. Users identify with the ESP32 brand due to its reliability, performance, and versatility, which have been proven across various applications and industries. This strong brand awareness not only fosters customer retention but also attracts new users, thereby solidifying Espressif's position in the market.

Exceptional IC Design Capability

Espressif independently designs and develops its own chip products, with core IPs being self-developed. These chips are equipped with rich features, ensuring that Espressif's products stand out in the market and avoid the pitfalls of homogenized competition. By controlling the entire design process, Espressif can innovate rapidly and introduce unique functionalities that set our products apart from competitors, providing a distinctive edge in the IoT semiconductor industry.

Full-Stack Engineering Capability

Espressif possesses comprehensive engineering development capabilities that span from IP development to complete chip design, operating systems, firmware, software frameworks, application solutions, hardware design, edge AI, cloud, and apps. This full-stack engineering expertise allows Espressif to offer highly integrated solutions that meet a wide range of customer needs. The ability to control and optimize every layer of the technology stack is unique in the industry and enables Espressif to deliver superior products and services that are seamlessly integrated and highly efficient.

Superior Cost-Effective and Stable Support

Espressif's products are known for their high performance and low cost, making them competitive in the market. We provide the cost efficiency necessary to promote large-scale commercialization in downstream industries. Additionally, we ensure the long-term availability of our products and offer stable and enduring software support, ensuring that customers can rely on their investments for extended periods. This commitment to value and reliability strengthens customer trust.

Extensive Developer Community Support

Espressif has garnered support from a vast community of professional engineers who are familiar with Espressif's development platform and actively promote its value proposition. This large and engaged community not only aids in the rapid adoption and dissemination of Espressif's technologies but also contributes to continuous improvement through feedback and shared knowledge. The robust community support amplifies Espressif's market presence and enhances our reputation as a trusted and innovative leader in the industry.

Business Highlights (Unaudited)

Key Financial Data (Unaudited)

CNY	Three Months Ended		Nine Months Ended	
	Sep 30, 2026	Sep 30, 2025	Sep 30, 2026	Sep 30, 2025
Consolidated Statement of Income Data				
Revenue	889,277,202	666,706,221	2,369,988,496	1,912,247,017
Gross profit	454,085,724	319,845,390	1,184,340,680	882,881,140
Selling expenses	27,192,217	21,202,823	75,127,957	59,114,434
General and administrative expenses	25,023,192	24,222,903	72,425,306	62,091,408
Research and development expenses	188,725,772	155,163,791	518,391,823	423,408,329
Net income	220,015,954	116,499,045	555,294,495	379,538,810
Net income attributable to Espressif	218,695,118	115,500,538	552,921,175	376,762,715
Earnings per share:				
Basic			2.3673	1.7343
Diluted			2.3673	1.7343
Consolidated Cash Flow Data				
Net cash provided by operating activities	245,874,272	195,644,872	318,320,784	310,067,697
			Sep 30, 2026	Dec 31, 2025
Consolidated Balance Sheet Data				
Working capital			3,393,101,701	3,518,352,994
Total assets			5,258,889,142	5,047,755,518
Long-term obligations			163,620,528	141,345,125
Total shareholders' equity			4,666,499,279	4,489,877,928

N.B.: Due to the company's implementation of a capital reserve to equity conversion in 2026, the earnings per share for each reporting period have been recalculated based on the adjusted share count.

Key Financial Indicators (Unaudited)

	Three Months Ended		Nine Months Ended	
	Sep 30, 2026	Sep 30, 2025	Sep 30, 2026	Sep 30, 2025
Gross margin	51.06%	47.97%	49.97%	46.17%
R&D-to-sales ratio	21.22%	23.27%	21.87%	22.14%
Net income margin	24.74%	17.47%	23.43%	19.85%
Weighted ROE			11.84%	15.93%
Number of Espressif employees			995	878
Stock-based compensation	15,668,970	11,339,881	43,735,924	30,130,386

Financial Analysis

Revenue Overview:

Revenue for the first three quarters reached CNY 2.37 billion, representing a YoY increase of 23.9%. Third-quarter revenue came in at CNY 889.28 million, up 33.4% YoY and 6.8% QoQ.

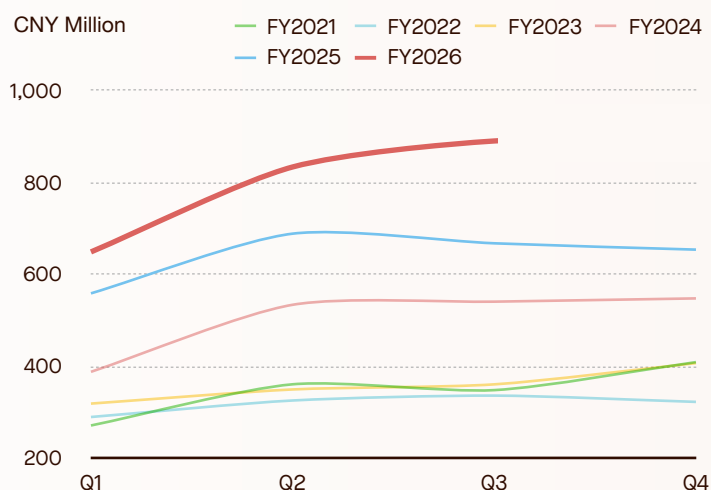
Although global smart home demand moderated to single-digit growth amid a challenging macroeconomic environment and ongoing geopolitical uncertainties, Espressif continued to benefit from the diversification of its application portfolio. Non-smart home segments—including industrial automation, smart agriculture, energy management, and AI-driven developer and innovation activities—continued to deliver solid growth.

Driven by robust community support and effective technical marketing, our direct sales share has exceeded 71%, making us unique among semiconductor peers. Furthermore, our customer concentration continues to decline, reflecting a healthier and more diversified revenue structure.

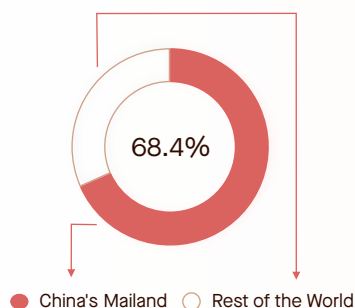
Revenue by Area:

- **China's Mainland** revenue saw a 38.5% YoY growth and a 8.4% QoQ increase for the third quarter, bringing the first three quarters' cumulative YoY growth to 21.0%.
- **Overseas** revenue grew 23.1% YoY and a 3.2% QoQ increase for the third quarter, bringing the first three quarters' cumulative YoY growth to 30.9%.

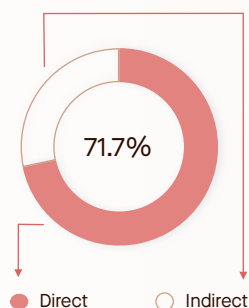
Quarterly Revenue Seasonality



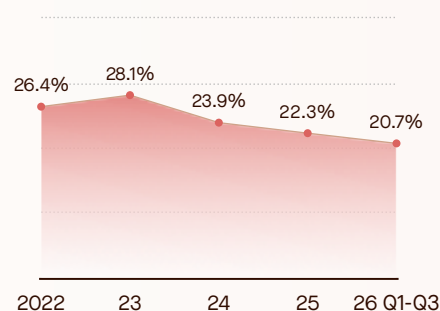
Revenue by Area in the First Three Quarters of 2026



Revenue by Sales Mode in the First Three Quarters of 2026



Top-5 Customer Concentration Rate, 2022 - Q3 2026

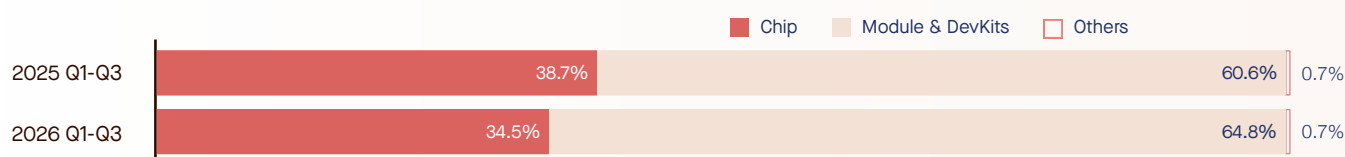


Financial Analysis (Continued)

Revenue by Product Category:

- **Chips:** Revenue for the first three quarters grew by 10.4% YoY, reflecting steady demand from the customer base that prefers direct chip-level design and in-house hardware development.
- **Modules & Development Kits:** Revenue for the first three quarters grew by 32.5% YoY, as the IoT ecosystem continues to mature. An increasing number of customers are choosing pre-certified module solutions to simplify hardware development, shorten product development cycles, and concentrate engineering resources on software, AI, and application innovation.

Revenue by Product Category in the First Three Quarters of 2026



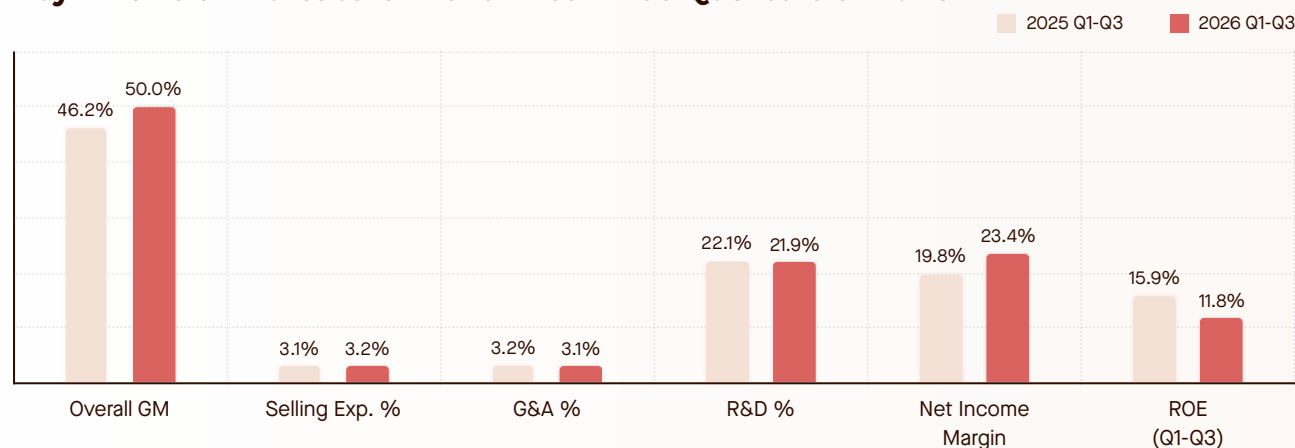
Profitability & Resilience: Net income attributable to shareholders reached CNY 552.92 million, representing a 46.8% year-on-year increase, outpacing revenue growth. Despite a softer market environment, the Company continued to demonstrate strong operational resilience through sustained margin expansion, diversified end-market exposure, and continued execution of its long-term growth strategy.

R&D investment: R&D expenses increased by 22.4% YoY, primarily driven by higher R&D headcount and employee compensation. The increase reflects the Company's continued investment in expanding its technology capabilities in response to the industry's evolution from basic IoT connectivity toward intelligent edge computing and Physical AI applications.

Cash Flow & Inventory: During the reporting period, memory prices increased and procurement lead times extended. To secure supply and ensure stable production and deliveries, the Company strategically increased inventory reserves. Consequently, inventory rose by CNY 291.71 million compared with the end of 2025, which was the primary reason why net cash generated from operating activities stood at CNY 318.32 million, lower than net profit. This deliberate working capital investment is expected to normalize as supply chain conditions stabilize.

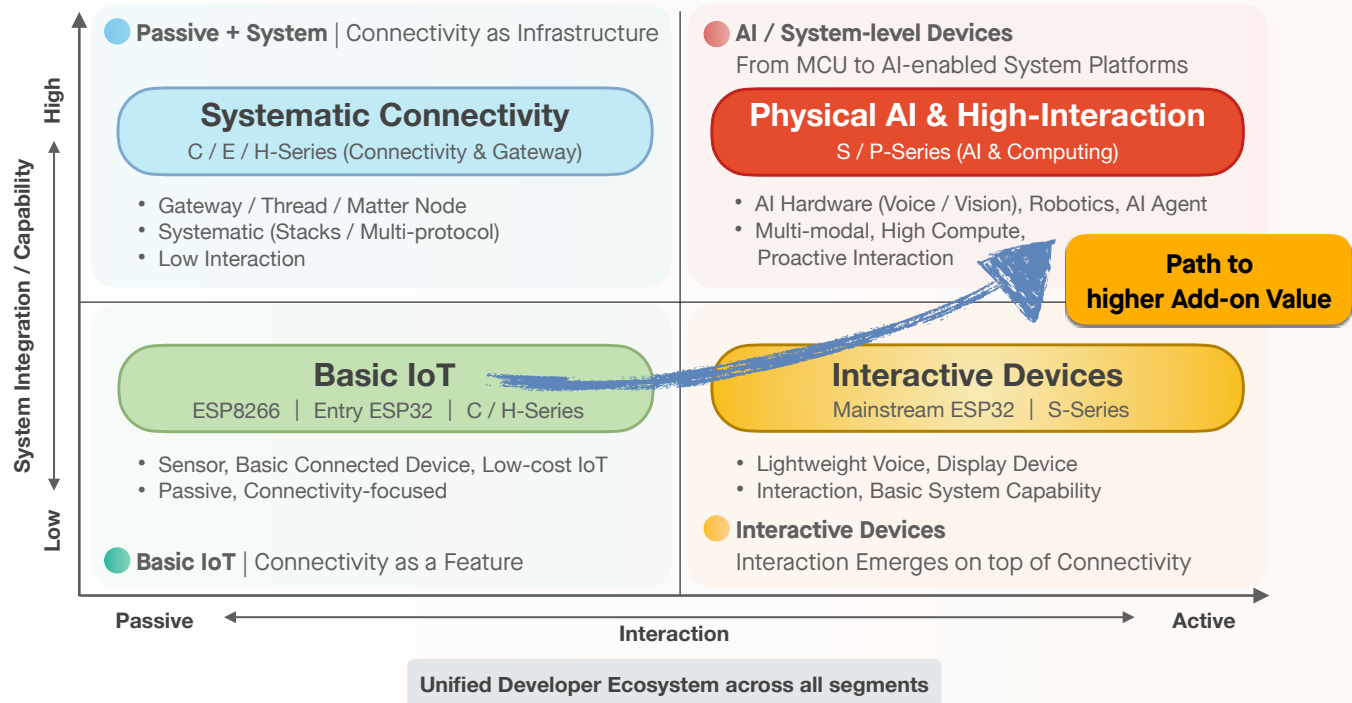
ROE & Capital: The decline in ROE was a result of capital dilution following the new share issuance completed in the end of September 2025, rather than a shift in underlying profitability.

Key Financial Indicators in the First Three Quarters of 2026



From Connectivity to AI

Espressif's Product Positioning Across Device Evolution



The Company's product roadmap is structured around four application-oriented capability layers: **Basic IoT**, **Systematic Connectivity**, **Interactive Devices**, and **Physical AI & High-Interaction**. This roadmap reflects the evolution of connected devices from simple sensing and communication toward intelligent, autonomous, and interactive systems.

Basic IoT focuses on delivering reliable, cost-effective connectivity for large-scale embedded devices. Products such as the ESP32-C series provide highly integrated Wi-Fi and Bluetooth connectivity with optimized power consumption and cost efficiency, enabling broad adoption across smart home devices, consumer electronics, industrial control, and other mainstream IoT applications.

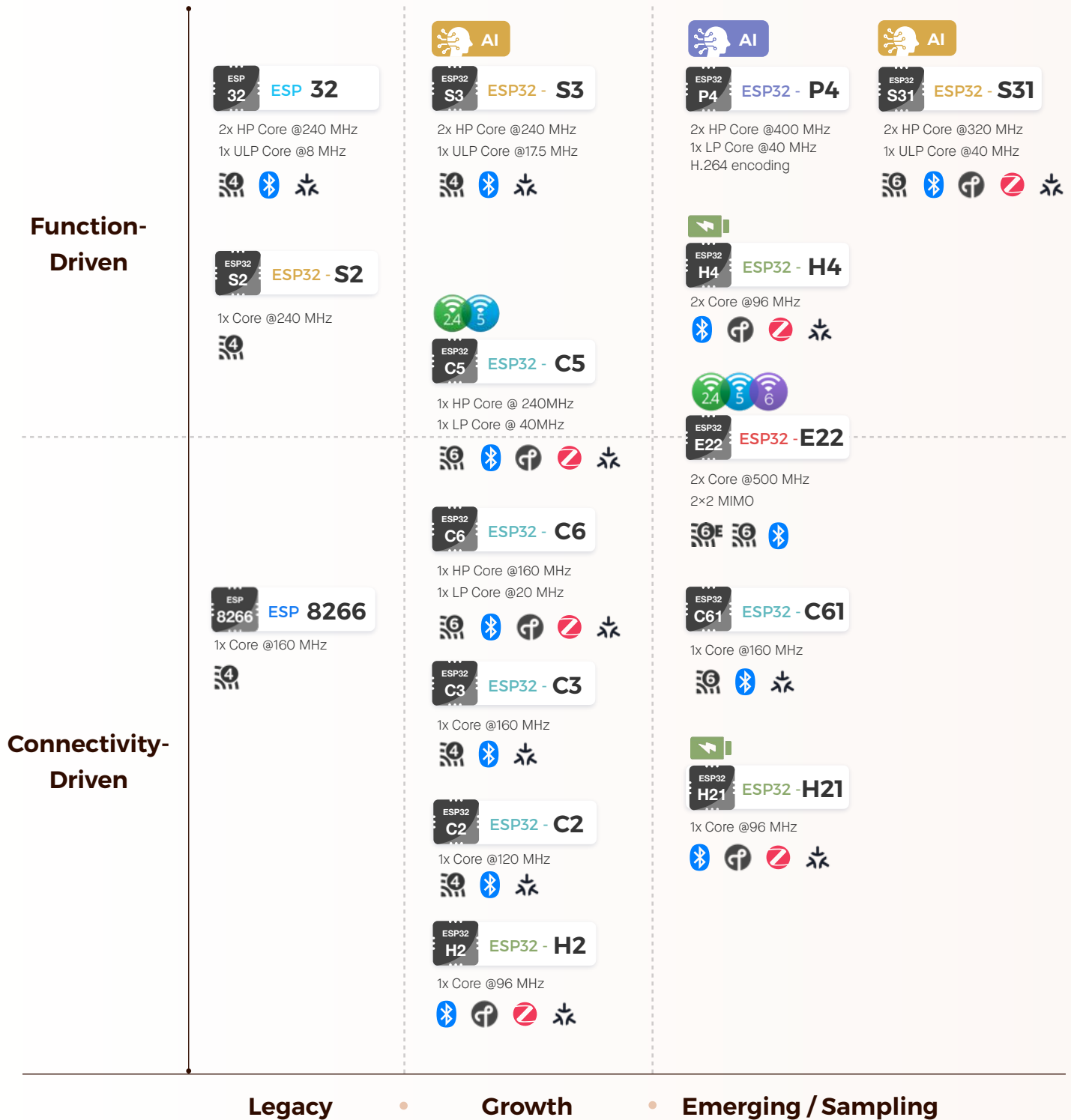
Building upon basic connectivity, **Systematic Connectivity** addresses increasingly complex networking environments where multiple wireless technologies operate together. The Company's portfolio supports Wi-Fi, Bluetooth LE, Thread, Zigbee, Matter, and Wi-Fi 6/6E, enabling devices to participate in heterogeneous networks with improved bandwidth, lower latency, stronger reliability, and lower power consumption. This capability allows customers to build scalable and interoperable connected systems rather than isolated devices.

Interactive Devices combine connectivity with local intelligence to enable richer human-device interaction. Products including the ESP32-S series integrate AI acceleration, vector instructions, graphics capabilities, and multimedia processing to support voice interaction, vision processing, display control, and other real-time edge AI applications, enabling a new generation of intelligent terminals.

Looking further ahead, the Company is expanding toward **Physical AI & High-Interaction**. Products such as the ESP32-P series provide significantly higher computing performance, richer peripheral interfaces, multimedia capabilities, and support for embedded Linux, forming the computing foundation for next-generation intelligent control systems, robotics, and AI Agent applications. At the software layer, the Company is also investing in technologies such as MCP integration, ESP-Claw, and AI-native development frameworks to help developers more easily build intelligent interactive devices and Physical AI applications.

Through this four-layer strategy, the Company is building a unified platform that supports customers from basic IoT connectivity to intelligent edge computing and future Physical AI applications.

Key Products - Chip Matrix

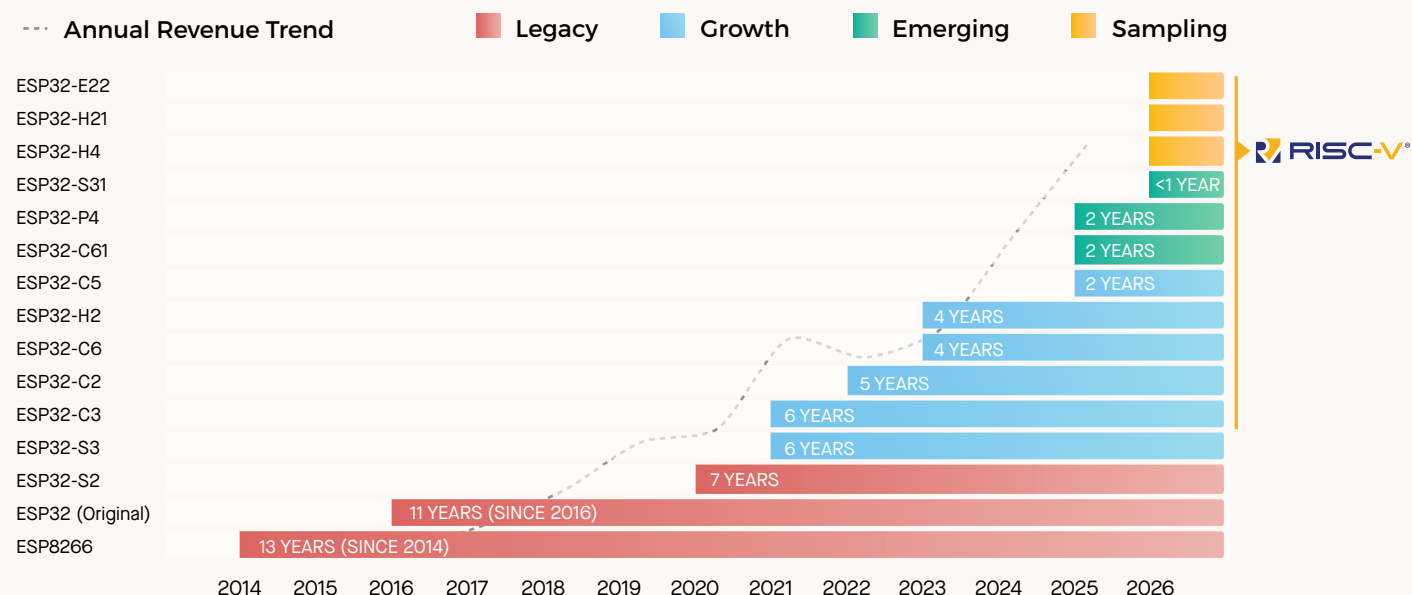


N.B.:

All products shown above are 32-bit MCU-based chips.

	Wi-Fi 4		Bluetooth
	Wi-Fi 6		Thread
	Wi-Fi 6E		Zigbee
	Matter		Ultra-Low Power

Product Market Tenure



Product Lifecycle Classification

- **Sampling:** The product has completed development and entered the sampling phase, undergoing customer design-in and validation.
- **Emerging:** The product has achieved initial mass production and begun generating revenue, though overall scale remains limited.
- **Growth:** The product enters a ramp-up phase, making a significant contribution to revenue growth.
- **Legacy:** The product has reached a stable shipment scale, with sales trending flat or gradually declining; certain product may enter the later stage of their lifecycle.
- **EOL:** End of Life. No products have reached this stage yet.

Market Tenure as a Core Asset

In the IoT industry, a product's market tenure serves as a critical indicator of credibility. It reflects long-term validation and stable performance across complex application environments—**reliability** that cannot be replicated by speed or short-term iteration alone.

Long-Tail Value

IoT products typically have long lifecycles and prioritize reliability, stability, and long-term supply continuity. Once a customer's product enters mass production, the end product may remain in the market for 5–10 years or longer. Throughout this period, the customer continues to require chips/modules for ongoing production, replenishment, maintenance, and product variants, creating a recurring stream of demand.

This creates a **hardware equivalent of SaaS economics**: not through subscription fees, but through long product lifecycles, repeat purchases, and durable customer relationships.

The result is a "**Slow Burn, High Retention**" model, in which the value of a design win extends well beyond the initial order, generating a long tail of revenue over the product's lifetime.

Key Products - M5Stack Development Kits

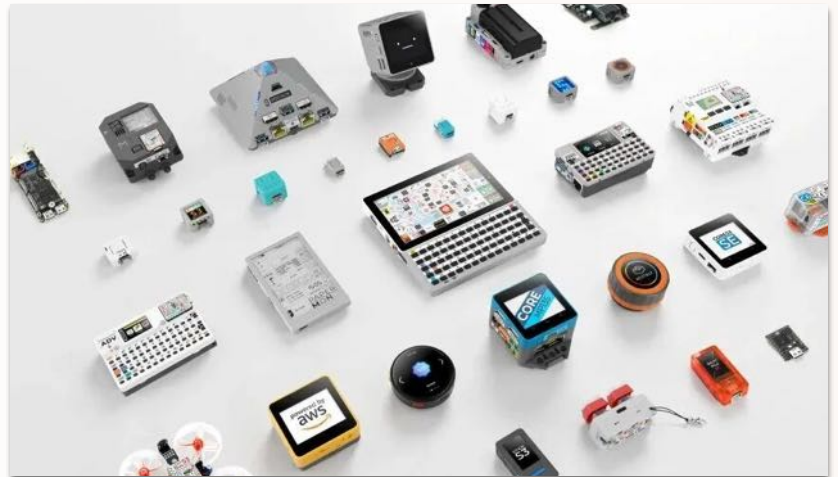
In addition to the **ESP32** chip brand, Espressif also owns the **M5Stack** development kit brand. M5Stack is renowned for its innovative approach to hardware development and offers a modular, open-source platform that simplifies the creation of IoT and embedded system solutions, greatly enhancing deployment efficiency.

Beyond its hardware prowess, M5Stack has cultivated an exceptionally vibrant global developer community, commanding high brand mindshare within the ecosystem. With an extensive lineup exceeding **400 products**, M5Stack continues to drive rapid innovation by **launching a new product every week**. M5Stack enables developers to rapidly prototype and iterate. This vast community serves as a continuous validation engine, where grassroots innovation frequently translates into mature, market-ready solutions.

In the first half of 2026, M5Stack successfully debuted two new products through Kickstarter crowdfunding campaigns. Post-crowdfunding, the products sustained high traction with both new acquisitions and repeat purchases throughout standard retail, underscoring a robust long-tail effect. M5Stack is progressively becoming an **'Everyday Carry' (EDC)** staple for engineers, further reinforcing our **Direct-to-Consumer (DTC)** market strategy.

AI is stepping out of the screen and into the real world. As intelligence finds its way onto our desks, into our pockets, and into field devices, hardware is evolving into the essential infrastructure that bridges digital intelligence with physical experiences.

Throughout 2026, from the Anthropic Developer Conference, the Meta Muse Gadget Board debut, and the Qoder exhibition at the Alibaba Apsara Conference, to the Netherlands cybersecurity conference OrangeCon and WorkOS's init() event, M5Stack has repeatedly been chosen as the hardware of choice for AI coding at developer gatherings worldwide. Serving variously as an interactive badge, an installation device, a workshop tool, or simply the very first piece of hardware to bring an AI concept straight to the desktop, M5Stack continues to empower developers in turning imagination into tangible reality.



Business Model

Business-to-Developer-to-Business (B2D2B)

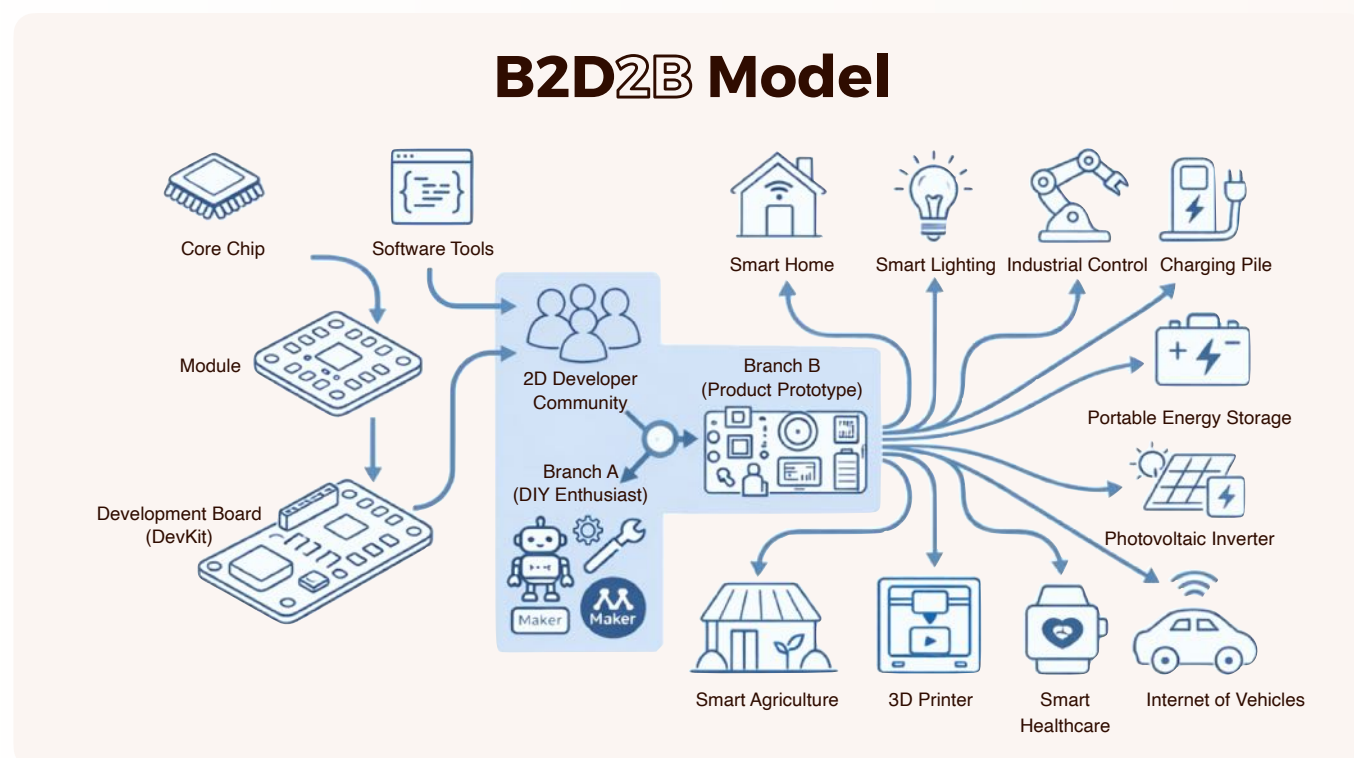
We believe developers are the primary drivers of technological innovation. By serving developers first, we enable the creation of new products, new applications, and ultimately new markets.

Our growth model is built on the global developer ecosystem through two complementary layers: Business-to-Developer (B2D) and Business-to-Developer-to-Business (B2D2B).

B2D (Business-to-Developer) forms the foundation of our ecosystem. We regard developers as our primary direct users and continuously invest in a comprehensive development platform, including processors, software frameworks, operating systems, development tools, development kits, and technical support. Through our open-source ecosystem, technical community, developer events, and continuous software enhancements, we maintain long-term engagement with developers worldwide. In this sense, B2D resembles a **direct-to-consumer (DTC)** model, where the "consumer" is the global developer community.

B2D2B (Business-to-Developer-to-Business) transforms developer adoption of our platform into enterprise adoption of our technologies. As developers build innovative products on our platform, they bring our technologies into their organizations and industries, driving the development and commercialization of intelligent hardware applications across industrial automation, energy management, smart agriculture, consumer electronics, AI-enabled devices, and many other markets.

Together, these two layers form **Espressif's Developer Flywheel**, where developers create new applications that drive enterprise adoption, while growing enterprise adoption attracts more developers, reinforcing a self-sustaining cycle of developer growth, application innovation, enterprise adoption, and ecosystem expansion.



Behind Every Smart Devices is a **Developer**

Developer-Centric Platform Strategy

CONNECTED DEVICE DEVELOPERS



DESCRIPTION

Build reliable, low-power connected devices for IoT applications, with a focus on wireless connectivity, energy efficiency, and security.

TYPICAL FOCUS

Smart home, Matter, Thread, sensors, wearables, industrial IoT

SMART INTERACTION DEVELOPERS



DESCRIPTION

Create devices that interact naturally with people through displays, touch, voice, cameras, and multimodal interfaces.

TYPICAL FOCUS

AI toys, smart displays, HMI, education, consumer electronics

PHYSICAL AI DEVELOPERS



DESCRIPTION

Develop intelligent physical devices that perceive, interact with, and respond to the physical world through AI, sensing, connectivity, and control.

TYPICAL FOCUS

Robotics, AI devices, sensing, physical interaction, automation.

HIGH-PERFORMANCE CONNECTIVITY DEVELOPERS



DESCRIPTION

Design products that require high bandwidth, low latency, and advanced wireless connectivity.

TYPICAL FOCUS

Video streaming, industrial gateways, XR, multimedia, networking

LINUX APPLICATION DEVELOPERS



DESCRIPTION

Build sophisticated embedded applications using Linux, leveraging modern software frameworks and open-source ecosystems.

TYPICAL FOCUS

Python, ROS, OpenCV, edge computing, robotics, AI terminals

AI-NATIVE DEVELOPERS



DESCRIPTION

Build hardware applications with AI as the primary development interface, using natural language, AI coding assistants, and low-code workflows.

TYPICAL FOCUS

Vibe coding, MCP, AI IDEs, rapid prototyping

Espressif's long-term development strategy is centered on continuously expanding the developer ecosystem served by its technology platform. As intelligent connected devices evolve, the required skill sets and development workflows continue to diversify. Accordingly, the Company is broadening its technology portfolio to support an increasingly diverse range of developer communities.

Today, Espressif's platforms are widely adopted by **Connected Device Developers**, who focus on low-power wireless IoT applications, and **Smart Interaction Developers**, who build products featuring displays, voice, cameras, touch interfaces, and multimodal user experiences. As AI increasingly moves beyond digital applications into the physical world, the Company is also expanding its engagement with **Physical AI Developers** building intelligent devices that combine AI capabilities with sensing, connectivity, interaction, and physical control. Meanwhile, increasing demand for higher bandwidth and lower latency is creating new opportunities among **High-Performance Connectivity Developers** developing multimedia, industrial networking, and advanced wireless applications.

Looking forward, the Company is making strategic investments to support the next generation of embedded software development. This includes ongoing research and development of Linux-capable platforms and software frameworks intended to serve **Linux Application Developers**, enabling more sophisticated embedded computing applications. In parallel, the Company is exploring AI-native development frameworks and workflows, including AI-assisted programming, MCP integration, and low-code development tools, with the objective of supporting the emerging community of **AI-Native Developers** as artificial intelligence reshapes embedded system development.

By expanding its developer communities, the Company aims to strengthen its software ecosystem, accelerate technology adoption, and support long-term business growth. **14**

Developer Community Content



Global Code Hosting Platform

275,000

ESP32 and ESP8266 Projects



Social Networking Site

218,850

ESP32 Group Members



Developer-written books

> 300

Covering more than 10 languages



Chinese Video Sharing Platform

5.97 M

Most Viewed ESP32 Video (2026)



Global Video Sharing Platform

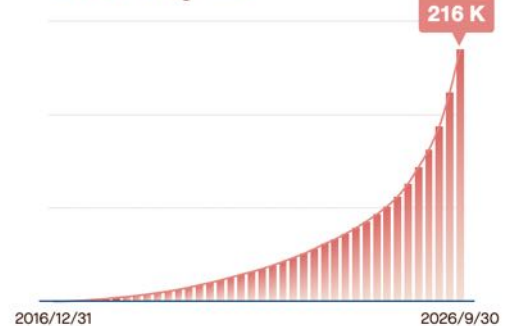
49.8 M

Most Viewed ESP32 Short (2026)

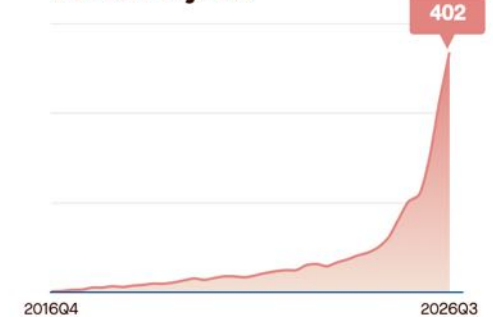
1,017 K

Most Viewed ESP32 Video (2026)

Cumulative Number of GitHub ESP32 Projects



Daily Increase on GitHub ESP32 Projects



Always a Hot Topic on Social Media



Posted on 15 Oct 2026

An **ESP32-S3** with a 3.97-inch e-paper display. What would you build?

This Waveshare board combines an ESP32-S3 with a 800 × 480 e-paper screen, making it useful for low-power projects that need to display information without constantly refreshing a backlight display

Think desk dashboards...


https://x.com/Alacritic_Super/status/2110612903787364833


Posted on 20 Sep 2026

成本百元！一行代码不会，如何做自己的桌面小设备？【豆包工作】

从 **ESP32** 开发板出发，借助 AI 编程制作个人桌面设备，将想法变成可以使用的小工具。


<https://www.bilibili.com/video/BV1M6eq6qEqq>


Posted on 5 Oct 2026

Building a Tiny OLED Keychain | ESP32 project with free code

DIY electronics keychains are everywhere right now, so I decided to make my own!

I built a tiny OLED keychain using a XIAO ESP32-S3, a 1.3-inch OLED display, and a small LiPo battery...


https://www.youtube.com/watch?v=c_qwv6NKEDg


Posted on 16 Oct 2026

ESP32-S3の自作スマートウォッチで画面スワイプが効かなくなった時の話です。

タップもスクロールも動くのに、横スワイプだけ通らない。タッチパネルを疑っていました。


<https://x.com/maruhanax6lq/status/211037956425466113>


Posted on 6 Oct 2026

ESP32 par Chalya ArduPilot Drone!
#rcproject#shorts


<https://www.youtube.com/shorts/qDikdusE8>


Posted on 16 Oct 2026

Wearable ESP32 cyberdeck I designed

Thought this group might appreciate this project I just finished!

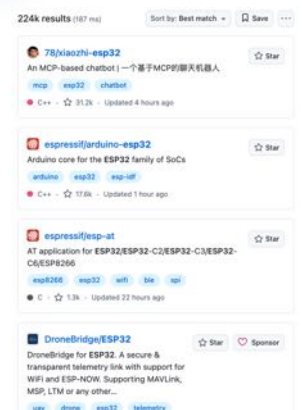

http://reddit.com/r/masterhacker/comments/1x76yfb/wearable_esp32_cyberdeck_i_design_ed/


Posted on 14 Oct 2026

เรียน ESP32 LVGL level1 จุดเริ่มต้นการพัฒนา Touchscreen อย่างไร้ดจ้กักติพิมพ์ สนใจไปทบทวน เรียนย่อยหลังได้แล้ว



Searched on 16 Oct 2026



Ownership of Securities

Basic information of securities

Share types	Ordinary share
Share capital	234,384,311 (as of Sep 30, 2026)
Listing	Shanghai Stock Exchange (SSE)
Ticker	688018.SH
Listing Date	2019-07-22

Shareholder Structure as of Sep 30, 2026

Shareholder	Share Numbers	Percentage (%)
Espressif (Hong Kong) Investment Ltd.	85,694,801	36.56
Hong Kong Securities Clearing Company Limited	8,739,244	3.73
NSSF Portfolio 114	5,826,557	2.49
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.1	3,099,418	1.32
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.3	2,918,417	1.25
China Construction Bank Corporation – Guotai Haitong Innovation Growth Mixed Asset Initiated Securities Investment Fund	2,793,470	1.19
Shinvest Holding Ltd.	2,601,600	1.11
CITIC Securities Co., Ltd. – Harvest SSE STAR Market Chip Tradable Open-ended Index Securities Investment Fund	2,336,575	1.00
Shanghai Letun Enterprise Management Partnership (Limited Partnership)	2,047,763	0.87
Shenwan Hongyuan Securities Co. Ltd.	1,996,834	0.85
Top 10 shareholders	118,054,679	50.37
Espressif Systems (Shanghai) Co., Ltd. Repurchase Special Securities Account	2,729,203	1.16
Other public shareholders	113,600,429	48.47
Total of outstanding shares	234,384,311	100.00

Risks and Uncertainties



Financial Risk

The Company performs periodic credit evaluations of its customers' financial condition and generally requires of its customers no collateral. The Company provides an allowance for expected credit losses, based on the net amount expected to be collected on such receivables. Losses have not been significant for any of the periods presented in this report.



R&D Risk

Espressif's research and development strategy is focused on leveraging new technologies for the creation of innovative AIoT products. Any delays or changes in the development of these technologies by our industry partners, or a failure of our products to achieve market acceptance, could compromise our competitive position.



Competitors

As the market for AIoT products grows, we face an increasing antagonism from relatively large competitors, such as Realtek, MediaTek, Infineon, NXP, Qualcomm, Nordic, Silicon Labs, and others. Intense competition from current players may reduce our product sales and market share.



Suppliers

A significant portion of the Company's products is fabricated by the Taiwan Semiconductor Manufacturing Company Limited (TSMC). The inability of TSMC to deliver wafers to the Company in a timely manner could impact the production of the Company's products for a certain period of time, which could have an adverse effect on the Company's business, financial condition, results of operations and cash flow.



Customers

The Company sells directly to end customers, distributors, solution providers and contract manufacturers. Our customers are a mix of several big customers and numerous small customers. The concentration ratio for our top-five customers was 20.72% in the first three quarters of 2026.

Consolidated Financial Statements

Consolidated Balance Sheet (unaudited)

CNY	Sep 30, 2026	Dec 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	1,292,099,654	1,024,792,840
Held for trading financial assets	883,540,105	876,009,608
Notes receivable	82,599,517	65,534,507
Accounts receivable, net	382,490,392	298,106,030
Accounts receivable financing		
Prepayments	21,545,397	19,427,100
Other receivables	13,101,136	11,439,963
Including: Interest receivable		
Inventories	919,347,083	627,637,513
Other current assets	227,147,753	1,011,937,898
Total current assets	3,821,871,036	3,934,885,459
Non-current assets:		
Debt investment	495,941,300	210,430,400
Investment in other equity assets	42,036,070	42,036,070
Other non-current financial assets	41,937,416	41,937,416
Fixed assets	577,614,152	556,813,866
Right-of-use assets	32,747,534	29,091,243
Intangible assets	24,499,504	26,662,076
Goodwill	74,654,024	74,654,024
Long-term deferred expenses	40,118,690	22,753,695
Deferred income tax assets	107,469,417	108,491,271
Other non-current assets		
Total assets	5,258,889,142	5,047,755,518

Consolidated Balance Sheet (unaudited)

CNY	Sep 30, 2026	Dec 31, 2025
Liabilities & Shareholders' Equity		
Current liabilities:		
Short-term loan		
Accounts payable	214,239,053	187,528,762
Contract liabilities	43,308,469	23,381,055
Payroll payable	134,252,056	157,619,024
Taxes payable	9,213,239	2,581,791
Other payable	16,709,388	37,303,747
Including: Interest payable		
Non-current liabilities due within one year	8,895,925	6,944,668
Other current liabilities	2,151,205	1,173,418
Total current liabilities	428,769,335	416,532,465
Non-current liabilities:		
Lease liabilities	25,955,034	23,701,708
Provisions	613,503	636,582
Deferred income tax liabilities	137,051,991	117,006,835
Total liabilities	592,389,863	557,877,590
Owners' equity (or shareholders' equity):		
Share capital	234,384,311	167,143,010
Capital reserves	2,947,030,609	3,040,623,359
Less: Treasury stock	302,427,630	67,433,448
Other comprehensive income	-15,988,536	17,636,423
Surplus reserves	123,024,049	123,024,049
Retained earnings	1,646,739,543	1,177,520,921
Total Espressif shareholders' equity	4,632,762,346	4,458,514,314
Non-controlling interests	33,736,933	31,363,613
Total shareholders' equity	4,666,499,279	4,489,877,928
Total liabilities and shareholders' equity	5,258,889,142	5,047,755,518

Consolidated Income Statement (unaudited)

CNY	Three Months Ended		Nine Months Ended	
	Sep 30, 2026	Sep 30, 2025	Sep 30, 2026	Sep 30, 2025
Revenue	889,277,202	666,706,221	2,369,988,496	1,912,247,017
Cost of Revenue	435,191,478	346,860,831	1,185,647,816	1,029,365,877
Gross Profit	454,085,724	319,845,390	1,184,340,680	882,881,140
Taxes and surcharges	3,562,984	1,485,439	9,898,731	4,784,329
Selling expenses	27,192,217	21,202,823	75,127,957	59,114,434
General and administrative expenses	25,023,192	24,222,903	72,425,306	62,091,408
Research and development expenses	188,725,772	155,163,791	518,391,823	423,408,329
Financial expenses	305,717	-1,441,601	-2,833,484	-8,092,809
Including: Interest expenses	298,969	1,495,598	862,320	4,576,810
Interest income	6,000,764	5,855,951	17,110,669	16,821,219
Add: Other income	16,674,834	6,965,515	40,925,483	38,334,091
Investment income (mark "-" for loss)	7,213,830	3,427,000	24,044,782	11,860,933
Income from changes in fair value (mark "-" for loss)	316,679		1,848,163	
Credit impairment losses (mark "-" for loss)	528		46,120	-350,123
Assets impairment losses (mark "-" for loss)	-46,886	-353,452	-2,393,307	-1,591,282
Assets disposal income (mark "-" for loss)	-125	-22,982	3,645	-52,581
Operating Income	233,434,702	129,228,116	575,805,232	389,776,488
Add: Non-operating revenue	-470	27,544	2,120,000	357,744
Less: Non-operating expenses	153,380	293,841	212,852	362,447
Income before income taxes	233,280,852	128,961,819	577,712,381	389,771,785
Provision (benefit) for income taxes	13,264,898	12,462,773	22,417,886	10,232,975
Net Income	220,015,954	116,499,045	555,294,495	379,538,810
Net Income attributable to non-controlling interests	1,320,836	998,507	2,373,319	2,776,095
Net Income attributable to Espressif	218,695,118	115,500,538	552,921,175	376,762,715
Earnings per share				
Basic			2.3673	1.7343
Diluted			2.3673	1.7343

N.B.: Due to the company's implementation of a capital reserve to equity conversion in 2026, the earnings per share for each reporting period have been recalculated based on the adjusted share count.

CNY	Three Months Ended		Nine Months Ended	
	Sep 30, 2026	Sep 30, 2025	Sep 30, 2026	Sep 30, 2025
Net Income	220,015,954	116,499,045	555,294,495	379,538,810
Other comprehensive income (loss), after tax				
Changes to the fair value of investment in other equity instruments				
Currency translation reserves	-7,123,532	-6,743,598	-33,624,959	-9,919,960
Other comprehensive income (loss)	-7,123,532	-6,743,598	-33,624,959	-9,919,960
Other comprehensive income (loss) attributable to non-controlling interests				
Comprehensive income	212,892,422	109,755,447	521,669,536	369,618,851
Comprehensive income attributable to non-controlling interests	1,320,836	998,507	2,373,319	2,776,095
Comprehensive income attributable to Espressif	211,571,587	108,756,940	519,296,216	366,842,756

Consolidated Cash Flow Statement (unaudited)

CNY	Three Months Ended		Nine Months Ended	
	Sep 30, 2026	Sep 30, 2025	Sep 30, 2026	Sep 30, 2025
Operating Activities				
Cash from sales of merchandise and provision of services	984,275,536	759,768,187	2,518,668,956	2,059,551,601
Tax refund	34,545,758	22,222,797	102,121,801	50,238,157
Other received cash related to operational activities	13,115,604	11,545,285	28,713,728	45,010,201
Subtotal of cash inflow from operational activities	1,031,936,898	793,536,268	2,649,504,485	2,154,799,959
Cash paid for merchandise and services	571,478,021	446,443,968	1,623,204,864	1,269,850,584
Cash paid to and for employees	131,243,306	109,983,101	485,440,149	409,505,162
Cash paid for taxes and surcharges	30,667,885	2,347,759	62,742,754	53,671,180
Other paid cash related to operational activities	52,673,415	39,116,568	159,795,933	111,705,337
Subtotal of cash outflow from operational activities	786,062,626	597,891,396	2,331,183,701	1,844,732,262
Net cash provided by operating activities	245,874,272	195,644,872	318,320,784	310,067,697
Investing activities				
Cash arising from the disposal of investments	1,682,789,170	50,000,000	4,008,657,588	190,000,000
Cash arising from investment income	25,233,260	4,815,000	38,561,760	17,782,233
Net cash arising from the disposal of fixed assets, intangible assets and other long-term assets	2,986	10,193	18,756	25,098
Other received cash relating to investment activities	306,050	148,050	2,637,153	1,648,150
Subtotal of cash inflow from investment activities	1,708,331,466	54,973,243	4,049,875,257	209,455,481
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	27,588,189	25,448,013	106,914,264	469,618,632
Cash paid for investments	1,367,000,000		3,560,000,000	
Net cash paid for acquisition of subsidiaries and other business units				
Other paid cash relating to investment activities	1,000,000		1,000,000	1,200,000
Subtotal of cash outflow from investment activities	1,395,588,189	25,448,013	3,667,914,264	470,818,632
Net cash provided by investment activities	312,743,277	29,525,230	381,960,993	-261,363,151
Financing activities				
Cash arising from the issuance of common stock		1,766,553,723	93,024,211	1,837,645,360
Including: Cash arising from subsidiaries absorbing investments by minority shareholders				
Cash received from borrowings		21,000,000		383,350,000
Subtotal of cash inflow from financing activities		1,787,553,723	93,024,211	2,220,995,360
Cash paid to repay debt		170,288,327		180,688,327
Cash paid for the distribution of dividends and profits, or payment of interests		1,404,251	83,702,554	70,604,145
Including: dividends and profits paid to minority shareholders by subsidiaries				
Other paid cash relating to financing activities	302,991,524	4,059,697	406,100,259	11,380,912
Subtotal of cash outflow from financing activities	302,991,524	175,752,275	489,802,813	262,673,384
Net cash provided by financing activities	-302,991,524	1,611,801,449	-396,778,601	1,958,321,976
Impact of fluctuation in exchange rates on cash and cash equivalents	-9,320,364	-7,169,924	-40,062,074	-6,148,767
Net increase in cash and cash equivalents	246,305,661	1,829,801,627	263,441,102	2,000,877,755
Add: Cash and cash equivalent at the commencement of the period	1,035,159,212	838,708,434	1,018,023,771	667,632,307
Cash and cash equivalents at the end of the period	1,281,464,873	2,668,510,061	1,281,464,873	2,668,510,061

Further Information

Terms and Conditions of the Report

Responsibility Statement

The Board of Directors, and the executive management of the Company warrant that the contents of this report are true, accurate and complete, and do not contain any false information, misleading statements or material omissions, severally and jointly accepting any legal responsibility thereof.

Shanghai, 23 October 2026

Espressif Systems

Board of Directors

Teo Swee Ann

Founder and Chairman

Ng Pei Chi

Information Technology Officer

Wang Jue

Board Secretary

Teo Teck Leong

Shareholder-elected

Chen Myn

Independent Director

Lee Kian Soon

Independent Director

Leong Foo Leng

Independent Director

Executive Management

Teo Swee Ann

Founder and CEO

Wang Jue

Board Secretary

Shao Jingbo

Financial Director



Forward-looking Statements

This report contains forward-looking statements and/or assessments about the business, financial condition, performance and strategy of the Espressif Group. These statements and/or assessments are based on assumptions and management expectations resting upon currently available information and current estimates. These are subject to a multitude of uncertainties and risks, many of which are partially or entirely beyond Espressif's control. Espressif's actual business development, financial condition, performance and strategy may, therefore, differ from what is discussed in this report.

List of abbreviations

AI	Artificial Intelligence
AIoT	Artificial Intelligence and Internet of Things
Bluetooth LE	Bluetooth Low Energy
CEO	Chief Executive Officer
Espressif	ESPRESSIF SYSTEMS (SHANGHAI) CO., LTD.
G&A	General and Administrative
GM	Gross Margin
HMI	Human-Machine Interaction
IC	Integrated Circuit
IoT	Internet of Things
LLM	Large Language Model
MCU	Microcontroller Unit
MCP	Model Context Protocol
QoQ	Quarter-on-Quarter
R&D	Research and Development
RF	Radio Frequency
RISC-V	Reduced Instruction Set Computer-V
ROE	Return on Earnings
G&A	General and Administrative
SH	Shanghai
SoCs	System on Chips
YoY	Year-on-Year



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All amounts presented in these condensed Consolidated Financial Statements are shown in CNY unless stated otherwise. Slight discrepancies between the amounts presented may occur due to rounding.