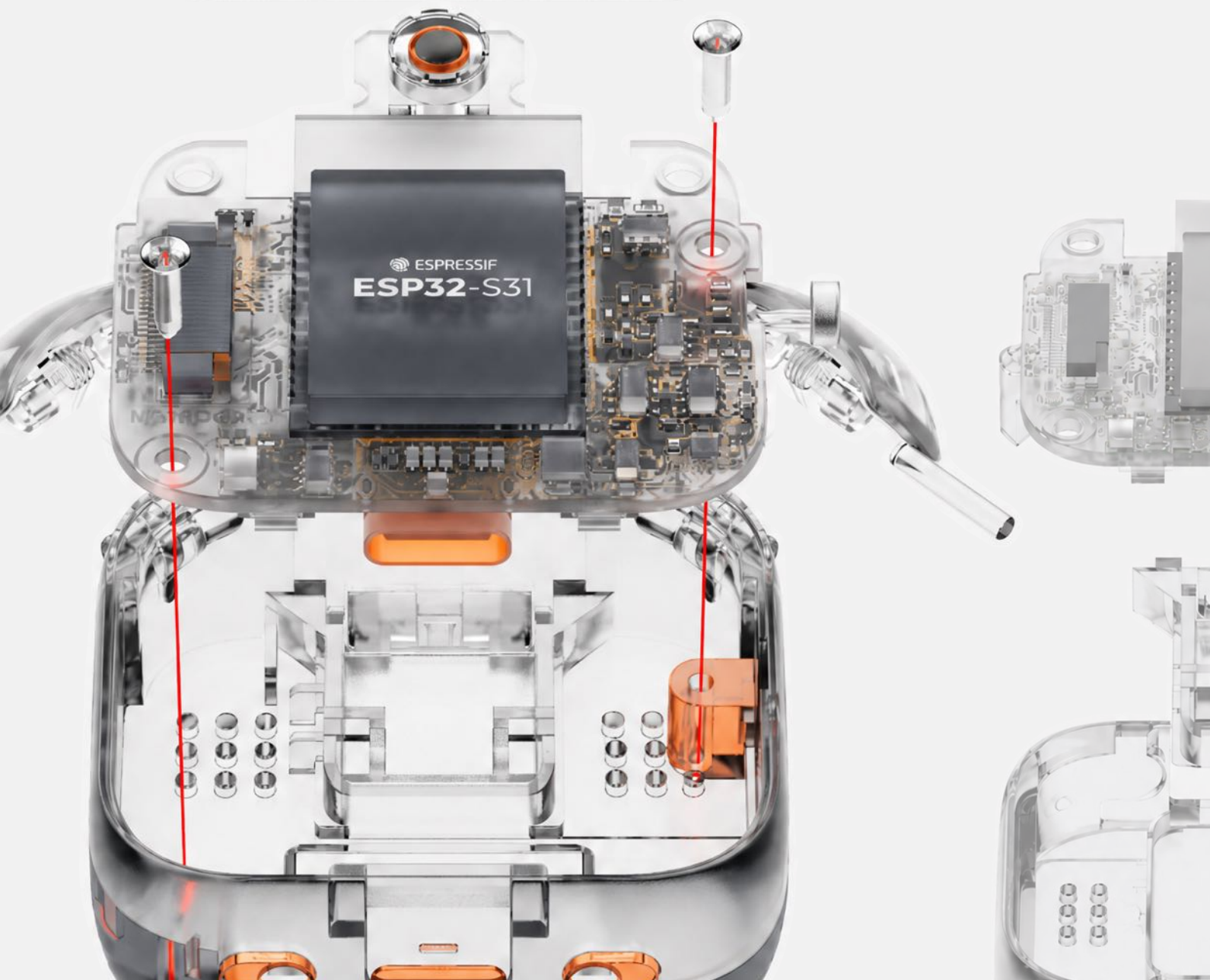


2026 Q2 & HALF-YEAR REPORT



Contents

Message from the CEO	03
-----------------------------	-----------

About Espressif	07
------------------------	-----------

Facts About Espressif	07
-----------------------	----

Key Technologies	08
------------------	----

Core Competitiveness	09
-----------------------------	-----------

Business Highlights	10
----------------------------	-----------

Key Financial Data (Unaudited)	10
--------------------------------	----

Key Financial Indicators (Unaudited)	10
--------------------------------------	----

Financial Analysis	11
--------------------	----

Management Report	13
--------------------------	-----------

Industry Overview	13
-------------------	----

Product Positioning	15
---------------------	----

Key Products - Chip Matrix	16
----------------------------	----

Product Market Tenure	17
-----------------------	----

Key Products - M5Stack Development Kits	18
---	----

B2D2B Business Model	19
----------------------	----

Management Report (Continued)	
--------------------------------------	--

Developer-Centric Platform Strategy	20
-------------------------------------	----

Developer Community Content	21
-----------------------------	----

Research and Development	22
--------------------------	----

Ownership of Securities	24
-------------------------	----

Risks and Uncertainties	25
-------------------------	----

Consolidated Financial Statements (Unaudited)	26
--	-----------

Consolidated Balance Sheet	26
----------------------------	----

Consolidated Income Statement	28
-------------------------------	----

Consolidated Cash Flow Statement	29
----------------------------------	----

Consolidated Cash Flow Statement - Indirect Method	26
--	----

Consolidated Statement of Changes in Equity	31
---	----

Further Information	32
----------------------------	-----------

Terms and Conditions of the Report	32
------------------------------------	----

List of abbreviations	33
-----------------------	----

Message from the CEO



"We are building more than chips — we are building a developer-driven platform for the AI era."

Teo Swee Ann

Espressif's Founder & CEO

Espressif continued to deliver steady growth in the first half of 2026. The Company generated revenue of RMB 1.48 billion, up 18.9% year on year. Gross margin improved by 4.1 percentage points to 49.3%, while net profit attributable to shareholders increased 27.9% to RMB 334 million. Growth momentum strengthened during the period, with second-quarter revenue exceeding RMB 800 million for the first time and gross margin reaching 50.0%, reflecting continued improvement in business quality.

We believe sustained and effective R&D investment is the foundation for product differentiation and long-term profitability. In the first half of 2026, R&D investment reached RMB 330 million, representing 22.3% of revenue, with a continued focus on core technologies, software platforms and new product development. We allocate resources based on product execution, customer adoption and long-term value creation, converting our technical capabilities into more competitive products and stronger business performance.

Our first-half performance was not driven by a single product cycle, but by a broader product portfolio, a growing developer ecosystem and the supply resilience we have built over time. Together, these factors supported revenue growth, profitability improvement and the continued expansion of the markets we serve.

Broadening our addressable market

- The ESP32-P4 is an important step beyond our traditional communications portfolio. It is a high-performance microcontroller without an integrated radio, designed for applications requiring compute performance, human-machine interfaces and edge processing. In many customer designs, it can operate alongside one of our connectivity products. This allows us to address a larger share of the system while preserving the modularity customers need.
- We also continued to expand our low-power wireless portfolio. The ESP32-H4 and ESP32-H21 support Bluetooth Low Energy and IEEE 802.15.4, providing a foundation for Zigbee, Thread and Matter applications. The H4 is designed for more demanding battery-powered products requiring dual-core processing and advanced Bluetooth capabilities. The H21 extends the portfolio toward cost- and power-sensitive sensing and control nodes. This portfolio matters because connected homes, buildings and industrial systems increasingly use several communications protocols. Low-power mesh devices frequently operate alongside Wi-Fi gateways and bridges. Supporting these applications through a common development framework can reduce integration effort for customers, shorten development cycles and increase the number of applications that Espressif can serve.
- The ESP32-S31 began sampling with customers in May and officially entered mass production in July. The S31 combines our self-developed dual-core RISC-V architecture with SIMD acceleration, multi-protocol connectivity and interfaces for audio, vision and human-machine interaction. It is designed to support embedded AI and signal-processing workloads, including intelligent audio and basic computer-vision applications.
- To address the growing demand for high-performance AI computing at the edge, we are also actively advancing the development of our next-generation AI edge chip based on our self-developed RISC-V IP. Expected to be manufactured using an advanced 12nm process technology, this chip is designed to significantly improve energy efficiency and local AI inference capabilities, while enabling more complex algorithm deployment and exceptional power efficiency. This development will further strengthen Espressif's architectural independence and competitive position in edge AI.

The significance of these additions is not simply that we are releasing more chips. They expand our addressable market from connectivity-focused microcontrollers into general-purpose processing, higher-performance wireless connectivity and edge intelligence. They also give existing customers more reasons to use Espressif products across multiple functions within the same system.

The Long-Term Value of Our Ecosystem

For more than a decade, we have invested not only in silicon, but also in the broader infrastructure surrounding our chips, including ESP-IDF, open-source tools, technical documentation, reference designs and our developer community. Many of these investments began long before their financial returns became apparent.

This ecosystem reduces the practical cost of adopting Espressif products. Engineers can leverage existing software, examples and community knowledge rather than starting each project from scratch. This enables customers to move more quickly from product evaluation to working designs and increases the likelihood that an initial design win evolves into a long-term customer relationship.

AI-assisted software development has the potential to further amplify the value of this advantage. Platforms with comprehensive, well-structured documentation and extensive open-source code are generally easier for both engineers and AI-assisted development tools to understand and utilize. As these tools continue to evolve, we expect our long-term investment in open software and documentation assets to create even greater value.

We do not view AI as a replacement for engineering expertise or customer support. AI-generated firmware still requires validation for security, reliability and performance. Our goal is to make Espressif one of the most accessible and developer-friendly platforms for building reliable embedded products, whether developers use our tools directly or leverage AI assistance.

We are also actively exploring new development paradigms in the AI era. Through initiatives such as ESP-Claw and ESP-Vision, as well as our support for emerging AI development technologies such as MCP, we aim to further lower the barriers between AI and physical devices, enabling developers worldwide to build intelligent applications for the real world at lower cost.

At the same time, our chips are becoming increasingly capable of running AI workloads locally. Edge processing can reduce latency, dependence on cloud connectivity, ongoing computing costs and the transmission of sensitive data outside the device. We believe that combining more capable edge computing with a high-productivity software ecosystem will further lower adoption barriers and expand the range of commercially viable applications.

Extending our engineering capability

The ESP32-E22 provides a further demonstration of the progress in our higher-performance communications portfolio. During the second quarter, it received Wi-Fi CERTIFIED 6E certification from the Wi-Fi Alliance. The E22 supports tri-band Wi-Fi 6E across 2.4 GHz, 5 GHz and 6 GHz,

2×2 MU-MIMO and channel bandwidth of up to 160 MHz, and is supported by an open-source Linux driver.

Certification is important because it independently validates standards compliance and interoperability. More broadly, developing a Wi-Fi 6E connectivity co-processor with this level of radio, digital and software complexity demonstrates the increasing scope of our internal R&D capability. This capability will support our continued development toward Wi-Fi 7, which remains an important part of our product roadmap. Our current objective is to reach Wi-Fi 7 capability by mid-2027.

Supply and working-capital discipline

We continue to plan for tight capacity in the parts of the semiconductor supply chain relevant to our products. We have therefore maintained additional inventory and supply coverage to reduce the risk of interruptions for customers.

This strategy carries a cost. It uses working capital, increases inventory exposure and can affect cash conversion if demand or product transitions differ from our expectations. We believe the resilience it provides is valuable, particularly because reliable supply can influence customer design decisions that last for several years. We will continue to balance that benefit against demand visibility, inventory ageing and capital efficiency.

Looking ahead

The first half demonstrated progress on the priorities that matter most to Espressif's long-term value: sustainable revenue growth, improving gross margin, continued R&D investment and expansion into adjacent markets where our technology and ecosystem provide a credible advantage.

Our portfolio now extends from ultra-low-power Bluetooth LE and IEEE 802.15.4 devices through general-purpose and AI-capable processing to higher-performance Wi-Fi connectivity. The commercial opportunity is larger as a result, but so is the execution challenge. We must convert new products into durable customer designs, manage operating expenses carefully and maintain disciplined use of working capital.

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

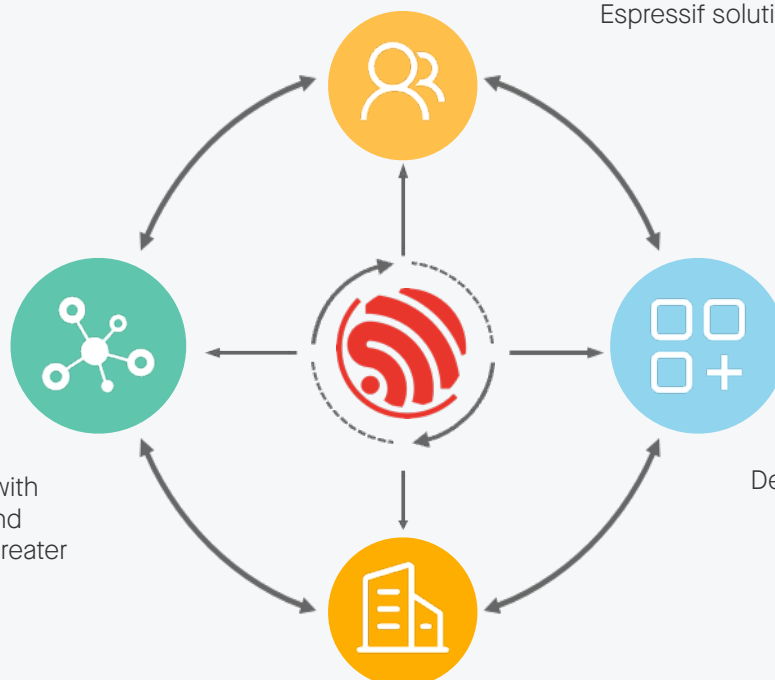
Developer Flywheel

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

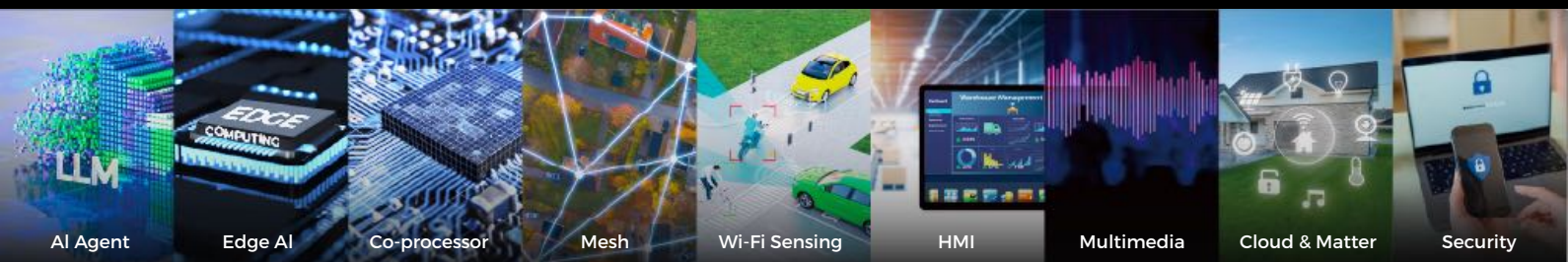
Developers create innovative
applications and solutions
across diverse use cases.

Enterprise Adoption

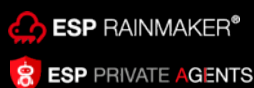
Enterprises adopt Espressif's platform to commercialize and scale these innovations.

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



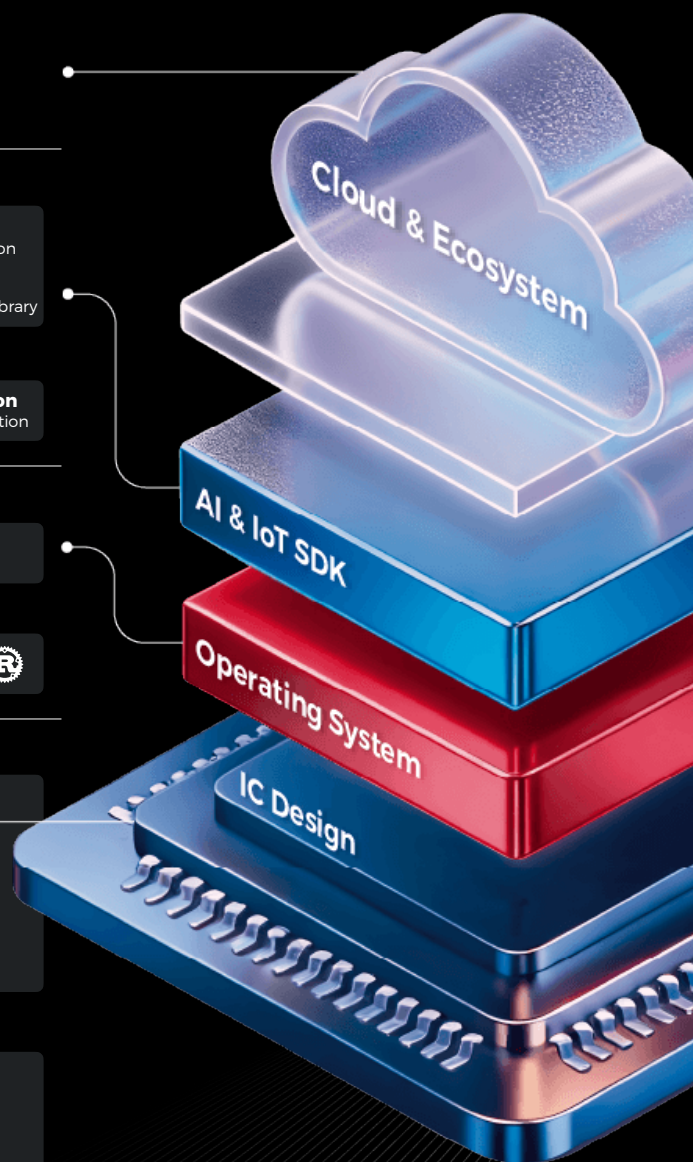
FPU | Instruction Set Extensions

Multimedia

ISP | H.264 Encoder | JPEG Codec

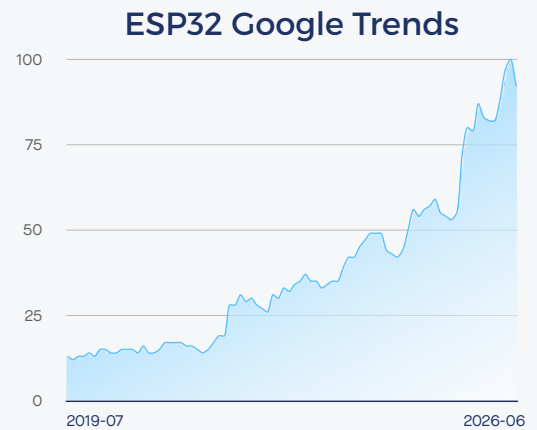
High-Speed Interfaces

PCIe | DDR | USB



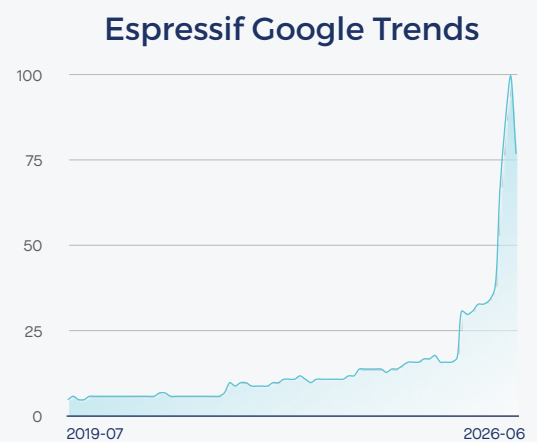
Brand Awareness

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

Key Financial Data (Unaudited)

CNY	Three Months Ended		Six Months Ended	
	Jun 30, 2026	Jun 30, 2025	Jun 30, 2026	Jun 30, 2025
Consolidated Statement of Income Data				
Revenue	832,739,862	687,690,927	1,480,711,294	1,245,540,796
Gross profit	415,932,633	321,088,233	730,254,956	563,035,750
Selling expenses	24,787,914	20,891,691	47,935,740	37,911,612
General and administrative expenses	25,665,226	20,014,920	47,402,114	37,868,504
Research and development expenses	175,180,569	142,052,489	329,666,051	268,244,538
Net income	199,233,110	168,598,092	335,278,541	263,039,765
Net income attributable to Espressif	198,583,901	167,557,823	334,226,057	261,262,177
Earnings per share:				
Basic			1.4314	1.2049
Diluted			1.4314	1.2049
Consolidated Cash Flow Data				
Net cash provided by operating activities	69,029,210	39,450,437	72,446,512	114,422,825
Non-GAAP Adjustment				
Stock-based compensation	21,540,785	13,481,337	28,066,954	18,790,505
Non-GAAP net income attributable to Espressif	220,124,685	181,039,160	362,293,011	280,052,682
			Jun 30, 2026	Dec 31, 2025
Consolidated Balance Sheet Data				
Working capital			3,737,844,947	3,518,352,994
Total assets			5,280,396,574	5,047,755,518
Long-term obligations			154,215,210	141,345,125
Total shareholders' equity			4,737,937,020	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		Six Months Ended	
	Jun 30, 2026	Jun 30, 2025	Jun 30, 2026	Jun 30, 2025
Gross margin	49.95%	46.69%	49.32%	45.20%
R&D-to-sales ratio	21.04%	20.66%	22.26%	21.54%
EBITDA margin	27.88%	26.69%	26.27%	23.24%
Net income margin	23.93%	24.52%	22.64%	21.12%
Weighted ROE			7.26%	11.30%
Number of Espressif employees			954	840

Financial Analysis

Revenue & Margin:

First-half revenue reached CNY 1.48 billion, representing an 18.9% YoY increase, with second-quarter revenue growth exceeding 20%.

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.

Supported by the Company's strong developer ecosystem, broad customer base, and recognized brand position, Espressif continued to demonstrate pricing power in the market. Together with ongoing product mix optimization, these factors contributed to an overall gross margin of 49.3%, remaining at a high level.

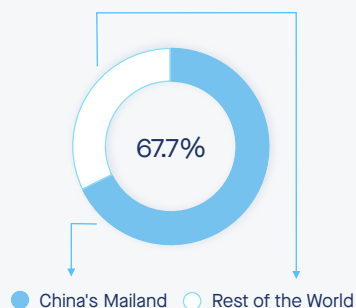
Revenue by Area:

- **China's Mainland** revenue saw a 31.0% QoQ increase and a 15.9% YoY growth for the second quarter, bringing the H1 cumulative YoY growth to 12.2%.
- **Overseas** revenue grew by 23.5% QoQ and 34.1% YoY in Q2, with an H1 cumulative YoY growth rate of 35.8%.

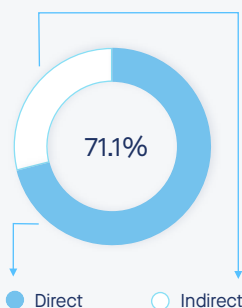
Revenue by Product Category:

- **Chips:** Revenue grew by 6.6% YoY, reflecting steady demand from the customer base that prefers direct chip-level design and in-house hardware development.
- **Modules & Development Kits:** Revenue grew by 26.8% 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.

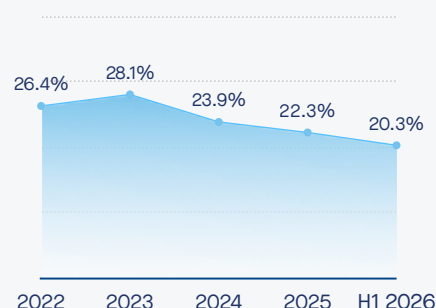
**Revenue by Area
in H1 2026**



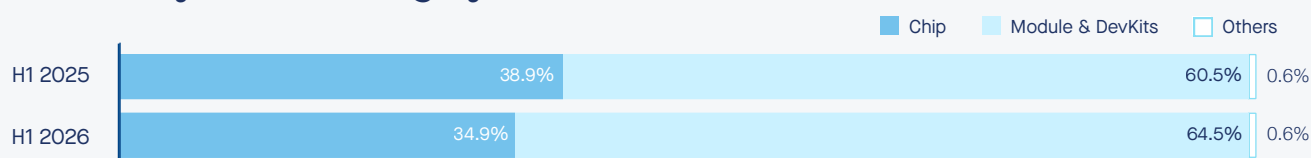
**Revenue by Sales
Mode in H1 2026**



**Top-5 Customer
Concentration Rate**



Revenue by Product Category



Financial Analysis (Continued)

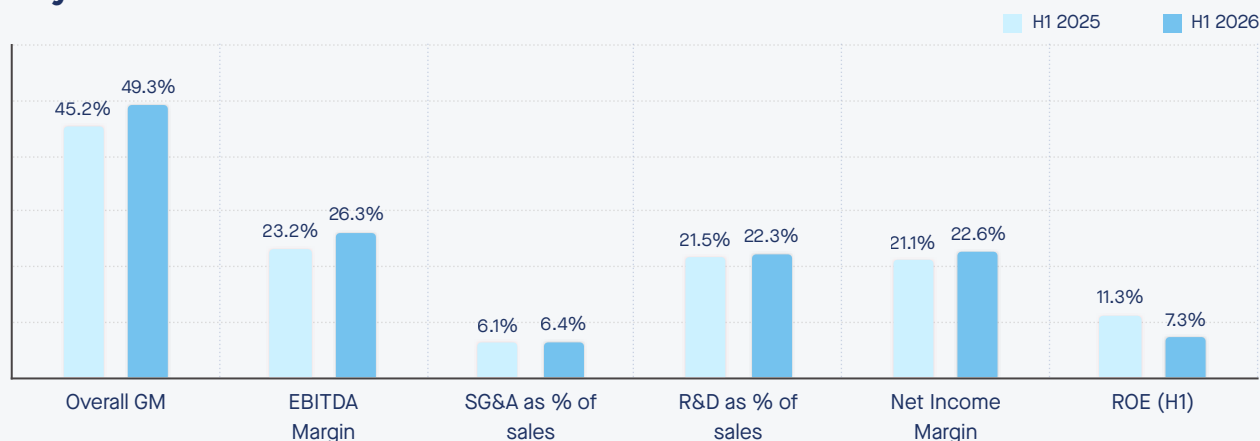
Profitability & Resilience: Net income attributable to shareholders reached CNY 334.23 million, representing a 27.9% year-on-year increase, outpacing revenue growth. Despite a softer market environment, the Company continued to demonstrate strong operational resilience through sustained margin expansion, diversified end-market exposure, and continued execution of its long-term growth strategy.

R&D investment: R&D expenses increased by 22.9% 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 214.20 million compared with the end of 2025, which was the primary reason why net cash generated from operating activities stood at CNY 72.45 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 Q3 2025, rather than a shift in underlying profitability.

Key Financial Indicators



Industry Overview

The rapid development of artificial intelligence (AI) technology is propelling the Internet of Things (IoT) industry into a new phase of growth. As generative AI, edge computing, wireless communications, and open-source software ecosystems continue to mature, the foundational logic driving smart terminal development is undergoing a profound shift. The focus of industry competition has gradually expanded from traditional device connectivity to computing power, intelligent interaction capabilities, and software ecosystem capabilities. The convergence of AI and IoT (AIoT) is continuously spawning new application scenarios, while driving the smart terminal industry toward a more open and diversified development stage.

1. AI Drives Smart Terminals from "Connectivity" to "Intelligence"

Over the past decade, the development of the IoT industry primarily revolved around device networking, data collection, and remote control, where connectivity served as the most critical foundational capability for smart terminals. With the rapid evolution of large language models (LLMs), edge AI, and multimodal technologies, terminal devices are increasingly equipped with visual perception, voice interaction, local inference, and autonomous decision-making capabilities. Consequently, the industry's focus is shifting from "whether a device is connected" to "what tasks it can accomplish."

Concurrently, AI computing architectures are undergoing structural shifts. To satisfy requirements for real-time response, privacy protection, network bandwidth, and power consumption control, an increasing volume of AI inference is migrating from the cloud to the edge. According to IDC forecasts, the global edge computing market is expected to maintain double-digit growth over the coming years, with market size exceeding \$380 billion by 2028. Gartner also notes that a vast amount of enterprise data will be generated and processed at the edge in the future, making edge computing an essential component of AI deployment. This trend will continuously drive the demand for edge computing platforms, high-performance MCUs, SoCs, and related software platforms.

Meanwhile, the global volume of smart devices continues to experience long-term growth. According to forecasts by TSR, annual shipments in the wireless connectivity chip market will exceed 15 billion units by 2032, with connected endpoints continuously expanding into industrial automation, energy management, smart agriculture, commercial equipment, robotics, and various emerging fields. The continuous enhancement of AI capabilities is enabling smart terminals to gradually evolve from simple "connected devices" into a new generation of intelligent devices capable of autonomous perception and smart interaction.

2. Shifting Drivers of Innovation: Developers Emerging as a Core Force

Beyond the continuous upgrading of terminal form factors, AI is fundamentally changing the innovation model of the smart hardware industry.

In the past, new product R&D relied heavily on large terminal manufacturers, characterized by longer R&D cycles and highly concentrated innovation directions. In recent years, however, the rapid proliferation of LLMs, open-source software, open-source hardware, and AI development tools has significantly lowered the barriers to smart hardware development. An increasing number of startups, academic and research institutions, individual developers, and open-source communities are actively participating in smart terminal innovation, resulting in a more decentralized, diversified, and rapidly iterative industry landscape.

According to GitHub's Octoverse report, AI has become one of the fastest-growing open-source technology domains globally, with the number of AI-related open-source projects and developers increasing rapidly. Simultaneously, novel products such as robotics, AI toys, intelligent companion devices, edge vision terminals, wearable devices, and smart commercial terminals are continually emerging. A vast majority of these innovative applications are prototyped and verified by developers first before gradually moving toward commercialization.

Industry Overview (Continued)

Moving forward, industry innovation will increasingly originate from global developers, startup teams, and open communities, rather than relying solely on a small number of enterprise giants. The strategic importance of development efficiency, software ecosystems, and innovative toolchains will continue to elevate.

3. Platform-Based Competition Becomes a Key AIoT Trend

Alongside the rapid adoption of AI applications, industry competitive dynamics are evolving.

The traditional semiconductor industry competed primarily on chip performance, process nodes, cost efficiency, and supply chain capabilities. In contrast, the AI era introduces significantly higher software complexity. Developers today focus not only on hardware performance, but even more so on development tools, software frameworks, AI model support, operating systems, open-source ecosystems, and cross-platform development capabilities.

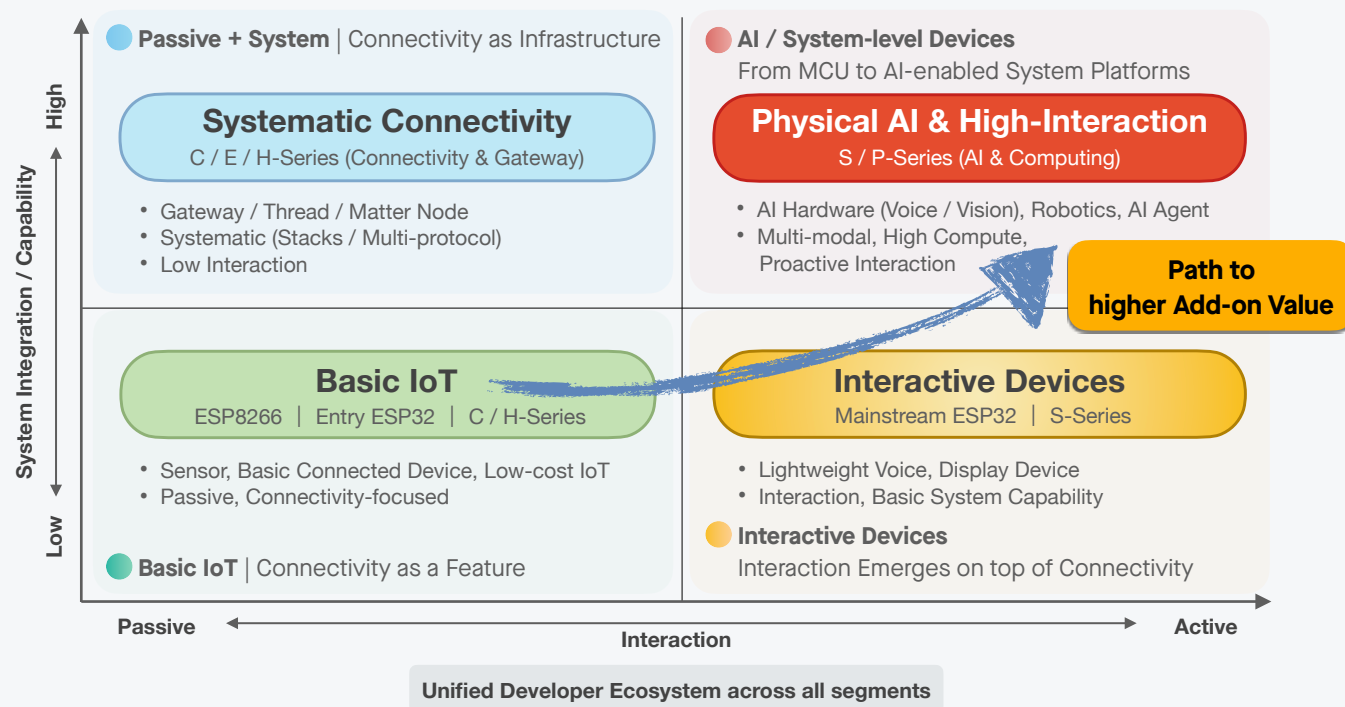
Software ecosystems, open-source collaboration, and developer toolchains have become critical factors influencing R&D efficiency. An increasing number of enterprises are leveraging open software platforms, unified development frameworks, and comprehensive toolsets to help developers shorten product development cycles and accelerate the commercial rollout of innovations.

At the same time, the application boundaries of AI terminals continue to expand. Extending beyond smart homes into robotics, industrial automation, smart energy, smart agriculture, healthcare, and commercial terminals, many emerging applications remain in a phase of rapid exploration with fluid market boundaries. This implies that future industry growth will stem not only from increased penetration in existing markets, but also from the continuous emergence of new applications and market demands.

In summary, artificial intelligence is pushing the smart terminal industry into a brand-new phase of development. The ongoing advancement of edge intelligence, multimodal interaction, wireless connectivity, open-source software, and developer ecosystems is collectively shifting AIoT competition from standalone hardware specs to platform- and ecosystem-centric strength. As AI continuously lowers the barriers to innovation, future smart terminal innovation will become increasingly vibrant and application scenarios will continue to expand, opening up long-term strategic opportunities for the entire industry.

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.

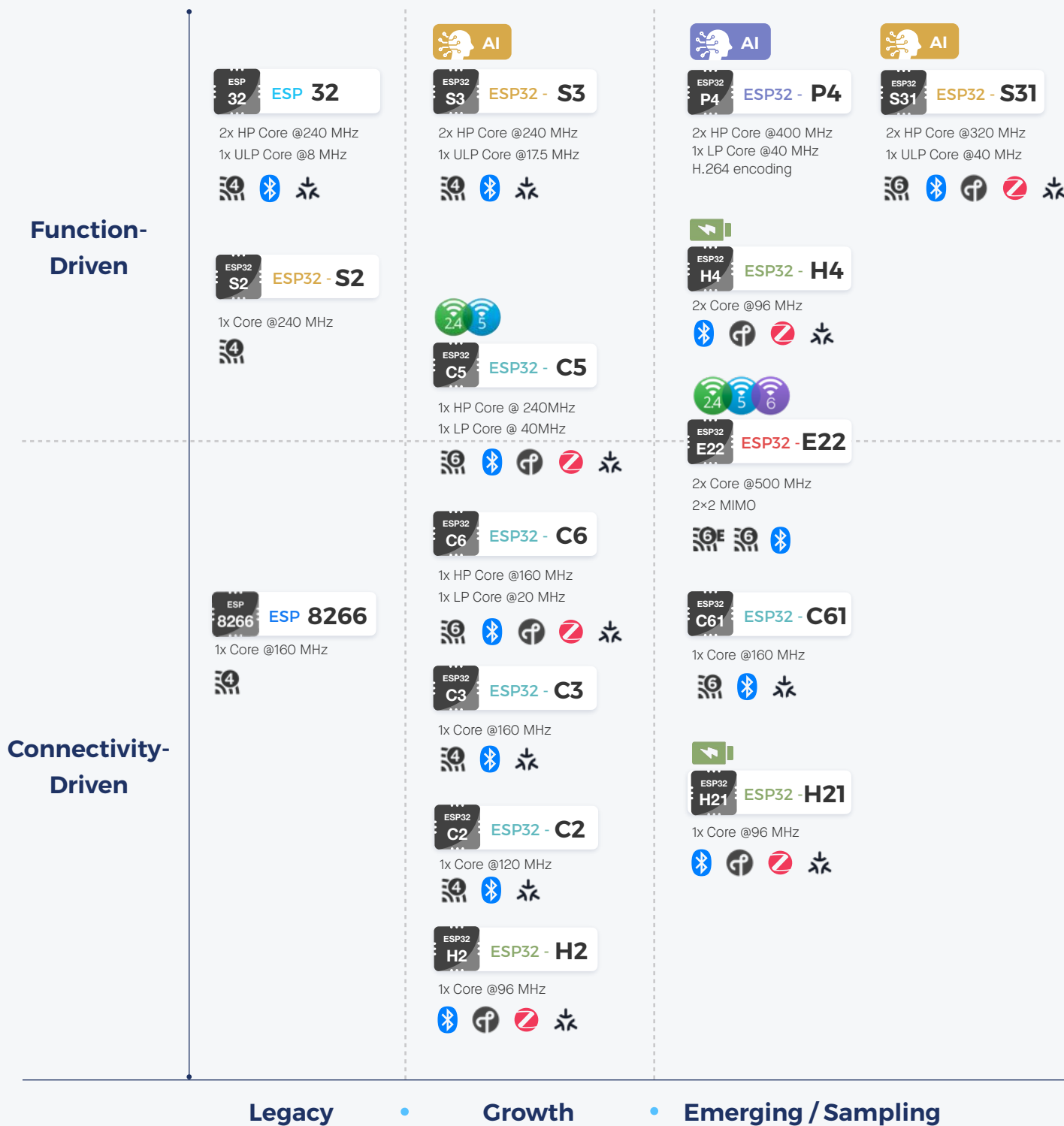
Building upon basic connectivity, **Systematic Connectivity** addresses increasingly complex networking environments where multiple wireless technologies operate together. The Company's portfolio supports Wi-Fi, Bluetooth LE, Thread, Zigbee, Matter, and Wi-Fi 6/6E, enabling devices to participate in 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.

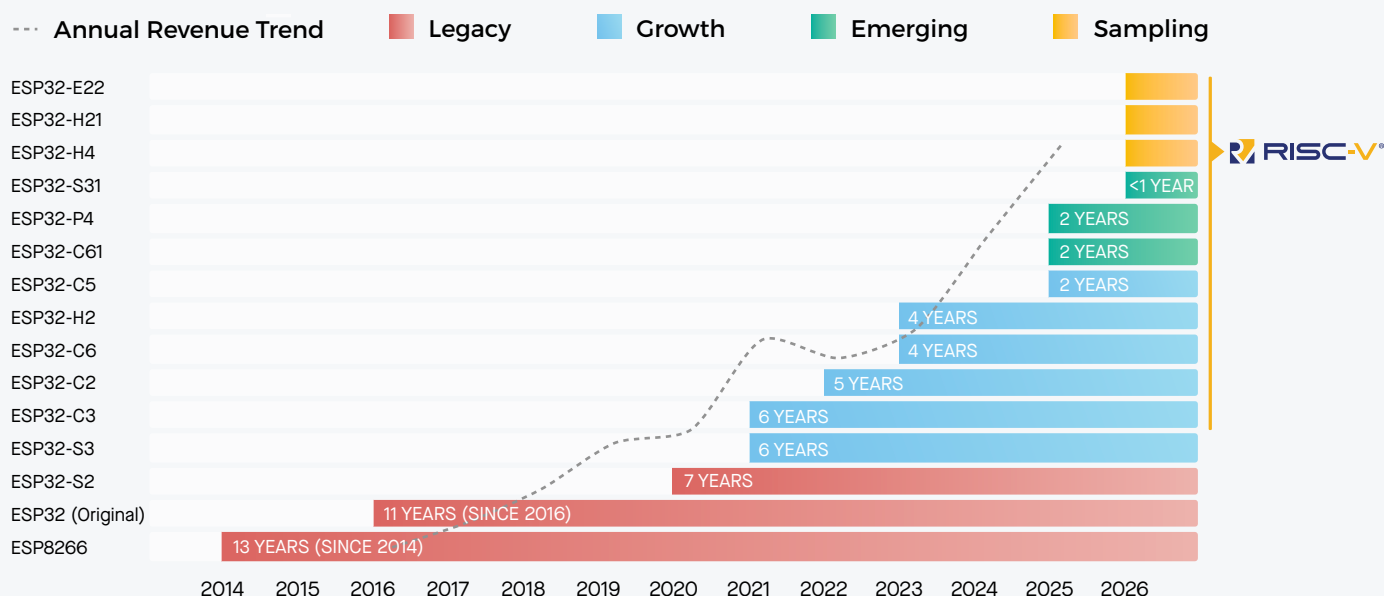
Key Products - Chip Matrix


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

Products within the IoT ecosystem are capable of sustaining revenue contributions over extended periods.

Unlike consumer mobile devices, IoT chips typically follow a "**Slow Burn, High Retention**" model where reliability is the primary purchasing driver.

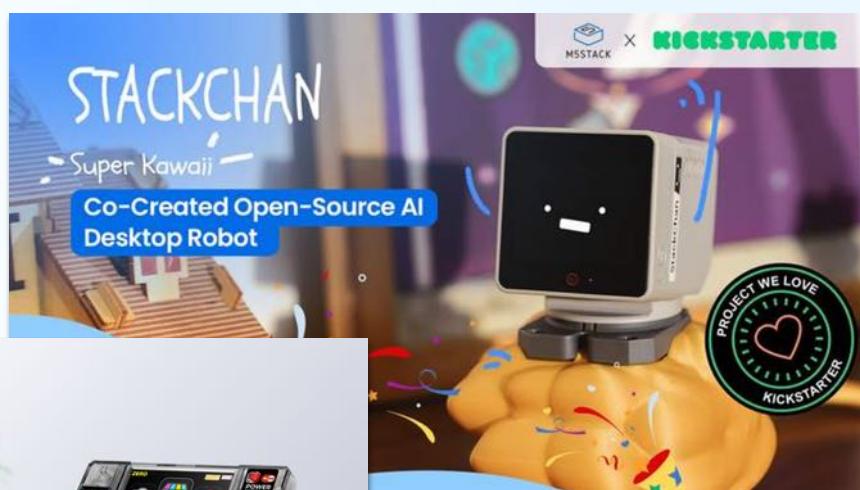
Key Products - M5Stack Development Kits

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. The initiatives were highly successful, attracting a broader base of new developers to the M5Stack brand. 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.

HK\$ 3,582,197
4,142 Backers



HK\$ 14,960,226
13,644 Backers

M5Stack's modular and standardized development kits significantly lower the barrier to entry for students, educators, and creative developers. Its plug-and-play design makes embedded systems and IoT development more accessible, supporting classroom adoption, STEM programs, and hands-on experimentation.

Developers who gain experience with Espressif-based platforms during their education or prototyping phase are more likely to continue using the same ecosystem in future professional or commercial projects.

Business Model

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

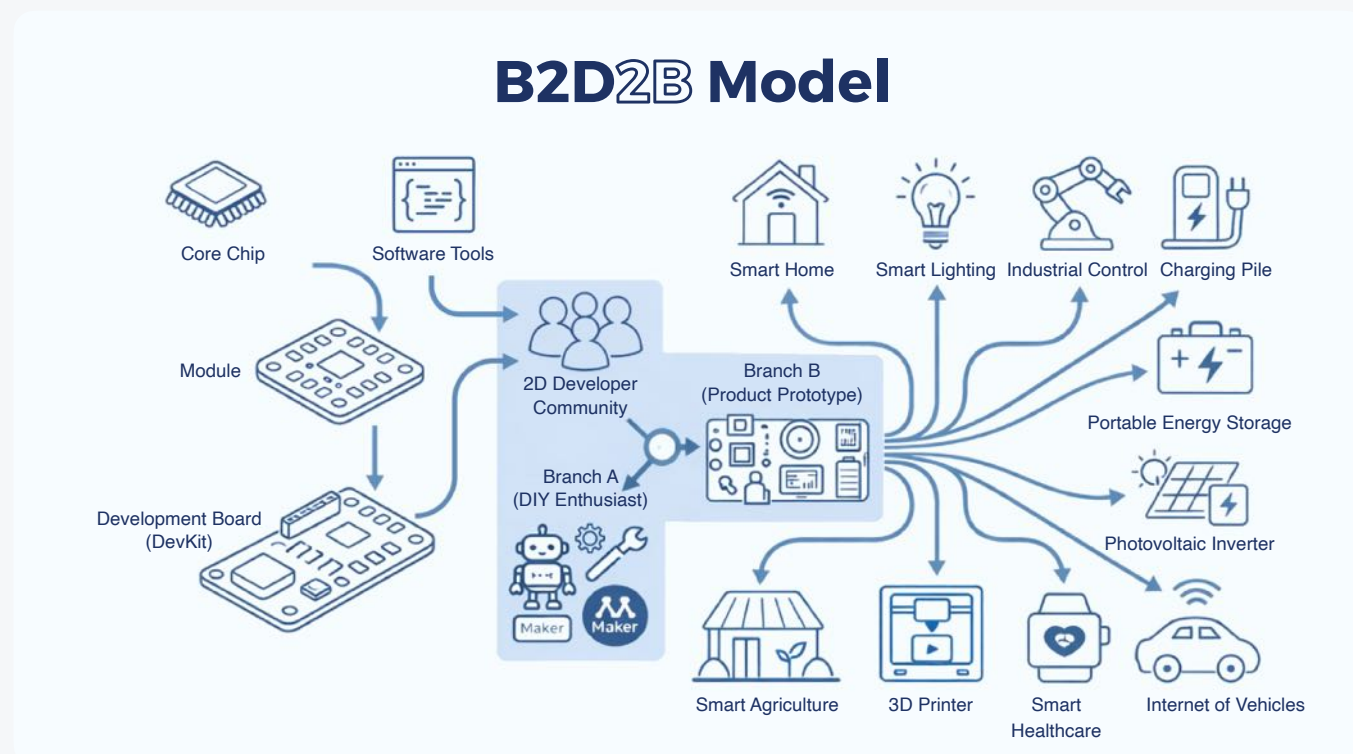
We believe developers are the primary drivers of technological innovation. By serving developers first, we enable the creation of new products, new applications, and ultimately new markets.

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

EDGE AI DEVELOPERS



DESCRIPTION

Develop intelligent devices capable of running AI inference locally for vision, audio, robotics, and automation.

TYPICAL FOCUS

Machine vision, robotics, AI cameras, industrial AI, edge computing

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. The growing adoption of on-device AI has also expanded the Company's engagement with **Edge AI Developers**, while increasing demand for higher bandwidth and lower latency has created 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.

Developer Community Content @20260630



Global Code Hosting Platform

235,800

ESP32 and ESP8266 Projects



Social Networking Site

196,359

ESP32 Group Members



Developer-written books

> 300

Covering more than 10 languages



Chinese Video Sharing Platform

5.17 M

Most Viewed ESP32 Video (2026)



Global Video Sharing Platform

3.76 M

Most Viewed ESP32 Short (2026)

903 K

Most Viewed ESP32 Video (2026)

Cumulative Number of GitHub ESP32 Projects



Daily Increase on GitHub ESP32 Projects



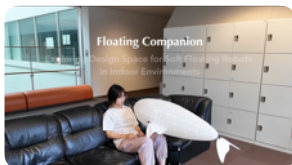
Always a Hot Topic on Social Media



Posted on 13 Jul 2026

Researchers built a soft floating robot for indoor interaction.

It uses helium and flapping fins instead of propellers. The result is quiet, lightweight, and safe to touch. It can follow people, give reminders, and act as a study buddy.



<https://x.com/clankrmedia/status/2076593164744376707>



Posted on 2 Feb 2026

大一小白，从零硬啃机械臂！电机用的是体式步进+驱动，走 CAN 总线，主控是 ESP32-S3



<https://www.bilibili.com/video/BV1G9Nw6kEZE/>



Posted on 9 Jul 2026

I Built a Tiny World Cup Live Score Gadget

I built a tiny DIY FIFA World Cup Live Score Gadget powered by an ESP32!

In this video, I'll show you how I built a compact ESP32-based World Cup live score tracker that displays live football scores, goal alerts, match statistics,.....



<https://www.youtube.com/watch?v=vdqnaEQesAk>



Posted on 26 Jul 2026

譜めくりペダル（自作）できた...

今回は大幅に手を省くためにGeminiに助けてもらっちゃいました



<https://x.com/tyuuytrewq/status/2081183509989949858>



Posted on 7 Jul 2026

This ESP32 Sisyphus Sand Table Creates Endless Art [D.I.Y] (THE BUILD VIDEO)

I built this DIY Sand Table for under \$160! In this video, I take you through the entire engineering process—from the initial 3D design and laser cutting to the final ESP32 firmware.....



Posted on 26 June 2026

Made a coffee journal gadget ("Espresso Post") that tracks ambient humidity/temp/pressure and nudges my grind

Got tired of re-dialing every time the weather changed and never knowing if it was the climate or just me being inconsistent, so I built a thing to track it.



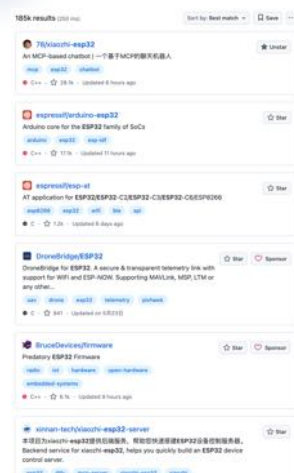
https://www.reddit.com/r/esp32/comments/1ufkm1o/made_a_coffee_journal_gadget_espre



Posted on 24 May 2026



Searched on 16 Jul 2026



Research and Development

R&D Investment

As the Company's product roadmap advances from Basic IoT to Systematic Connectivity, Interactive Devices, and ultimately Physical AI & High-Interaction, R&D efforts have expanded beyond wireless connectivity to include embedded computing, multimedia processing, embedded Linux, AI software frameworks, developer tools, and edge AI technologies. The growing complexity of both hardware and software platforms requires broader engineering expertise and deeper cross-disciplinary collaboration.

Accordingly, the increase in R&D investment reflects not only the expansion of product development activities, but also the Company's continued transition from a connectivity semiconductor supplier to a provider of integrated computing, connectivity, and software platforms for intelligent edge devices.

CNY	Fiscal Year		change (%)
	June 30, 2026	June 30, 2025	
R&D Expenses	329,666,051	268,244,538	22.90
R&D-to-sales ratio	22.26%	21.54%	

Intellectual Property

We seek to protect our technologies through a combination of patents, software copyright and trade secrets. As of June 30, 2026, the Company had been granted 239 intellectual property rights. We continue to file new applications relating to our recent R&D innovations.



List of Intellectual Property Rights Applied and Granted

	H1 2026		Cumulative number	
	Applied for	Granted	Applied for	Granted
Invention patents	15	4	196	114
Utility model patents	1	1	41	39
Design patents	5	4	20	15
Software copyright	0	0	27	27
Others	9	3	87	44
Total	30	12	371	239

N.B.: The number of intellectual property rights that have been "applied for" does not include the rejected applications in China, or the PCT patent applications not submitted to any particular country, or any patent applications beyond the reporting period. The number of "granted" patents includes those with expired IP rights. The category of "others" includes overseas (non-Chinese) patent applications, i.e. PCT applications, patent applications filed in the United States under the Paris Convention, and first-filed patent applications in India and Singapore.

R&D Employees

We continue to enrich our engineering organization with talent spanning embedded systems, wireless connectivity, AI, operating systems, Linux, software frameworks, graphics, multimedia, cloud services, and developer tools. This multidisciplinary expertise enables us to support a broader developer community—from embedded engineers and product designers to AI application developers and software engineers—while lowering the barriers to building intelligent connected products.

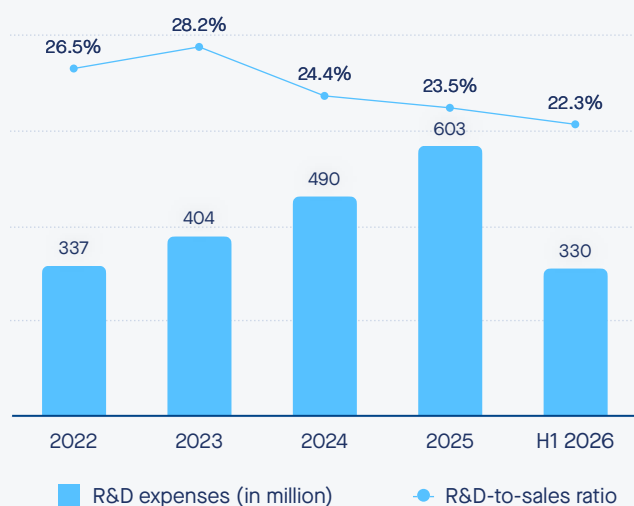
We view hardware and software as a unified technology stack rather than separate disciplines. Alongside our semiconductor roadmap, we continue to invest in AI-native software platforms, operating systems, development frameworks, toolchains, middleware, and cloud services. Our objective is to provide developers with an integrated, end-to-end development experience that accelerates innovation from prototype to mass production.

At the same time, AI is transforming the way we build products internally. Across software development, hardware design, testing, documentation, and knowledge management, our engineering teams are increasingly adopting AI-assisted tools to automate repetitive work, improve collaboration, and shorten development cycles. Rather than replacing engineers, these tools enable them to dedicate more time to system architecture, product innovation, and solving complex engineering challenges.

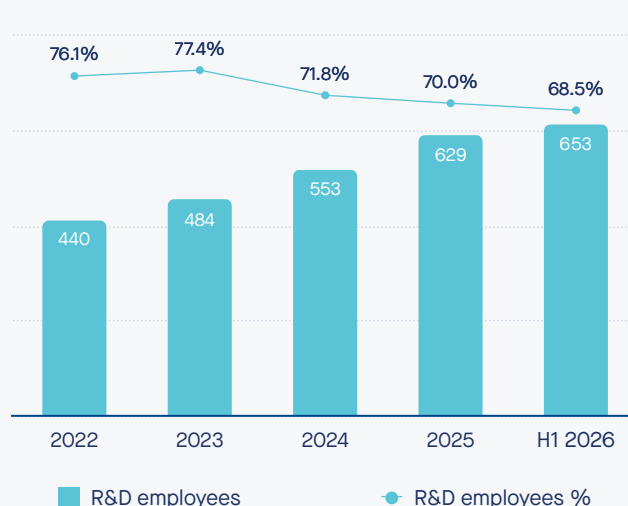
Looking ahead, we will continue to invest in both engineering talent and AI-enabled productivity. We believe that the combination of a world-class engineering team, an expanding software platform, and continuously improving development efficiency will strengthen our ability to serve developers worldwide and reinforce the long-term competitiveness of the Espressif ecosystem.

	Fiscal Year	
	June 30, 2026	June 30, 2025
R&D employees	653	589
R&D employees as a percentage of total employees	68.45%	70.12%
Total compensation of R&D employees (CNY in thousands)	239,268	206,006
Average compensation of R&D employees (CNY in thousands)	373	361

R&D Expenses



R&D Employees



N.B.: As the subsidiary M5Stack operates its own production lines and manufacturing workforce, its production headcount has expanded in tandem with business growth. Consequently, while the Group's total R&D headcount continued to rise, its proportion of the total workforce declined.

Ownership of Securities

Basic information of securities

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

Shareholder Structure as of June 30, 2026

Shareholder	Share Numbers	Percentage (%)
Espressif (Hong Kong) Investment Ltd.	85,694,801	36.56
Hong Kong Securities Clearing Company Limited	9,763,374	4.17
NSSF Portfolio 114	5,826,557	2.49
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.1	3,059,418	1.31
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.3	2,948,417	1.26
Shinvest Holding Ltd.	2,613,100	1.11
CITIC Securities Co., Ltd. – Harvest SSE STAR Market Chip Tradable Open-ended Index Securities Investment Fund	2,123,123	0.91
Shanghai Letun Enterprise Management Partnership (Limited Partnership)	2,047,763	0.87
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.2	1,746,146	0.74
Schroder Investment Management (Hong Kong) Limited – Schroder International Selection Fund China A	1,743,979	0.74
Top 10 shareholders	117,566,678	50.16
Espressif Systems (Shanghai) Co., Ltd. Repurchase Special Securities Account	17,161	0.01
Other public shareholders	116,800,472	49.83
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 20.32% in H1 2026.

Consolidated Financial Statements

Consolidated Balance Sheet (unaudited)

CNY	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	1,046,434,961	1,024,792,840
Held for trading financial assets	959,223,426	876,009,608
Notes receivable	65,260,013	65,534,507
Accounts receivable, net	402,622,501	298,106,030
Accounts receivable financing		
Prepayments	35,145,634	19,427,100
Other receivables	12,729,758	11,439,963
Including: Interest receivable		
Inventories	841,841,457	627,637,513
Other current assets	762,831,541	1,011,937,898
Total current assets	4,126,089,291	3,934,885,459
Non-current assets:		
Debt investment	227,331,300	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	565,342,798	556,813,866
Right-of-use assets	31,817,803	29,091,243
Intangible assets	24,566,324	26,662,076
Goodwill	74,654,024	74,654,024
Long-term deferred expenses	35,355,949	22,753,695
Deferred income tax assets	111,265,600	108,491,271
Other non-current assets		
Total assets	5,280,396,574	5,047,755,518

Consolidated Balance Sheet (unaudited)

CNY	June 30, 2026	December 31, 2025
Liabilities & Shareholders' Equity		
Current liabilities:		
Short-term loan		
Accounts payable	208,799,546	187,528,762
Contract liabilities	39,540,112	23,381,055
Payroll payable	101,451,947	157,619,024
Taxes payable	14,368,511	2,581,791
Other payable	12,999,787	37,303,747
Including: Interest payable		
Non-current liabilities due within one year	8,234,046	6,944,668
Other current liabilities	2,850,395	1,173,418
Total current liabilities	388,244,344	416,532,465
Non-current liabilities:		
Lease liabilities	25,590,935	23,701,708
Provisions	613,480	636,582
Deferred income tax liabilities	128,010,796	117,006,835
Total liabilities	542,459,554	557,877,590
Owners' equity (or shareholders' equity):		
Share capital	234,384,311	167,143,010
Capital reserves	2,931,361,639	3,040,623,359
Less: Treasury stock	2,428,497	67,433,448
Other comprehensive income	-8,865,004	17,636,423
Surplus reserves	123,024,049	123,024,049
Retained earnings	1,428,044,425	1,177,520,921
Total Espressif shareholders' equity	4,705,520,923	4,458,514,314
Non-controlling interests	32,416,097	31,363,613
Total shareholders' equity	4,737,937,020	4,489,877,928
Total liabilities and shareholders' equity	5,280,396,574	5,047,755,518

Consolidated Income Statement (unaudited)

CNY	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenue	832,739,862	687,690,927	1,480,711,294	1,245,540,796
Cost of Revenue	416,807,229	366,602,694	750,456,338	682,505,046
Gross Profit	415,932,633	321,088,233	730,254,956	563,035,750
Taxes and surcharges	4,176,684	1,589,116	6,335,746	3,298,890
Selling expenses	24,787,914	20,891,691	47,935,740	37,911,612
General and administrative expenses	25,665,226	20,014,920	47,402,114	37,868,504
Research and development expenses	175,180,569	142,052,489	329,666,051	268,244,538
Financial expenses	-2,402,476	-5,996,833	-3,139,201	-6,651,209
Including: Interest expenses	293,088	2,052,299	563,351	3,081,212
Interest income	5,623,753	5,960,944	11,109,906	10,965,268
Add: Other income	14,517,799	23,421,071	24,250,650	31,368,576
Investment income (mark "-" for loss)	8,832,122	3,834,033	16,830,951	8,433,933
Income from changes in fair value (mark "-" for loss)	-281,634		1,531,484	
Credit impairment losses (mark "-" for loss)	11,675	-350,123	45,592	-350,123
Assets impairment losses (mark "-" for loss)	-1,677,242	-1,134,405	-2,346,421	-1,237,829
Assets disposal income (mark "-" for loss)		-14,041	3,770	-29,598
Operating Income	209,927,436	168,293,384	342,370,531	260,548,373
Add: Non-operating revenue		200	2,120,470	330,200
Less: Non-operating expenses	19,381	21,582	59,472	68,606
Income before income taxes	209,908,055	168,272,002	344,431,529	260,809,967
Provision (benefit) for income taxes	10,674,945	-326,090	9,152,988	-2,229,798
Net Income	199,233,110	168,598,092	335,278,541	263,039,765
Net Income attributable to non-controlling interests	649,209	1,040,269	1,052,484	1,777,588
Net Income attributable to Espressif	198,583,901	167,557,823	334,226,057	261,262,177
Earnings per share				
Basic			1.4314	1.2049
Diluted			1.4314	1.2049

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		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net Income	199,233,110	168,598,092	335,278,541	263,039,765
Other comprehensive income (loss), after tax				
Changes to the fair value of investment in other equity instruments				
Currency translation reserves	-14,307,689	-2,128,567	-26,501,427	-3,176,361
Other comprehensive income (loss)	-14,307,689	-2,128,567	-26,501,427	-3,176,361
Other comprehensive income (loss) attributable to non-controlling interests				
Comprehensive income	184,925,421	166,469,525	308,777,113	259,863,404
Comprehensive income attributable to non-controlling interests	649,209	1,040,269	1,052,484	1,777,588
Comprehensive income attributable to Espressif	184,276,211	165,429,256	307,724,630	258,085,816

Consolidated Cash Flow Statement (unaudited)

CNY	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Operating Activities				
Cash from sales of merchandise and provision of services	830,969,409	715,198,826	1,534,393,420	1,299,783,415
Tax refund	21,187,864	13,185,173	67,576,043	28,015,360
Other received cash related to operational activities	-27,148,778	-45,501,690	15,598,124	33,464,916
Subtotal of cash inflow from operational activities	825,008,495	682,882,310	1,617,567,587	1,361,263,691
Cash paid for merchandise and services	566,020,819	463,960,282	1,051,726,843	823,406,616
Cash paid to and for employees	117,221,726	102,495,783	354,196,844	299,522,061
Cash paid for taxes and surcharges	23,311,363	32,383,487	32,074,870	51,323,421
Other paid cash related to operational activities	49,425,377	44,592,320	107,122,518	72,588,769
Subtotal of cash outflow from operational activities	755,979,285	643,431,872	1,545,121,075	1,246,840,866
Net cash provided by operating activities	69,029,210	39,450,437	72,446,512	114,422,825
Investing activities				
Cash arising from the disposal of investments	1,435,334,105	140,000,000	2,325,868,418	140,000,000
Cash arising from investment income	12,428,500	12,967,233	13,328,500	12,967,233
Net cash arising from the disposal of fixed assets, intangible assets and other long-term assets		7,138	15,770	14,905
Other received cash relating to investment activities	1,212,050	922,050	2,331,103	1,500,100
Subtotal of cash inflow from investment activities	1,448,974,655	153,896,421	2,341,543,791	154,482,238
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	47,134,787	429,684,593	79,326,076	444,170,619
Cash paid for investments	1,479,000,000		2,193,000,000	
Net cash paid for acquisition of subsidiaries and other business units				
Other paid cash relating to investment activities		900,000		1,200,000
Subtotal of cash outflow from investment activities	1,526,134,787	430,584,593	2,272,326,076	445,370,619
Net cash provided by investment activities	-77,160,131	-276,688,172	69,217,716	-290,888,381
Financing activities				
Cash arising from the issuance of common stock	92,934,718	71,091,637	93,024,211	71,091,637
Including: Cash arising from subsidiaries absorbing investments by minority shareholders				
Cash received from borrowings		139,750,000		362,350,000
Subtotal of cash inflow from financing activities	92,934,718	210,841,637	93,024,211	433,441,637
Cash paid to repay debt		9,900,000		10,400,000
Cash paid for the distribution of dividends and profits, or payment of interests	83,702,554	68,546,838	83,702,554	69,199,894
Including: dividends and profits paid to minority shareholders by subsidiaries				
Other paid cash relating to financing activities	7,213,678	3,533,815	103,108,735	7,321,215
Subtotal of cash outflow from financing activities	90,916,231	81,980,653	186,811,288	86,921,110
Net cash provided by financing activities	2,018,487	128,860,984	-93,787,077	346,520,527
Impact of fluctuation in exchange rates on cash and cash equivalents	-12,186,523	1,428,324	-30,741,710	1,021,156
Net increase in cash and cash equivalents	-18,298,957	-106,948,426	17,135,440	171,076,127
Add: Cash and cash equivalent at the commencement of the period	1,053,458,169	945,656,860	1,018,023,771	667,632,307
Cash and cash equivalents at the end of the period	1,035,159,212	838,708,434	1,035,159,212	838,708,434

Consolidated Cash Flow Statement

- Indirect Method (unaudited)

CNY	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Additional information				
Net income	199,233,110	168,598,092	335,278,541	263,039,765
Adjustments to cash provided by operating activities, for the purpose of reconciling net income:				
Add: provision for the impairment of assets	1,677,242	1,134,405	2,346,421	1,237,829
Credit impairment provision	-11,675	350,123	-45,592	350,123
Depreciation of fixed assets	15,627,907	6,567,933	31,593,337	12,596,104
Depreciation of right-of-use assets	2,061,678	3,023,758	4,158,780	6,105,592
Amortization of intangible assets	1,047,876	1,047,876	2,095,752	2,095,752
Amortization of long-term prepaid expenses	3,241,762	2,592,226	6,073,768	4,754,862
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for income)		14,041	-3,770	29,598
Losses on scrapping of fixed assets (mark "-" for income)			6,642	1,631
Losses on fair value changes (mark "-" for income)	281,634		-1,531,484	
Financial expenses (mark "-" for income)	2,750,362	-313,428	7,074,767	3,703,390
Losses on investment (mark "-" for income)	-8,832,122	-3,834,033	-16,830,951	-8,433,933
Decrease on deferred income tax assets (mark "-" for increase)	5,097,900	4,878,478	-2,815,227	-10,066,168
Increase on deferred income tax liabilities (mark "-" for decrease)	5,432,693	3,233,445	11,003,961	7,156,215
Changes in operating assets and liabilities:				
Decrease in inventories (mark "-" for increase)	-107,457,933	-42,601,732	-223,792,547	-29,798,410
Decrease in operational receivables (mark "-" for increase)	-97,445,069	-59,874,969	-80,632,236	-88,776,390
Increase in operational payables (mark "-" for decrease)	24,783,061	-58,847,115	-29,600,603	-68,363,642
Others	21,540,785	13,481,337	28,066,954	18,790,505
Net cash flow provided by operating activities	69,029,210	39,450,437	72,446,512	114,422,825

Consolidated Statement of Changes in Equity (unaudited)

CNY	Equity attributable to Espressif							Non-controlling Interests	Total equity
	Share capital	Capital reserves	Less: Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total Espressif equity		
Balance as of December 31, 2024	112,200,431	1,351,379,589	208,684,568	25,620,966	76,858,747	792,599,518	2,149,974,683	29,394,537	2,179,369,221
Comprehensive income				-3,176,361		261,262,177	258,085,816	1,777,588	259,863,404
Capital increase	44,502,291	-67,134,906	-130,566,230				107,933,615		107,933,615
Repurchase									
Stock-based compensation		-18,051,473					-18,051,473		-18,051,473
Surplus reserves									
Subsidiary Acquisition Dividends						-66,753,437	-66,753,437		-66,753,437
Balance as of June 30, 2025	156,702,722	1,266,193,209	78,118,338	22,444,605	76,858,747	987,108,258	2,431,189,203	31,172,125	2,462,361,328

CNY	Equity attributable to Espressif							Non-controlling Interests	Total equity
	Share capital	Capital reserves	Less: Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total Espressif equity		
Balance as of December 31, 2025	167,143,010	3,040,623,359	67,433,448	17,636,423	123,024,049	1,177,520,921	4,458,514,314	31,363,613	4,489,877,928
Comprehensive income				-26,501,427		334,226,057	307,724,630	1,052,484	308,777,113
Capital increase	67,241,301	-92,203,253	-163,300,264				138,338,312		138,338,312
Repurchase			98,295,312				-98,295,312		-98,295,312
Stock-based compensation		-17,058,467					-17,058,467		-17,058,467
Surplus reserves									
Subsidiary Acquisition Dividends						-83,702,554	-83,702,554		-83,702,554
Balance as of June 30, 2026	234,384,311	2,931,361,639	2,428,497	-8,865,004	123,024,049	1,428,044,425	4,705,520,923	32,416,097	4,737,937,020

N.B.: In April 2026, the Company issued 279,258 ordinary shares at an issue price of RMB 120.29 per share, increasing share capital by RMB 279,258. The remaining proceeds, after deducting issuance expenses, were recorded in capital reserves. In June 2026, the Company capitalized its capital reserve into share capital, resulting in an increase in share capital of RMB 66,962,043.

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, 30 July 2026
Espressif Systems

Board of Directors

Teo Swee Ann

Founder and Chairman

Ng Pei Chi

Information Technology Director

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
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
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
SG&A	Selling, General and Administrative
SH	Shanghai
SoCs	System on Chips
STEM	Science, Technology, Engineering and Mathematics
YoY	Year-on-Year



Investor Relations

ir@espressif.com

Official Platforms

www.espressif.com

blog.espressif.com

github.com/espressif

esp32.com

Social Media

twitter.com/EspressifSystem

facebook.com/espressif

linkedin.com/company/espressif-systems

youtube.com/EspressifSystems

instagram.com/espressif_systems_official

bilibili.espressif.com

Copyright © 2026 Espressif Systems (Shanghai) Co., Ltd. All rights reserved. All trade names, trademarks and registered trademarks mentioned in this document are the property of their respective owners, and are hereby acknowledged. The term “Espressif” refers to Espressif Systems (Shanghai) Co., Ltd. and/or its subsidiaries. This report is written in both Chinese and English. In case of any discrepancies between Chinese and foreign interpretations, the Chinese version shall prevail.

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.