

ESPRESSIF SYSTEMS

2025 Q2 & HALF-YEAR REPORT



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Build Smart with **Espressif**



As a publicly traded, multinational fabless semiconductor company (Espressif Systems, SSE: 688018.SH), we develop low-power wireless communication chipsets and AIoT solutions that are green, versatile, and cost-effective. With a closed-loop development cycle, we advance core technologies, including Wi-Fi, Bluetooth LE, IEEE 802.15.4, RF, RISC-V MCUs, AI, operating systems, and cloud services. As IoT evolves, our expanding software capabilities have transformed Espressif into a comprehensive AIoT technology ecosystem company.



1 Billion+
Global IoT Chip
Shipment



**Global
Leader**
In Wi-Fi MCU
Market



200+ Patents
In AIoT
Technology



10,000+
Satisfied
Customers
Worldwide

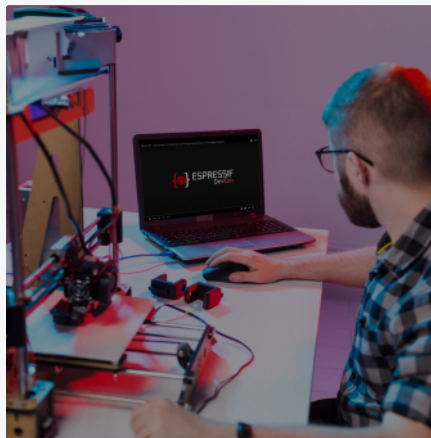


2 Million+
Active Ecosystem
Developers

SHARE CONNECT INNOVATE



**Open-source
Communities**



**Conferences & Education
Initiatives**



**Diverse
Applications**

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.

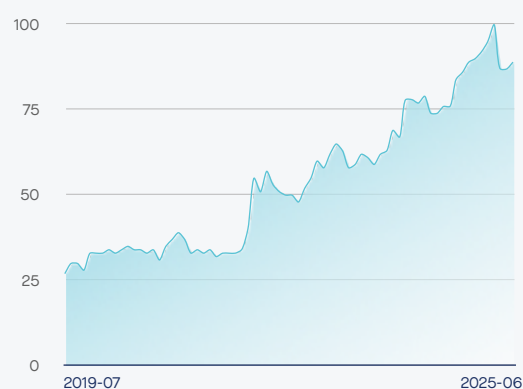
ESP32 Google Trends



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.

Espressif Google Trends



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.

Core Technologies



SoCs

ESP8266, ESP32, ESP32-S, ESP32-C, ESP32-H and ESP32-P Series

Espressif offers integrated, reliable, and energy-efficient SoCs for Wi-Fi, Bluetooth Low Energy, Thread and Zigbee to various segments of the IoT market.



OS

ESP-IDF

Espressif's official IoT Development Framework.

It provides a self-sufficient SDK for any generic application-development on these platforms, using programming languages such as C and C++.

ESP-IDF currently powers millions of devices in the field, and enables building a variety of network-connected products, ranging from simple light bulbs and toys to major appliances and industrial devices.



AI

AFE (Audio Front-End) Algorithms

qualified as a "Software Audio Front-End Solution" for Amazon Alexa Built-in devices.

3A Audio Algorithms

including Acoustic Echo Cancellation (AEC), Audio Noise Suppression (ANS) and Automatic Gain Control (AGC), which significantly reduce noise and echo in calls, keeping high-quality voice intercoms stable at all times.



Cloud

ESP RainMaker

A comprehensive, development-free and maintenance-free AIoT solution for private Cloud deployment.

It is an all-inclusive solution that covers everything from the underlying chip to device firmware, third-party voice-assistant integrations, mobile apps and the dashboard.

Customers can build their own AIoT devices and ecosystem, with ESP RainMaker.



Software

With our open-source software, such as Espressif's IoT Development Framework ESP-IDF, Audio Development Framework ESP-ADF, Mesh Development Framework ESP-MDF, Cloud Connectivity Platform ESP RainMaker, Facial Recognition Development Framework ESP-WHO, and Voice-Controlled Assistant ESP-Skainet, we have developed a framework for building AIoT applications, which is both complete and innovative.



Matter

One-stop Matter Solution

This is the culmination of Espressif's ongoing contribution to the Matter platform in various areas, including protocol formulation, core stack implementation and certification test events.

Edge-Cloud AI

Leveraging AI and NLP technologies, Espressif's edge-cloud AI and Human-Machine Interface (HMI) solutions deliver a seamless and intuitive interaction experience. ESP32-S3 and ESP32-P4 support localized voice assistants and graphical touch interaction while integrating with cloud-based LLMs for more accurate semantic understanding and contextual engagement.

The LLM solution enables natural language processing and on-device voice recognition, which reduces cloud dependency, lowers latency, and enhances privacy. Meanwhile, the HMI solution combines voice, touch, and gesture recognition to provide a more intuitive and efficient user experience. Backed by a comprehensive support system, our solutions unlock the full potential of intelligent interactions at lower costs and higher efficiency, driving IoT devices to evolve from mere "tools" into "companions."



豆包大模型

OpenAI

文心

Qwen

讯飞星火
IFLYTEK SPARK

deepseek



Audio Solutions



HMI Solutions



Business Highlights

Key Financial Data

| CNY | Three Months Ended | | Six Months Ended | |
|---|--------------------|---------------|------------------|--------------|
| | Jun 30, 2025 | Jun 30, 2024 | Jun 30, 2025 | Jun 30, 2024 |
| Consolidated Statement of Income Data | | | | |
| Revenue | 687,690,927 | 533,020,855 | 1,245,540,796 | 920,212,266 |
| Gross profit | 321,088,233 | 235,129,242 | 563,035,750 | 397,496,784 |
| Selling expenses | 20,891,691 | 16,063,290 | 37,911,612 | 28,915,851 |
| General and administrative expenses | 20,014,920 | 17,125,846 | 37,868,504 | 31,997,654 |
| Research and development expenses | 142,052,489 | 114,836,190 | 268,244,538 | 218,682,370 |
| Net income | 168,598,092 | 98,797,587 | 263,039,765 | 152,713,070 |
| Net income attributable to Espressif | 167,557,823 | 97,726,982 | 261,262,177 | 151,642,464 |
| Earnings per share: | | | | |
| Basic | | | 1.6868 | 1.2940 |
| Diluted | | | 1.6868 | 1.2940 |
| Consolidated Cash Flow Data | | | | |
| Net cash provided by operating activities | 39,450,437 | -13,668,172 | 114,422,825 | -25,676,834 |
| Non-GAAP Adjustment | | | | |
| Stock-based compensation | 13,481,337 | 8,929,762 | 18,790,505 | 15,331,190 |
| Non-GAAP net income attributable to Espressif | 181,039,160 | 106,656,744 | 280,052,682 | 166,973,654 |
| | Jun 30, 2025 | Dec 31, 2024 | | |
| Consolidated Balance Sheet Data | | | | |
| Working capital | 1,467,140,559 | 1,432,356,145 | | |
| Total assets | 3,217,701,484 | 2,649,465,358 | | |
| Long-term obligations | 122,223,035 | 116,956,630 | | |
| Total shareholders' equity | 2,462,361,328 | 2,179,369,221 | | |

N.B.: Due to the company's implementation of a capital reserve to equity conversion in 2025, the earnings per share for each reporting period have been recalculated based on the adjusted share count.

Key Financial Indicators

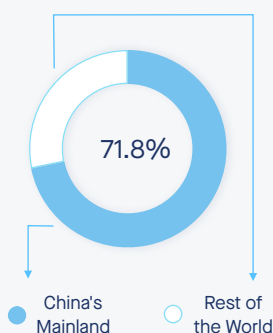
| | Three Months Ended | | Six Months Ended | |
|--------------------------------------|--------------------|--------------|------------------|--------------|
| | Jun 30, 2025 | Jun 30, 2024 | Jun 30, 2025 | Jun 30, 2024 |
| Gross margin | 46.69% | 44.11% | 45.20% | 43.20% |
| R&D-to-sales ratio | 20.66% | 21.54% | 21.54% | 23.76% |
| EBITDA margin | 26.69% | 19.08% | 23.24% | 17.78% |
| Net income margin | 24.52% | 18.54% | 21.12% | 16.60% |
| Weighted ROE | | | 11.30% | 7.91% |
| Number of Espressif employees | | | 840 | 728 |

Financial Analysis

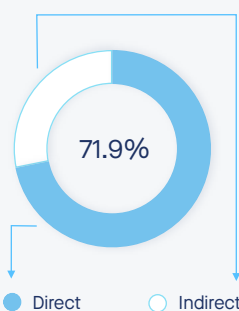
Espressif's total revenue in the first half of 2025 was CNY 1.246 billion, representing a 35.35% year-on-year increase from CNY 920.21 million in the first half of 2024. The overall gross margin was 45.20%, slightly higher than the same period last year, mainly due to a more favorable product mix and improved cost control. Consequently, the net income attributable to Espressif was CNY 261.26 million, reflecting a 72.29% year-on-year increase, driven by strong revenue growth and higher profitability.

This performance was supported by the rising penetration of intelligent solutions across multiple sectors. Beyond the continued expansion in smart home and consumer electronics, industries such as industrial automation, energy management, and healthcare are increasingly adopting wireless SoC solutions to accelerate digital transformation. The broad-based demand reflects a structural shift toward more connected, intelligent devices in both consumer and industrial markets.

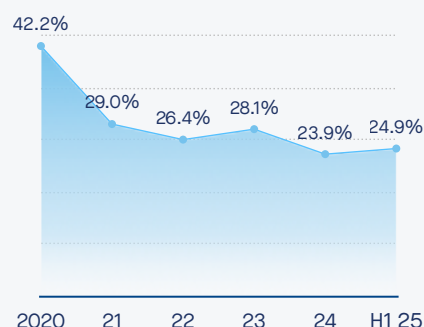
Revenue by Area in H1 2025



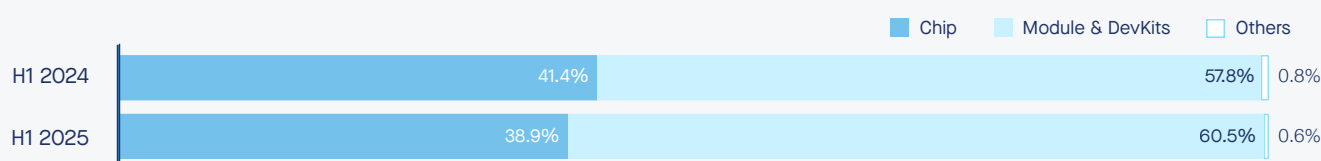
Revenue by Sales Mode in H1 2025



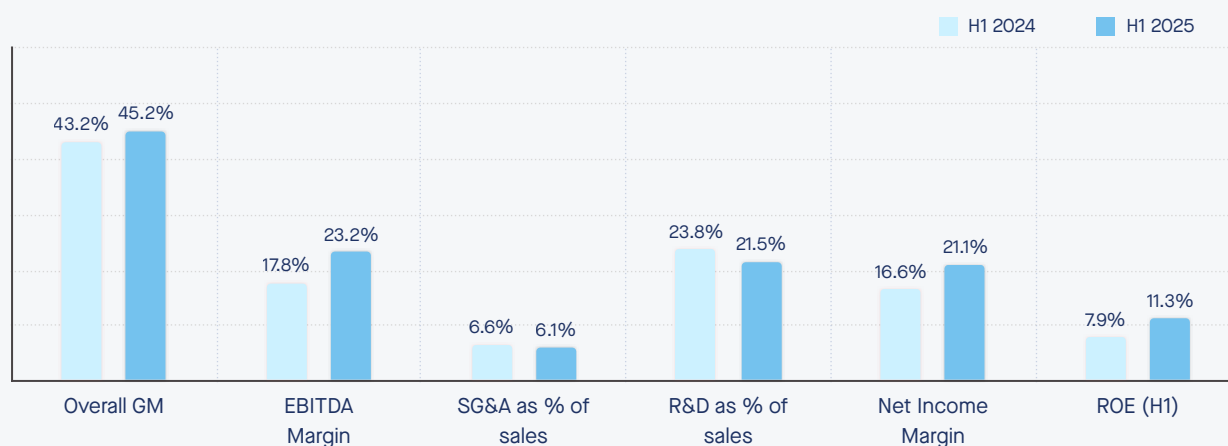
Top-5 Customer Concentration Rate



Revenue by Product Category



Key Financial Indicators



Management Report

Business Strategy

Espressif Systems' business strategy emanates from our service/product areas and our engagement with the developer ecosystem.

Our product and service areas include AIoT chips, OS-level development environments, software tools, application solutions, and value-added services, such as Cloud and Matter. The above-mentioned products ensure that we are in the heart of numerous commercial AIoT applications in different markets, including smart home, consumer electronics, industrial automation, healthcare, etc.



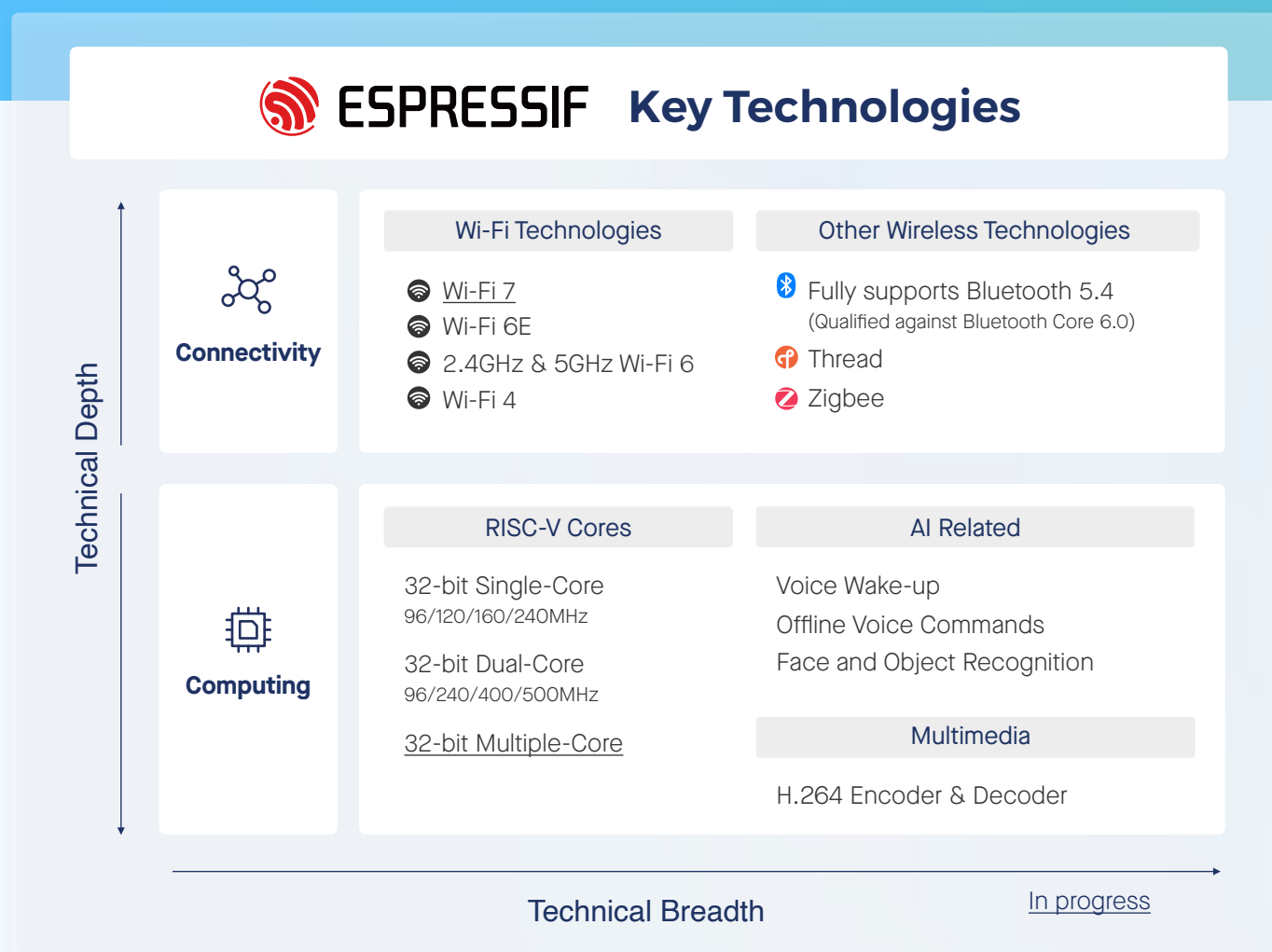
Key Products - IoT Chips

Espressif Systems is a global leader in wireless connectivity SoCs and AIoT solutions. Since launching our first Wi-Fi MCU in 2014, we have continuously expanded our product portfolio and deepened our technology stack. Today, Espressif offers a comprehensive range of self-developed wireless SoCs, covering Wi-Fi 4/6/6E, Bluetooth LE (up to BLE 5.4), Thread, Zigbee, and Matter protocols, enabling diverse smart connectivity applications across consumer, industrial, and commercial domains.

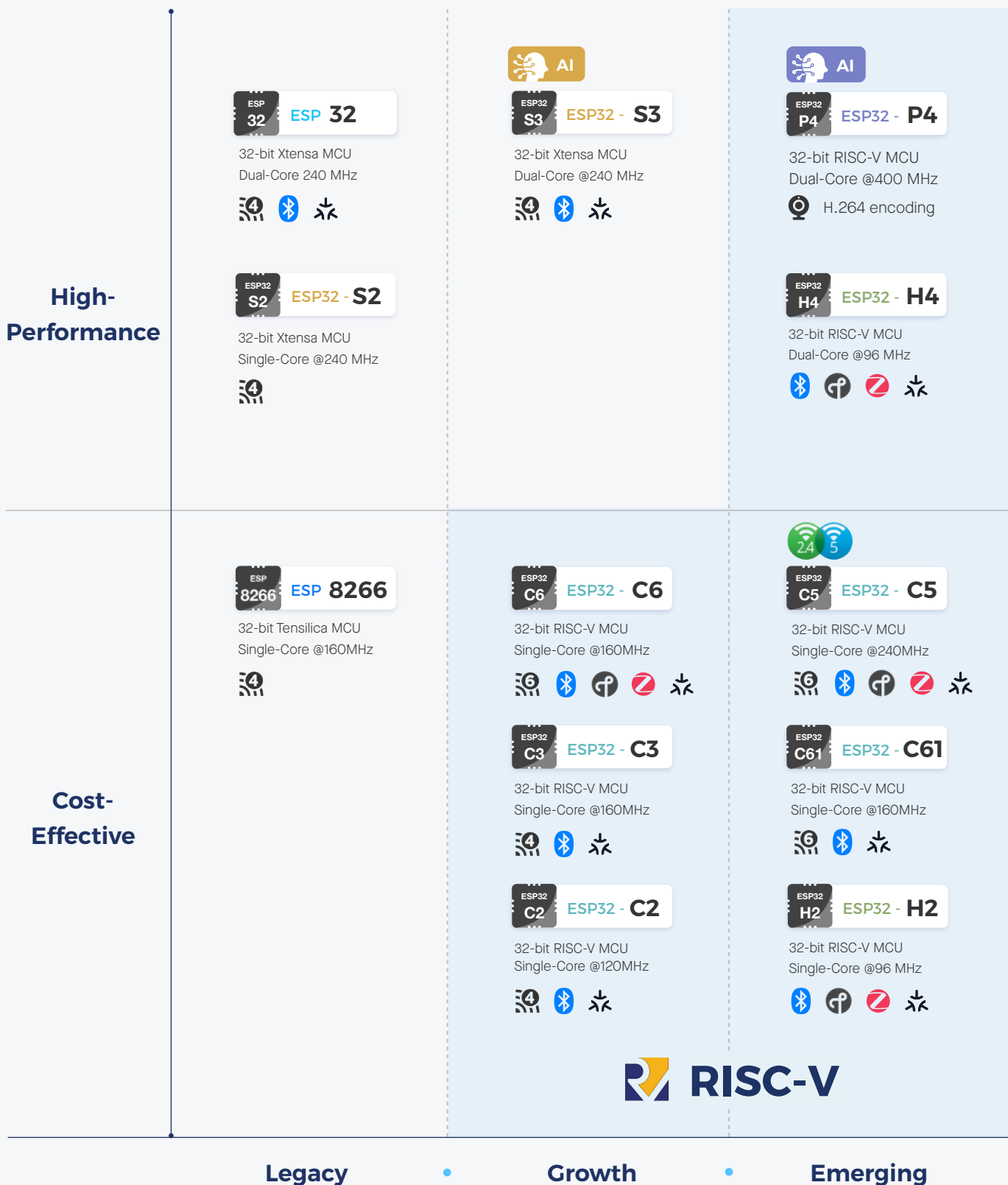
In recent years, Espressif has made notable progress in the development of advanced edge computing platforms. Our RISC-V-based SoCs now integrate AI accelerators, and multimedia processing capabilities, enabling efficient deployment of voice, vision, and large language model (LLM)-based applications on cloud.

Espressif's competitive edge lies in its end-to-end in-house technology development, including RF components, connectivity IPs, RISC-V processor cores, secure boot and OTA frameworks, real-time operating systems, AI toolchains, and developer toolkits. This vertical integration enables us to deliver consistent software and hardware experiences across platforms, ensuring seamless development, high integration, and long-term support for our customers.

To simplify product adoption, we also offer a wide range of IoT modules and development kits, fully supported by Espressif's software ecosystem and global community. This helps customers accelerate time-to-market while optimizing their supply chain through direct technical and logistical support from Espressif.



Key Products - Chip Matrix



Key Products - M5Stack Development Kits

Espressif acquired a majority stake in M5Stack in 2024 Q2. 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. The M5Stack ecosystem is built around its flagship main control module, powered by Espressif's all ESP32 series of chips, highlighting the deep technical synergy between the two companies.

M5Stack's product portfolio primarily comprises controllers and other hardware modules needed in IoT application solutions and is mainly sold to the industrial, education, and developer markets.

M5Stack maintains an impressive pace of launching one new hardware product every week. A diversified product portfolio with over 300 SKUs helps developers rapidly prototype end products, accelerating the design-in process for Espressif's products with end customers. This ultimately brings more business opportunities for Espressif's chips and modules.



Controller



AI Chatbot Kit



Tab5 IoT DevKit



PLC Controller



Rotary Knob

...

Camera



PoE Camera

Sensor



Weight I2C Unit

Module



Lora Unit

Kits



Stamp-Fly

...

Market

The market for wireless SoCs is truly diverse, including applications for smart homes (e.g., smart lights, air conditioners, ovens, coffee machines, etc.), consumer electronics (e.g., smart speakers, drones, etc.), industrial automation (e.g., mechanical arms), smart agriculture (e.g., soil PH detector, CO₂ detector, etc.), healthcare (e.g., monitoring devices for diabetes, blood pressure, etc.), energy control (solar energy devices, EV chargers, etc.), the internet of vehicles (OBD devices, dashboards, etc.), and education (talking pens, interactive whiteboards, etc.).

The smart home sector continues to be our main revenue contributor, delivering growth in line with expectations. At the same time, IoT adoption across non-smart-home applications is accelerating, with these segments growing at a significantly faster pace and helping to support our gross margin.

This year, we have also seen new application scenarios for Espressif's chips in areas such as electronic musical instruments, automated pig feeding systems, and the apparel manufacturing industry. We believe that as engineering communities share and apply their expertise across different industries, our technologies are reaching an ever-wider range of sectors.

Smart Home



Smart Ovens

Consumer Electronics



Smart Speakers

Industrial Automation



Mechanical Arms

Smart Agriculture



Soil PH Detector

Healthcare



Medical Detectors

Energy Management



Smart Solar Panels

Internet of Vehicles



Intelligent instrument panel

Education



Talking Pens

Business Model

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

Espressif has deployed the Business-to-Developer type of marketing, not only because it has gained prominence in recent years, but also because it has proven to be more effective since the influence of developers on organizations of all sizes has gained traction. In other words, most developers are R&D employees in various companies and bring forth business opportunities from the companies they work for.

This way, the developer ecosystem we have created at Espressif demonstrates how the value of networks can grow exponentially:

- The more developers we attract as customers, the more hardware and software solutions we generate.
- The more successful hardware and software solutions we create, the more our reputation spreads with positive feedback from happy customers/developers.
- The above-mentioned interaction between people in our network prompts the creation of more content, which -in turn- attracts more users/developers searching for new content.
- Likewise, other third-party development platforms join our ecosystem and bring in new developers, as our influence continues to grow.

Having successfully applied the B2D2B model, Espressif can now focus on R&D investments, while maintaining a small business team that supports a large number of customers directly. In fact, most of our revenue is gained through direct sales.



Developer Community Content



Global Code Hosting Platform

151,300ESP32 and ESP8266
Projects

Social Networking Site

133,000

ESP32 Group Members



Developer-written books

> 200Covering more than 10
languages

Chinese Video Sharing Platform

1.32 MMost Viewed ESP32
Video (2025)

Global Video Sharing Platform

15.00 MMost Viewed ESP32
Short (2025)**787 K**Most Viewed ESP32
Video (2025)**Cumulative Number of GitHub
ESP32 Projects****Daily Increase on GitHub
ESP32 Projects**

Always a Hot Topic on Social Media



Posted on 15 Aug 2025

Bojíte se o své auto, kolo nebo psa? Ano? Pak se mrkněte na tenhle Heltec Capsule Sensor vybavený řídicím čipem ESP32-S3, LoRa konektivitou a GNSS (GPS) lokalizačním systémem s Meshtastic podporou.

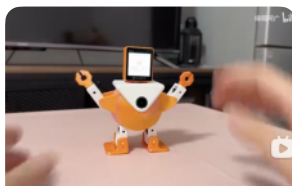


https://x.com/laska_kit/status/1956245312676483406



Posted on 5 Aug 2025

拒绝吃灰——让你的AI盒子变成能看能动的小机器人吧 (资料开源)



<https://www.bilibili.com/video/BV1zp4RzgE9B>



Posted on 19 Aug 2025

ESP32-Based DryAger/Homebrew Fermenter

Overall, this was a fun mix of electronics and basically playing with food. The ESP32 made it super easy to tie everything together: sensors, relays, fans, and remote control via



https://www.reddit.com/r/esp32/comments/1mtksw9/esp32based_dryagerhomebrew_fermenter/



Posted on 5 Aug 2025

Why This 1.8" Knob Board Is Perfect for Remote Projects (With My Free UI!)



<https://www.youtube.com/watch?v=8pHF00AG2TI>



Posted on 6 Aug 2025

I made a pokédex with esp32 and vision model

Hey everyone,
I wanted to share a project I've been working on: a Pokédex based on the ESP32 that can identify Pokémon. The Problem I Wanted to Solve: Many existing Pokémon identification...



Posted on 14 Aug 2025

MCP大模型智能家居网关

基于ESP32的智能家居控制系统，通过MCP协议实现大模型对小爱音箱和米家设备的深度控制。

- 核心功能
- 米家平台集成
 - 小爱音箱设备控制
 - TTS文本语音播报
 - 支持40+款小爱音箱型号



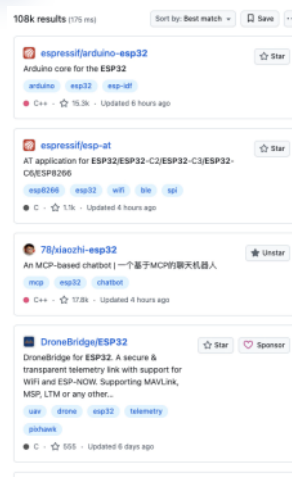
Posted on 13 Jun 2025

How to make a DIY Pixel Art Camera for Flipper Zero

ESP32 CAM module can make gameboy-styled pixel art photos right on your



Searched on 19 Aug 2025



Research and Development

R&D Investment

R&D investment is at the heart of Espressif Systems' development. During the reporting period, R&D cost CNY 268.24 million, which marked a 22.66% increase compared with that of 2024. At the same time, the R&D-to-sales ratio was 21.54% in H1 2025.

Espressif's escalating R&D investment cost can be attributed to the increase in the number of R&D staff and their corresponding compensation levels, driven by the ongoing expansion of the team to support a growing portfolio of major projects.

| CNY | Fiscal Year | | change (%) |
|--------------------|---------------|---------------|------------|
| | June 30, 2025 | June 30, 2024 | |
| R&D Expenses | 268,244,538 | 218,682,370 | 22.66 |
| R&D-to-sales ratio | 21.54% | 23.76% | |

Intellectual Property

We seek to protect our technologies through a combination of patents, software copyright and trade secrets. By June 30, 2025, the Company had been granted 210 patents. We continue to submit new patent applications relating to our recent R&D innovations.



List of Intellectual Property Rights Applied and Granted

| | H1 2025 | | Cumulative number | |
|-----------------------|-------------|-----------|-------------------|------------|
| | Applied for | Granted | Applied for | Granted |
| Invention patents | 10 | 3 | 161 | 101 |
| Utility model patents | 3 | 3 | 39 | 33 |
| Design patents | 0 | 0 | 11 | 11 |
| Software copyright | 0 | 0 | 27 | 26 |
| Others | 5 | 4 | 79 | 39 |
| Total | 18 | 10 | 317 | 210 |

N.B.: The number of patents 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. the PCT patent applications, U.S. patent applications through the PCT route or the Paris Convention route, as well as patent applications in India.

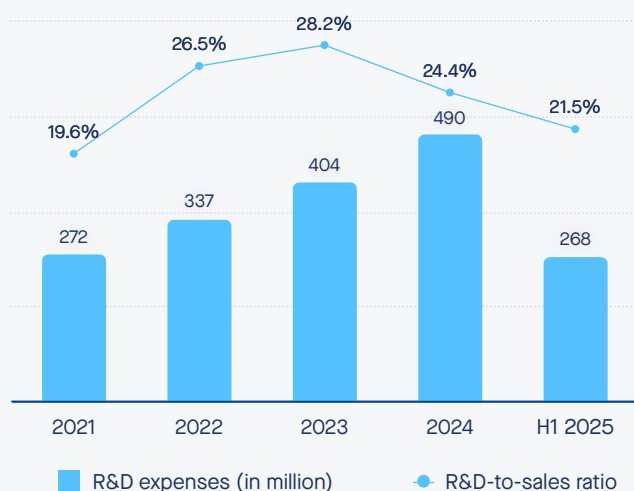
R&D Employees

We are proud of our talented, diverse and multicultural workforce. By June 30, 2025, across our nine branches worldwide, we had employed 840 people, more than 70% of whom are in engineering roles. Meanwhile, we have expanded our business beyond Wi-Fi MCUs, thus offering innovative solutions to wireless connectivity and processing, including AI, RISC-V MCU, Wi-Fi 6, Bluetooth LE, Thread, Zigbee and other IoT-related technologies.

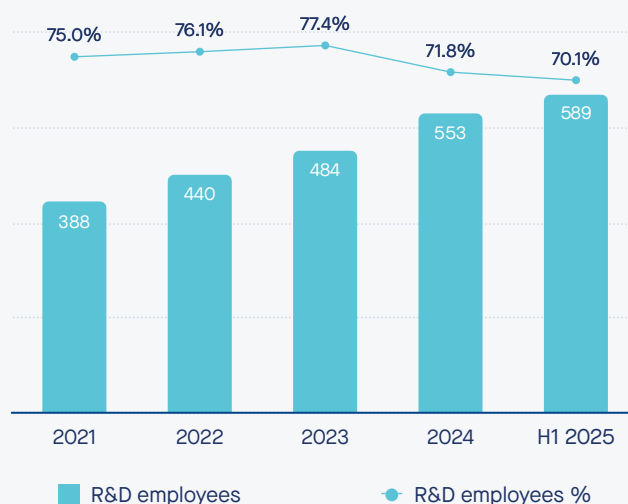
Since the research and development of software and hardware are inextricably intertwined, we constantly invest in software technology, too. Hence, we are currently focused on AIoT technologies, including toolchains, compilers, operating systems, application frameworks, AI algorithms, Cloud products, apps, etc. Our aim is to make Espressif a one-stop solution-provider offering anything relating to hardware, software and the Cloud.

| | Fiscal Year | |
|--|---------------|---------------|
| | June 30, 2025 | June 30, 2024 |
| R&D employees | 589 | 519 |
| R&D employees as a percentage of total employees | 70.12% | 71.29% |
| Total compensation of R&D employees (CNY in thousands) | 206,006 | 169,820 |
| Average half-year compensation of R&D employees (CNY in thousands) | 361 | 339 |

R&D Expenses



R&D Employees



N.B.: Following the acquisition of M5Stack in 2024, M5Stack brought in its own production line and manufacturing staff, leading to a decrease in the proportion of R&D personnel.

Ownership of Securities

Basic information of securities

| | |
|----------------------|-----------------------------------|
| Share types | Ordinary share |
| Share capital | 156,702,722 (as of June 30, 2025) |
| Listing | Shanghai Stock Exchange (SSE) |
| Ticker | 688018.SH |
| Listing Date | 2019-07-22 |

Shareholder Structure as of June 30, 2025

| Shareholder | Share Numbers | Percentage (%) |
|--|--------------------|----------------|
| Espressif (Hong Kong) Investment Ltd. | 62,777,599 | 40.06 |
| Hong Kong Securities Clearing Company Limited | 5,182,159 | 3.31 |
| Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.1 | 2,354,848 | 1.50 |
| CITIC Securities Co., Ltd. – Harvest SSE STAR Market Chip Tradable Open-ended Index Securities Investment Fund | 2,234,078 | 1.43 |
| Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.3 | 1,922,822 | 1.23 |
| Shininvest Holding Ltd. | 1,890,000 | 1.21 |
| Shanghai Letun Enterprise Management Partnership (Limited Partnership) | 1,510,450 | 0.96 |
| Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.2 | 1,317,579 | 0.84 |
| Shenwan Hongyuan Securities Co. Ltd. | 1,299,873 | 0.83 |
| CMS – Oriental Alpha Advantage Industry Hybrid Initiated Securities | 1,217,509 | 0.78 |
| Top 10 shareholders | 81,706,917 | 52.14 |
| Espressif Systems (Shanghai) Co., Ltd. Repurchase Special Securities Account | 944,702 | 0.60 |
| Other public shareholders | 74,051,103 | 47.26 |
| Total of outstanding shares | 156,702,722 | 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 and others. Intense competition from current players, as well as new entrants, such as Silicon Labs and Nordic, 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 24.86% in H1 2025.

Consolidated Financial Statements

Consolidated Balance Sheet (unaudited)

| CNY | June 30, 2025 | December 31, 2024 |
|------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 846,020,176 | 673,884,162 |
| Held for trading financial assets | | |
| Notes receivable | 38,296,281 | 38,605,565 |
| Accounts receivable, net | 386,350,913 | 318,420,157 |
| Accounts receivable financing | | |
| Prepayments | 22,402,853 | 15,857,596 |
| Other receivables | 13,061,791 | 19,978,007 |
| Including: Interest receivable | | |
| Inventories | 513,598,113 | 485,620,281 |
| Other current assets | 280,527,554 | 233,129,885 |
| Total current assets | 2,100,257,680 | 1,785,495,653 |
| Non-current assets: | | |
| Debt investment | 275,680,900 | 413,542,900 |
| Investment in other equity assets | 30,967,840 | 30,967,840 |
| Other non-current financial assets | 34,221,626 | 34,221,626 |
| Fixed assets | 524,386,126 | 93,949,828 |
| Right-of-use assets | 19,639,888 | 25,169,744 |
| Intangible assets | 28,757,827 | 30,853,579 |
| Goodwill | 74,654,024 | 74,654,024 |
| Long-term deferred expenses | 17,841,629 | 19,452,629 |
| Deferred income tax assets | 111,293,944 | 101,157,536 |
| Other non-current assets | | 40,000,000 |
| Total assets | 3,217,701,484 | 2,649,465,358 |

Consolidated Balance Sheet (unaudited)

| CNY | June 30, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Liabilities & Shareholders' Equity | | |
| Current liabilities: | | |
| Short-term loan | 352,649,679 | 500,333 |
| Accounts payable | 146,061,047 | 160,741,033 |
| Contract liabilities | 21,356,164 | 20,877,548 |
| Payroll payable | 86,165,340 | 129,439,567 |
| Taxes payable | 1,025,741 | 16,321,501 |
| Other payable | 16,939,654 | 12,397,576 |
| Including: Interest payable | | |
| Non-current liabilities due within one year | 7,932,209 | 11,705,721 |
| Other current liabilities | 987,289 | 1,156,230 |
| Total current liabilities | 633,117,121 | 353,139,508 |
| Non-current liabilities: | | |
| Lease liabilities | 12,877,802 | 14,802,190 |
| Provisions | 655,160 | 620,582 |
| Deferred income tax liabilities | 108,690,073 | 101,533,858 |
| Total liabilities | 755,340,156 | 470,096,138 |
| Owners' equity (or shareholders' equity): | | |
| Share capital | 156,702,722 | 112,200,431 |
| Capital reserves | 1,266,193,209 | 1,351,379,589 |
| Less: Treasury stock | 78,118,338 | 208,684,568 |
| Other comprehensive income | 22,444,605 | 25,620,966 |
| Surplus reserves | 76,858,747 | 76,858,747 |
| Retained earnings | 987,108,258 | 792,599,518 |
| Total Espressif shareholders' equity | 2,431,189,203 | 2,149,974,683 |
| Non-controlling interests | 31,172,125 | 29,394,537 |
| Total shareholders' equity | 2,462,361,328 | 2,179,369,221 |
| Total liabilities and shareholders' equity | 3,217,701,484 | 2,649,465,358 |

Consolidated Income Statement (unaudited)

| CNY | Three Months Ended | | Six Months Ended | |
|---|--------------------|--------------------|----------------------|--------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Revenue | 687,690,927 | 533,020,855 | 1,245,540,796 | 920,212,266 |
| Cost of Revenue | 366,602,694 | 297,891,612 | 682,505,046 | 522,715,482 |
| Gross Profit | 321,088,233 | 235,129,242 | 563,035,750 | 397,496,784 |
| Taxes and surcharges | 1,589,116 | 409,396 | 3,298,890 | 866,924 |
| Selling expenses | 20,891,691 | 16,063,290 | 37,911,612 | 28,915,851 |
| General and administrative expenses | 20,014,920 | 17,125,846 | 37,868,504 | 31,997,654 |
| Research and development expenses | 142,052,489 | 114,836,190 | 268,244,538 | 218,682,370 |
| Financial expenses | -5,996,833 | 1,492,903 | -6,651,209 | -408,615 |
| Including: Interest expenses | 2,052,299 | 205,800 | 3,081,212 | 443,113 |
| Interest income | 5,960,944 | 3,309,886 | 10,965,268 | 7,173,410 |
| Add: Other income | 23,421,071 | 4,948,006 | 31,368,576 | 18,164,613 |
| Investment income (mark "-" for loss) | 3,834,033 | 5,327,726 | 8,433,933 | 11,636,081 |
| Income from changes in fair value (mark "-" for loss) | | -71,822 | | |
| Credit impairment losses (mark "-" for loss) | -350,123 | -50,844 | -350,123 | -50,844 |
| Assets impairment losses (mark "-" for loss) | -1,134,405 | 43,693 | -1,237,829 | -209,761 |
| Assets disposal income (mark "-" for loss) | -14,041 | -506 | -29,598 | -558 |
| Operating Income | 168,293,384 | 95,397,871 | 260,548,373 | 146,982,131 |
| Add: Non-operating revenue | 200 | 1,589 | 330,200 | 1,589 |
| Less: Non-operating expenses | 21,582 | 4,673,633 | 68,606 | 4,699,729 |
| Income before income taxes | 168,272,002 | 90,725,827 | 260,809,967 | 142,283,991 |
| Provision (benefit) for income taxes | -326,090 | -8,071,760 | -2,229,798 | -10,429,078 |
| Net Income | 168,598,092 | 98,797,587 | 263,039,765 | 152,713,070 |
| Net Income attributable to non-controlling interests | 1,040,269 | 1,070,606 | 1,777,588 | 1,070,606 |
| Net Income attributable to Espressif | 167,557,823 | 97,726,982 | 261,262,177 | 151,642,464 |
| Earnings per share | | | | |
| Basic | | | 1.6868 | 1.2940 |
| Diluted | | | 1.6868 | 1.2940 |

N.B.: Due to the company's implementation of a capital reserve to equity conversion in 2025, 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, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Net Income | 168,598,092 | 98,797,587 | 263,039,765 | 152,713,070 |
| Other comprehensive income (loss), after tax | | | | |
| Changes to the fair value of investment in other equity | | 9,486,000 | | 9,486,000 |
| Currency translation reserves | -2,128,567 | 1,279,812 | -3,176,361 | -773,016 |
| Other comprehensive income (loss) | -2,128,567 | 10,765,812 | -3,176,361 | 8,712,984 |
| Other comprehensive income (loss) attributable to non-controlling interests | | | | |
| Comprehensive income | 166,469,525 | 109,563,399 | 259,863,404 | 161,426,053 |
| Comprehensive income attributable to non-controlling interests | 1,040,269 | 1,070,606 | 1,777,588 | 1,070,606 |
| Comprehensive income attributable to Espressif | 165,429,256 | 108,492,793 | 258,085,816 | 160,355,448 |

Consolidated Cash Flow Statement (unaudited)

| CNY | Three Months Ended | | Six Months Ended | |
|---|---------------------|--------------------|----------------------|----------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Operating Activities | | | | |
| Cash from sales of merchandise and provision of services | 715,198,826 | 539,670,869 | 1,299,783,415 | 979,986,644 |
| Tax refund | 13,185,173 | 14,348,735 | 28,015,360 | 22,039,088 |
| Other received cash related to operational activities | -45,501,690 | 5,459,397 | 33,464,916 | 13,066,919 |
| Subtotal of cash inflow from operational activities | 682,882,310 | 559,479,001 | 1,361,263,691 | 1,015,092,651 |
| Cash paid for merchandise and services | 463,960,282 | 457,075,056 | 823,406,616 | 744,342,308 |
| Cash paid to and for employees | 102,495,783 | 80,517,004 | 299,522,061 | 235,965,098 |
| Cash paid for taxes and surcharges | 32,383,487 | 6,081,313 | 51,323,421 | 7,382,465 |
| Other paid cash related to operational activities | 44,592,320 | 29,473,800 | 72,588,769 | 53,079,614 |
| Subtotal of cash outflow from operational activities | 643,431,872 | 573,147,173 | 1,246,840,866 | 1,040,769,485 |
| Net cash provided by operating activities | 39,450,437 | -13,668,172 | 114,422,825 | -25,676,834 |
| Investing activities | | | | |
| Cash arising from the disposal of investments | 140,000,000 | 185,297,048 | 140,000,000 | 455,877,171 |
| Cash arising from investment income | 12,967,233 | 3,450,779 | 12,967,233 | 4,235,229 |
| Net cash arising from the disposal of fixed assets, intangible assets and other long-term assets | 7,138 | 2,210 | 14,905 | 9,664 |
| Other received cash relating to investment activities | 922,050 | 1,213,000 | 1,500,100 | 1,739,000 |
| Subtotal of cash inflow from investment activities | 153,896,421 | 189,963,036 | 154,482,238 | 461,861,063 |
| Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets | 429,684,593 | 16,924,485 | 444,170,619 | 25,200,081 |
| Cash paid for investments | | 102,175,231 | | 222,175,231 |
| Net cash paid for acquisition of subsidiaries and other business units | | | | |
| Other paid cash relating to investment activities | 900,000 | 600,000 | 1,200,000 | 1,600,000 |
| Subtotal of cash outflow from investment activities | 430,584,593 | 119,699,716 | 445,370,619 | 248,975,311 |
| Net cash provided by investment activities | -276,688,172 | 70,263,321 | -290,888,381 | 212,885,752 |
| Financing activities | | | | |
| Cash arising from the issuance of common stock | 71,091,637 | 10,949,956 | 71,091,637 | 10,949,956 |
| 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 | 210,841,637 | 10,949,956 | 433,441,637 | 10,949,956 |
| Cash paid to repay debt | 9,900,000 | | 10,400,000 | |
| Cash paid for the distribution of dividends and profits, or payment of interests | 68,546,838 | 78,261,241 | 69,199,894 | 78,261,241 |
| Including: dividends and profits paid to minority shareholders by subsidiaries | | | | |
| Other paid cash relating to financing activities | 3,533,815 | 3,716,887 | 7,321,215 | 96,838,779 |
| Subtotal of cash outflow from financing activities | 81,980,653 | 81,978,128 | 86,921,110 | 175,100,020 |
| Net cash provided by financing activities | 128,860,984 | -71,028,172 | 346,520,527 | -164,150,064 |
| Impact of fluctuation in exchange rates on cash and cash equivalents | 1,428,324 | -8,037,252 | 1,021,156 | -13,753,458 |
| Net increase in cash and cash equivalents | -106,948,426 | -22,470,275 | 171,076,127 | 9,305,396 |
| Add: Cash and cash equivalent at the commencement of the period | 945,656,860 | 506,706,793 | 667,632,307 | 474,931,121 |
| Cash and cash equivalents at the end of the period | 838,708,434 | 484,236,518 | 838,708,434 | 484,236,518 |

Consolidated Cash Flow Statement

- Indirect Method (unaudited)

| CNY | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Additional information | | | | |
| Net income | 168,598,092 | 98,797,587 | 263,039,765 | 152,713,070 |
| Adjustments to cash provided by operating activities, for the purpose of reconciling net income: | | | | |
| Add: provision for the impairment of assets | 1,134,405 | -43,693 | 1,237,829 | 209,761 |
| Credit impairment provision | 350,123 | 50,844 | 350,123 | 50,844 |
| Depreciation of fixed assets | 6,567,933 | 5,543,158 | 12,596,104 | 10,922,933 |
| Depreciation of right-of-use assets | 3,023,758 | 3,226,029 | 6,105,592 | 6,455,716 |
| Amortization of intangible assets | 1,047,876 | 397,071 | 2,095,752 | 591,825 |
| Amortization of long-term prepaid expenses | 2,592,226 | 1,589,624 | 4,754,862 | 2,942,916 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for income) | 14,041 | 506 | 29,598 | 558 |
| Losses on scrapping of fixed assets (mark "-" for income) | | 4,656,083 | 1,631 | 4,656,083 |
| Losses on fair value changes (mark "-" for income) | | 71,822 | | |
| Financial expenses (mark "-" for income) | -313,428 | 4,623,920 | 3,703,390 | 6,450,037 |
| Losses on investment (mark "-" for income) | -3,834,033 | -5,327,726 | -8,433,933 | -11,636,081 |
| Decrease on deferred income tax assets (mark "-" for increase) | 4,878,478 | -14,329,853 | -10,066,168 | -29,671,227 |
| Increase on deferred income tax liabilities (mark "-" for decrease) | 3,233,445 | 13,220,613 | 7,156,215 | 23,297,884 |
| Changes in operating assets and liabilities: | | | | |
| Decrease in inventories (mark "-" for increase) | -42,601,732 | -68,083,650 | -29,798,410 | -109,637,148 |
| Decrease in operational receivables (mark "-" for increase) | -59,874,969 | -151,075,340 | -88,776,390 | -141,299,427 |
| Increase in operational payables (mark "-" for decrease) | -58,847,115 | 84,085,072 | -68,363,642 | 42,944,232 |
| Others | 13,481,337 | 8,929,762 | 18,790,505 | 15,331,190 |
| Net cash flow provided by operating activities | 39,450,437 | -13,668,172 | 114,422,825 | -25,676,834 |

Consolidated Statement of Changes in Equity

Equity attributable to Espressif

| CNY | Share capital | Capital reserves | Less: Treasury stock | Other comprehensive income | Surplus reserves | Retained earnings | Total Espressif Equity | Non-controlling Interests | Total equity |
|--|--------------------|----------------------|----------------------|----------------------------|-------------------|--------------------|------------------------|---------------------------|----------------------|
| Balance as of December 31, 2023 | 80,789,724 | 1,358,508,382 | 146,969,563 | 24,067,306 | 55,460,195 | 541,144,184 | 1,913,000,228 | | 1,913,000,228 |
| Comprehensive income | | | | 8,712,984 | | 151,642,464 | 160,355,448 | 1,070,606 | 161,426,053 |
| Capital increase | 31,398,781 | -14,689,138 | -22,495,821 | | | | 39,205,464 | | 39,205,464 |
| Repurchase | | | 88,774,989 | | | | -88,774,989 | | -88,774,989 |
| Stock-based compensation | | -12,924,318 | | | | | -12,924,318 | | -12,924,318 |
| Surplus reserves | | | | | | | | | |
| Subsidiary Acquisition | | | | -11,791,200 | | 11,791,200 | | 28,985,002 | 28,985,002 |
| Dividends | | | | | | -78,261,241 | -78,261,241 | | -78,261,241 |
| Balance as of June 30, 2024 | 112,188,505 | 1,330,894,926 | 213,248,731 | 20,989,090 | 55,460,195 | 626,316,607 | 1,932,600,591 | 30,055,607 | 1,962,656,198 |

Equity attributable to Espressif

| CNY | Share capital | Capital reserves | Less: Treasury stock | Other comprehensive income | Surplus reserves | Retained earnings | Total Espressif Equity | Non-controlling Interests | Total 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 |

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, August 29, 2025
Espressif Systems

Board of Directors

Teo Swee Ann

Founder and Chairman

Ng Pei Chi

Information Technology Officer

Wang Jue

Deputy General Manager

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

Deputy General Manager

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. |
| GM | Gross Margin |
| HMI | Human-Machine Interaction |
| IC | Integrated Circuit |
| IoT | Internet of Things |
| LLM | Large Language Model |
| MCU | Microcontroller Unit |
| OBD | On-Board Diagnostics |
| 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 |
| YoY | Year-on-Year |



Investor Relations

ir@espressif.com

Official Platforms

www.espressif.com

blog.espressif.com

github.com/espressif

esp32.com

Social Media

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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.