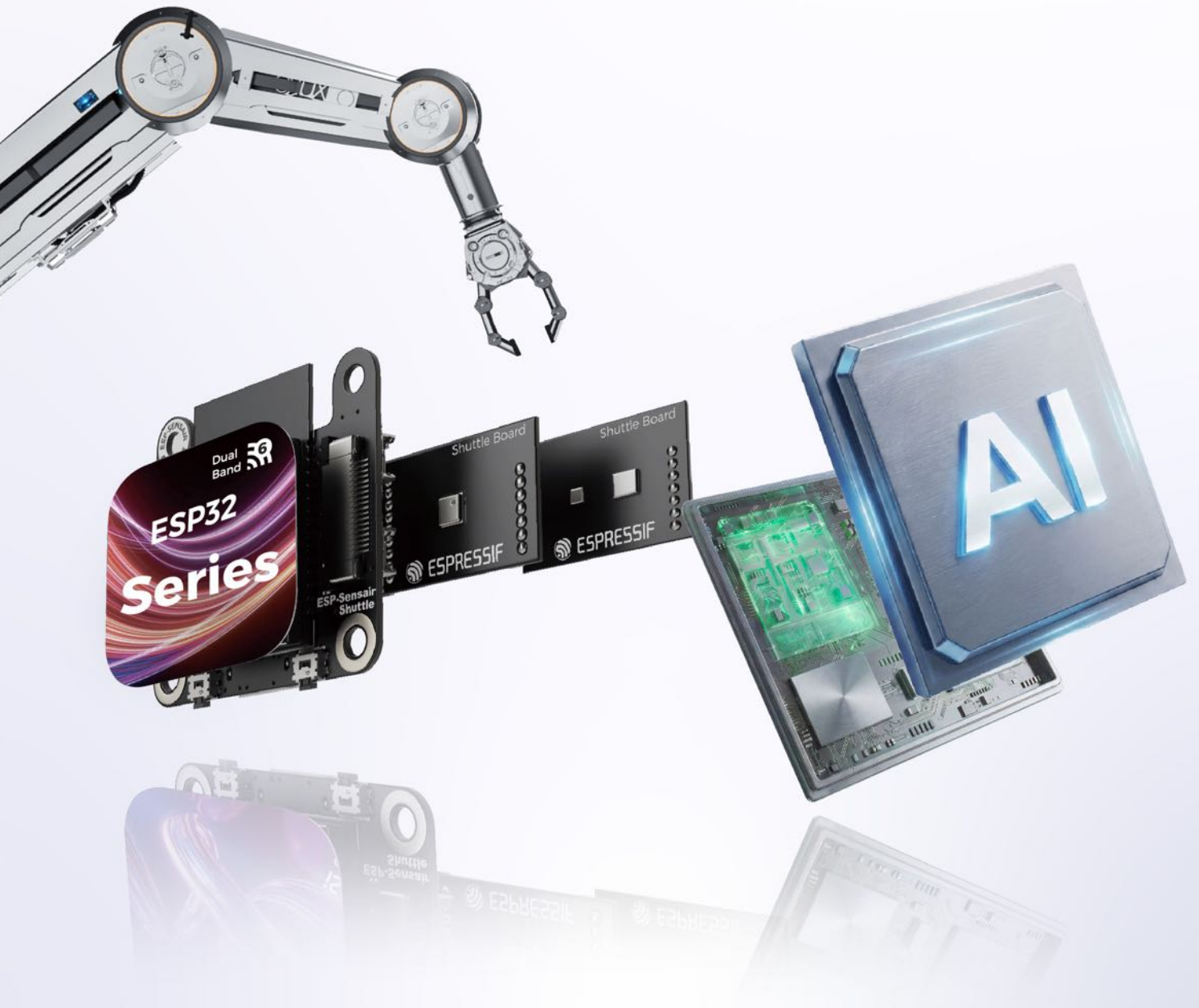


# ESPRESSIF SYSTEMS

## 2026 Q1 REPORT



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# Facts About **Espressif**

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

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

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



**1.5 Billion+**  
Global IoT Chip  
Shipment  
(Cumulative)



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



**200+ Patents**  
In AIoT  
Technology



**10,000+**  
Satisfied  
Customers  
Worldwide



**3 Million+**  
Active Ecosystem  
Developers



**9**  
R&D  
Centers



**70%**  
R&D  
Employees



**915**  
Employees



**33**  
Employee  
Nationalities



**35%**  
Female  
Employees

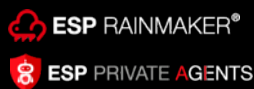


# Build Smart with **ESP32**

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-SR** Speech Recognition
- ESP-WHO** Image Recognition
- ESP-DL** Deep Learning

*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)
- IEEE 802.15.4

**High-Speed Data Transmission**

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

*Computing*

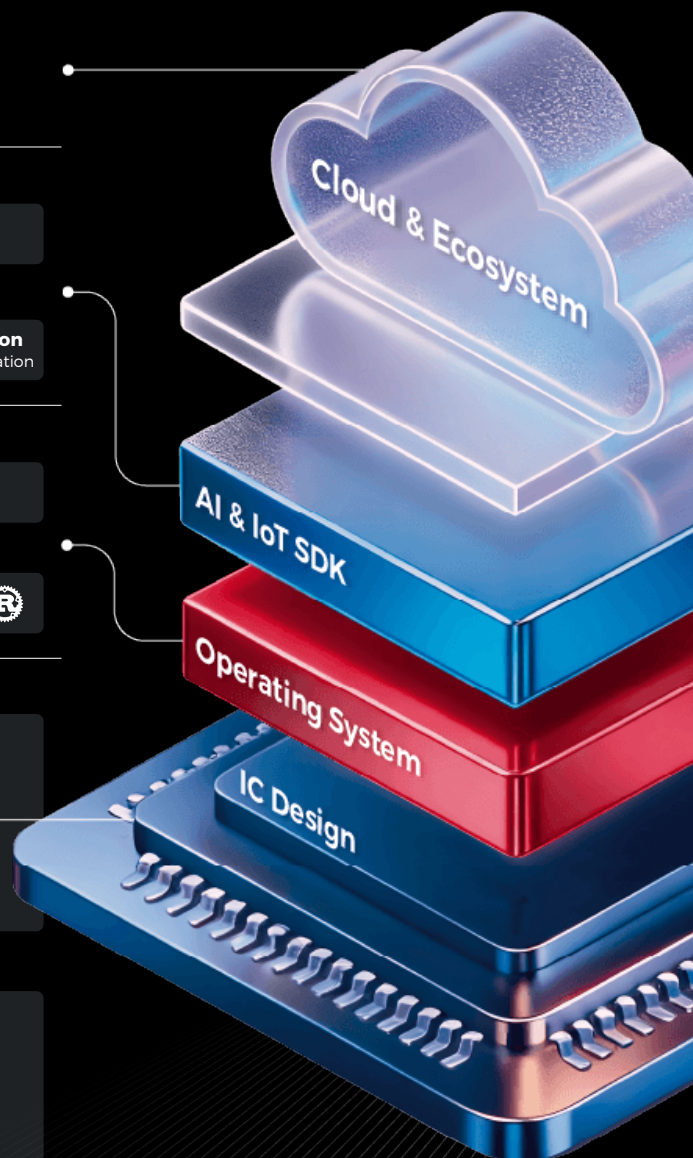
**Core**

- 32-bit RISC-V

**AI** FPU | Instruction Set Extensions

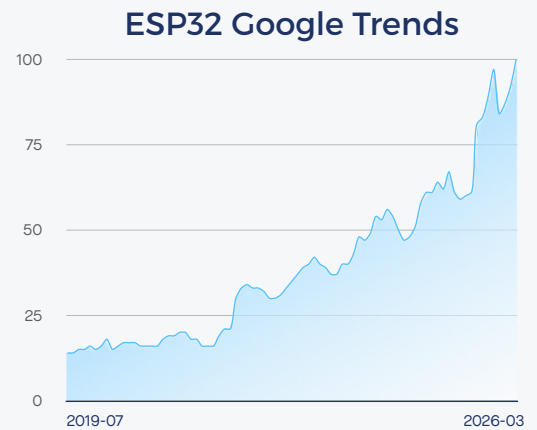
**Multimedia** ISP | H.264 Encoder | JPEG Codec

**High-Speed Interfaces** PCIe | DDR | USB



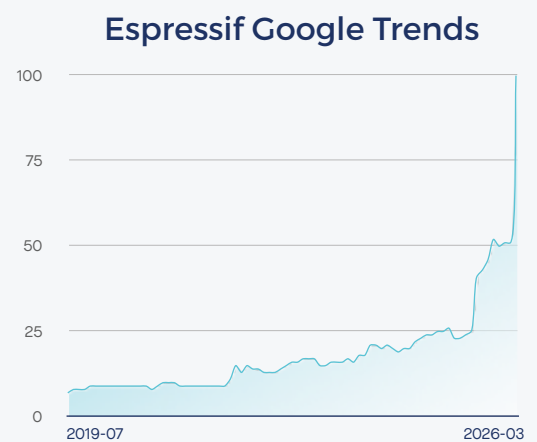
# Brand Awareness

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



## Exceptional IC Design Capability

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



## Full-Stack Engineering Capability

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

## Superior Cost-Effective and Stable Support

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

## Extensive Developer Community Support

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

# Business Highlights

## Key Financial Data

CNY	Three Months Ended		Fiscal Year
	March 31, 2026	March 31, 2025	2025
<b>Consolidated Statement of Income Data</b>			
Revenue	647,971,432	557,849,869	2,565,275,432
Gross profit	314,322,323	241,947,517	1,196,087,930
Selling expenses	23,147,827	17,019,921	81,799,952
General and administrative expenses	21,736,889	17,853,584	88,725,443
Research and development expenses	154,485,482	126,192,049	603,427,213
Net income	136,045,431	94,441,673	499,809,218
Net income attributable to Espressif	135,642,156	93,704,355	497,840,142
Earnings per share:			
Basic	0.8160	0.6088	3.1520
Diluted	0.8160	0.6088	3.1358
<b>Consolidated Cash Flow Data</b>			
Net cash provided by operating activities	3,417,302	74,972,387	522,622,032
<b>Non-GAAP Adjustment</b>			
Stock-based compensation	6,526,170	5,309,168	43,878,803
Non-GAAP net income attributable to Espressif	142,168,326	99,013,522	541,718,945

	March 31, 2026	December 31, 2025
<b>Consolidated Balance Sheet Data</b>		
Working capital	3,542,304,356	3,518,352,994
Total assets	5,041,543,851	5,047,755,518
Long-term obligations	151,064,525	141,345,125
Total shareholders' equity	4,527,483,104	4,489,877,928

**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		Fiscal Year
	March 31, 2026	March 31, 2025	2025
<b>Gross margin</b>	48.51%	43.37%	46.63%
<b>R&amp;D-to-sales ratio</b>	23.84%	22.62%	23.52%
<b>EBITDA margin</b>	24.19%	18.98%	22.41%
<b>Net income margin</b>	21.00%	16.93%	19.48%
<b>Weighted ROE</b>	3.01%	4.26%	17.33%
<b>Number of Espressif employees</b>	915	803	898

# Financial Analysis

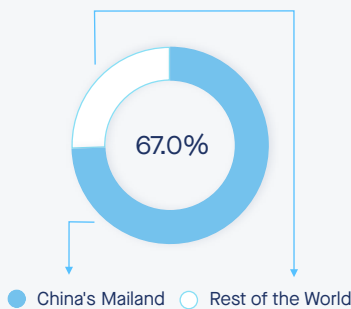
**Revenue & Margin:** Q1 revenue reached CNY 647.97 million (+16.16% YoY). Overall gross margin stood at 48.5%, underpinned by 49.6% for IoT chips and 47.7% for modules/kits. This robust margin reflects the industry’s shift toward "functionality-driven" growth, where our products serve as high-value development platforms.

**Profitability & Resilience:** Structurally, revenue growth experienced a temporary slowdown due to the macroeconomic environment, while the expense side reflected front-loaded investments for mid-to-long-term growth, resulting in a timing mismatch between the two. However, benefiting from a steady expansion in gross margin, the company still achieved robust profit growth, demonstrating significant operational resilience.

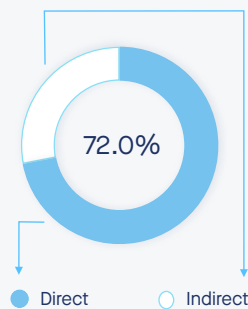
**Cash Flow & Inventory:** Operating cash flow was lower than net profit due to a proactive inventory strategy. In anticipation of potential price increases for key raw materials, we increased strategic stockpiling to lock in costs and ensure supply stability, thereby enhancing delivery certainty for downstream customers. This deliberate mismatch is expected to normalize as supply chain price volatility moderates.

**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.

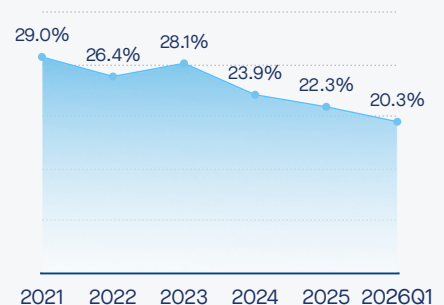
Revenue by Area in Q1 2026



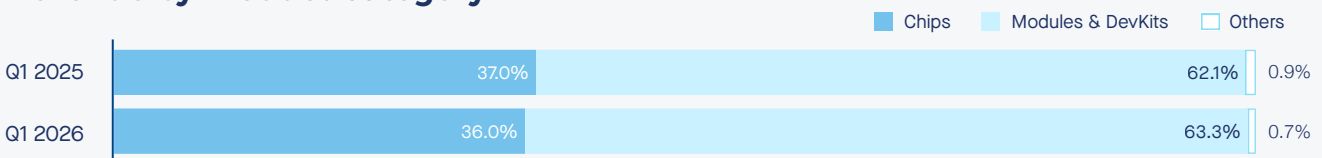
Revenue by Sales Mode in Q1 2026



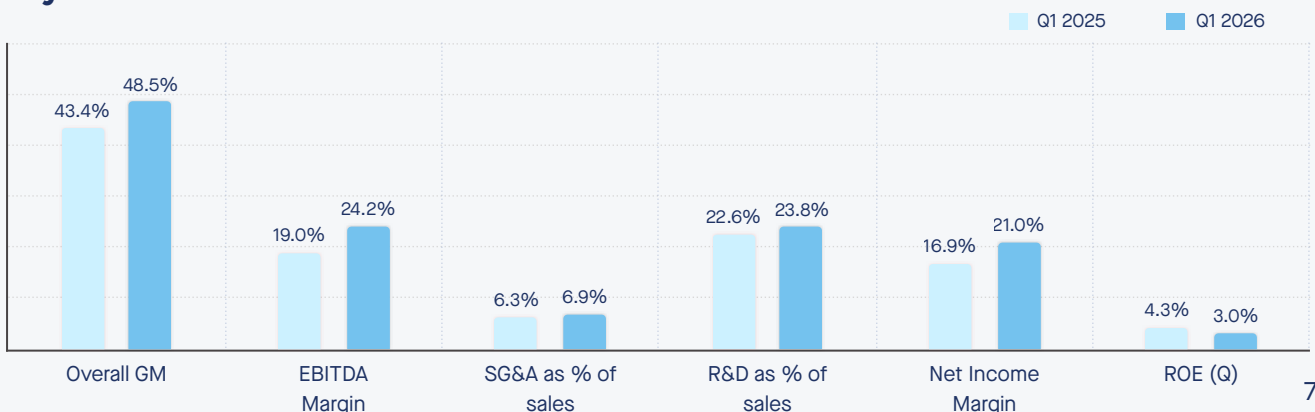
Top-5 Customer Concentration Rate



Revenue by Product Category



Key Financial Indicators

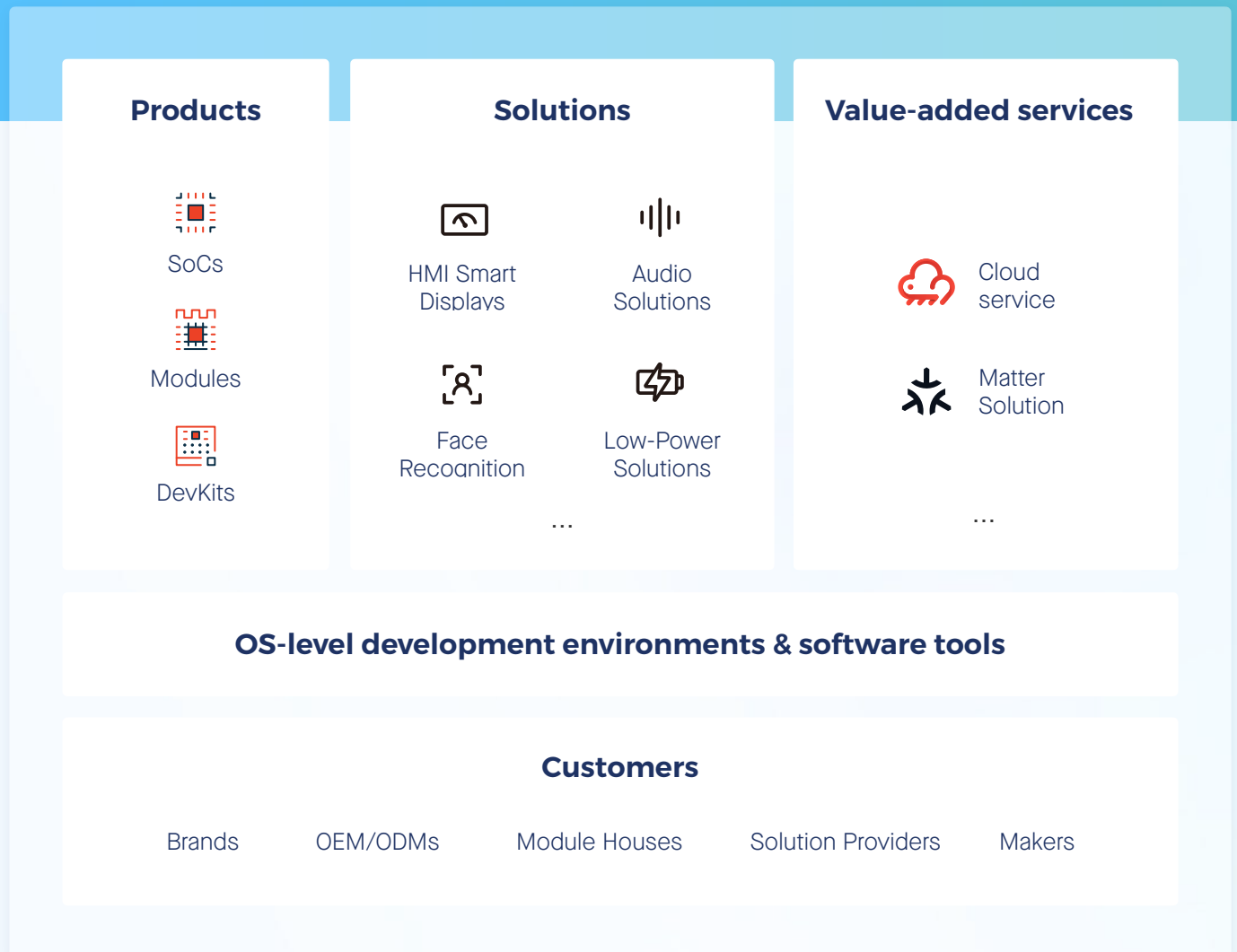


# Management Report

## 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 6 (LE), Bluetooth Classic (BR/EDR), 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

## Function-Driven

**ESP 32**

2x HP Core @240 MHz  
1x ULP Core @8 MHz



**ESP32 - S2**

1x Core @240 MHz



**ESP32 - S3**

2x HP Core @240 MHz  
1x ULP Core @17.5 MHz



**ESP32 - C5**

1x HP Core @ 240MHz  
1x LP Core @ 40MHz



**ESP32 - C6**

1x HP Core @160 MHz  
1x LP Core @20 MHz



**ESP32 - C3**

1x Core @160 MHz



**ESP32 - C2**

1x Core @120 MHz



**ESP32 - H2**

1x Core @96 MHz



**ESP32 - P4**

2x HP Core @400 MHz  
1x LP Core @40 MHz  
H.264 encoding



**ESP32 - H4**

2x Core @96 MHz



**ESP32 - E22**

2x Core @500 MHz  
2x2 MIMO



**ESP32 - C61**

1x Core @160 MHz



**ESP32 - H21**

1x Core @96 MHz



**ESP32 - S31**

2x HP Core @320 MHz  
1x ULP Core @40 MHz



## Connectivity-Driven

**ESP 8266**

1x Core @160 MHz



Legacy

Growth

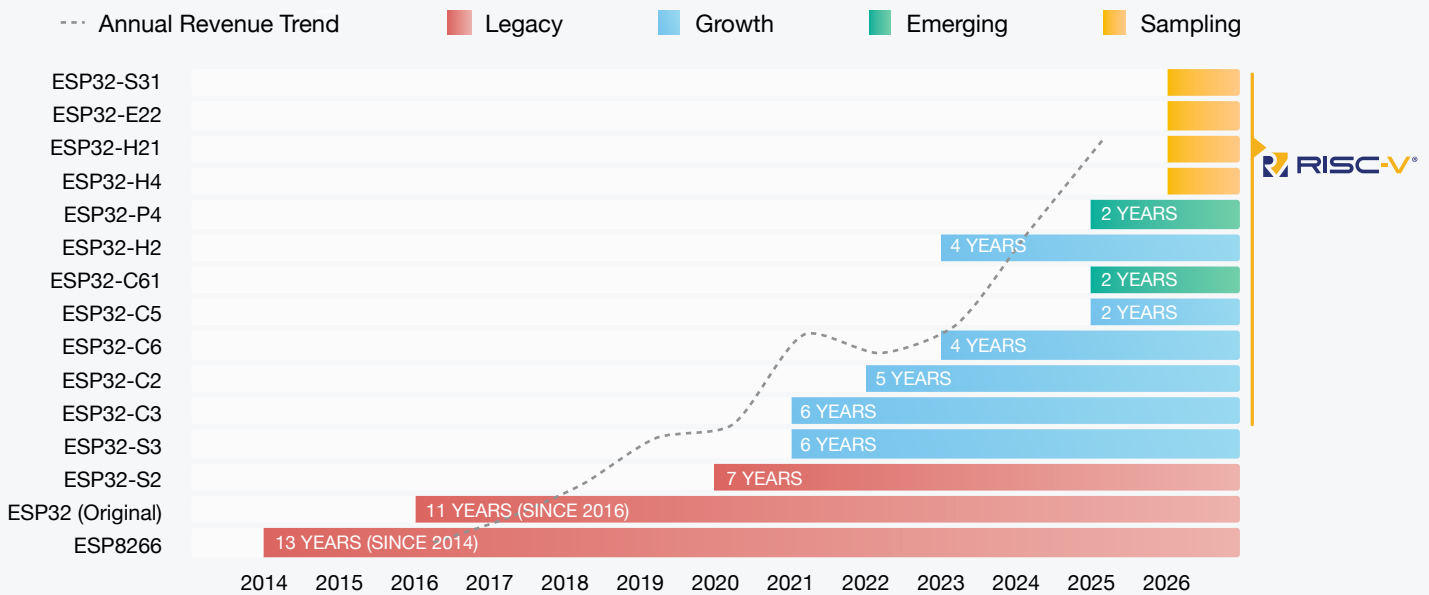
Emerging / Sampling

**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.

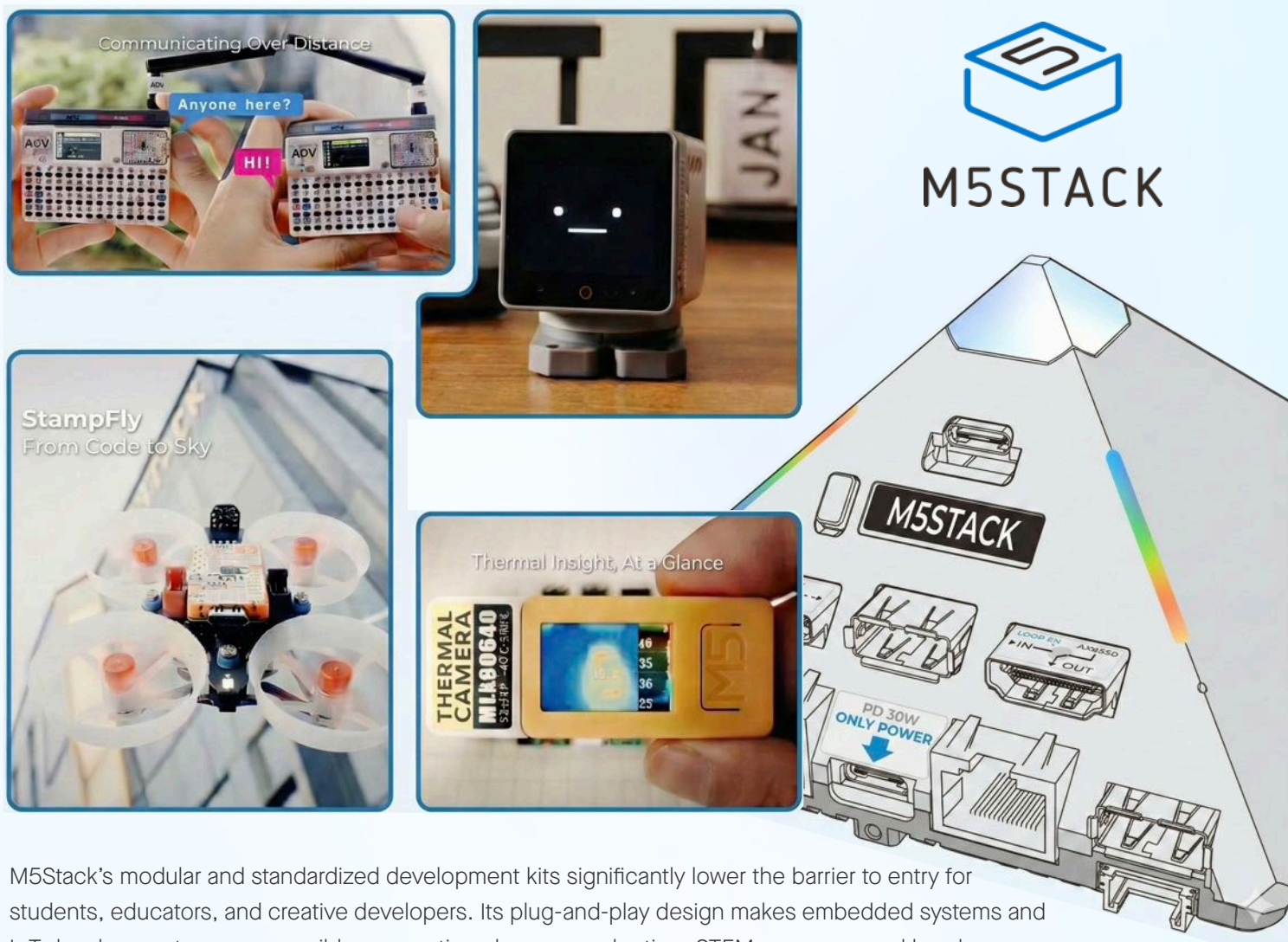
## Long-Tail Value

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

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.

Beyond its hardware prowess, M5Stack has cultivated an exceptionally vibrant global developer community, commanding high brand mindshare within the ecosystem. With an impressive pace of launching one new hardware product every week and a diversified portfolio of over 400 SKUs, 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.



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.

## Edge AI Strategy

In recent years, Espressif has expanded its software capabilities around AI-enabled IoT applications. The Company has released multiple on-device AI frameworks, including ESP-WHO (image recognition), ESP-DL (deep learning inference), and ESP-SR (speech recognition), as well as cloud-side tools such as the ESP Private Agents Platform to support large-model-based applications and device–cloud collaboration. These components enable customers to deploy perception, interaction, and autonomous operation features on existing device categories with limited additional system complexity.

On the hardware side, the Company observes that the IoT industry is transitioning from a connectivity-driven phase to a capability-driven phase. Historically, device value was primarily determined by the number of connected nodes. As local computing performance improves, devices increasingly undertake recognition, decision-making, and continuous operation tasks. As a result, value is shifting toward the functional richness achievable per node rather than connectivity scale alone.

In response to this shift, the Company has identified edge-side capability enhancement as a long-term development direction. While maintaining advantages in cost efficiency and power consumption, next-generation products will progressively improve local execution capability and supporting software environments. This allows customers to expand functionality within existing device form factors without materially increasing system complexity.

The Company expects the adoption of edge intelligence to occur gradually, with commercialization driven by increasing feature penetration rather than a single product replacement cycle. Accordingly, future business growth is expected to expand from shipment volume alone toward value growth per device node. As devices undertake more tasks over their lifecycle, customers are placing greater emphasis on platform stability, compatibility, and long-term support.



# AI Solutions

## AI COMPUTING

### Large Language Models (LLM)

Espressif enables edge devices to access advanced AI capabilities through secure, low-latency connections to cloud-based large language models.

OpenAI 文心  
Qwen 讯飞星火  
deepseek

豆包大模型

### ESP Private Agents Platform

The ESP Private Agents Platform enables IoT device makers to deploy AI agents entirely within their own AWS environments. With a ready-to-use runtime, flexible LLM support, and a unified dashboard, it simplifies agent development and lifecycle management for secure, scalable IoT products.



## EDGE AI

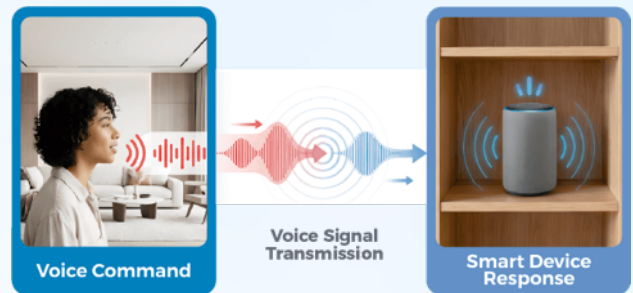
### ESP-WHO Image Recognition Framework

A vision framework supporting face detection, recognition, liveness, and gestures. It delivers real-time edge inference for smart cameras and access control systems.

Face Recognition Ally ✓  
Object Recognition Headset ✓  
Cat Detection Cat ✓

### ESP-SR Speech Recognition Framework

A low-power speech solution integrating Acoustic Front-End (AFE), wake word, and command recognition. Enables fast, accurate, and ready-to-use voice interaction for edge devices.



### ESP-DL Deep-Learning Library for AIoT

A lightweight neural network inference framework optimized for Espressif ESP-series SoCs. It enables efficient on-device AI by providing APIs to load, debug, and run AI models with low memory and high performance.



# Business Model

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

The market for IoT is truly diverse, encompassing applications for smart homes, consumer electronics, industrial automation, tools and equipment, smart agriculture, healthcare, energy control, and the Internet of Vehicles. Given this high degree of market fragmentation, the company's B2D2B business model provides significant competitive advantages.

### 1. Foundation for Sustained Demand

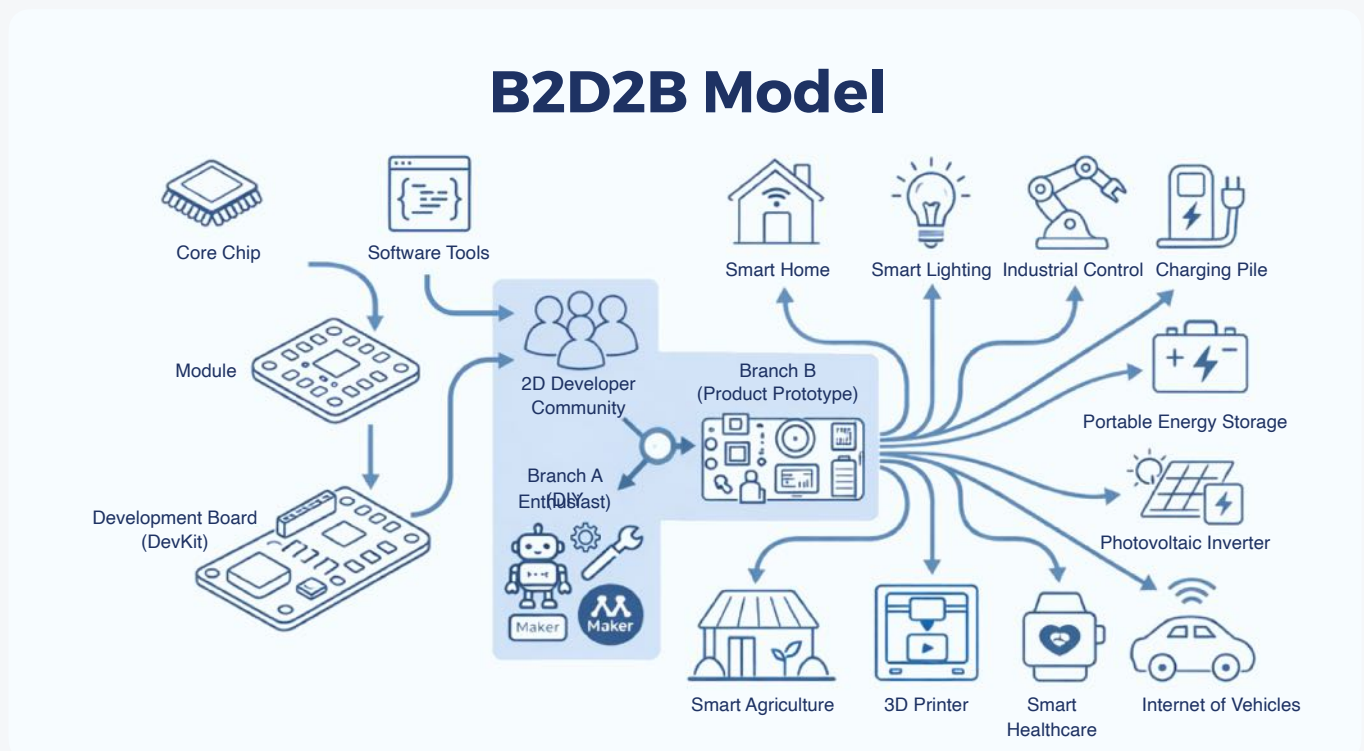
The Developer Platform Model operates on a fundamental multiplier: total demand is driven by the volume of design-in projects and the longevity of their lifecycles. By consistently increasing the number of active design projects, the platform establishes a long-term foundation for recurring demand. Each project integration represents a multi-year commitment to the platform's technology, ensuring a predictable and stable growth trajectory.

### 2. Market Penetration and Diversification

The scaling of design projects naturally leads to increased industry fragmentation and a broader range of application scenarios. As the platform expands, its technology penetrates a diverse array of sectors, moving beyond specialized markets into a wide variety of commercial and industrial uses. This horizontal expansion allows the platform to capture value across multiple independent growth drivers simultaneously.

### 3. Structural Resilience Against Volatility

This diversified footprint serves as a strategic hedge against systemic risk. By distributing the platform's presence across a vast range of industries, overall performance becomes increasingly decoupled from the cyclical volatility of any single sector. Consequently, the business achieves greater structural resilience, maintaining steady performance even when specific market segments face temporary downturns.



# Developer Community Content



Global Code Hosting Platform

## 204,900

ESP32 and ESP8266 Projects



Social Networking Site

## 176,386

ESP32 Group Members



Developer-written books

## > 300

Covering more than 10 languages



Chinese Video Sharing Platform

## 239 K

Most Viewed ESP32 Video (2026)



Global Video Sharing Platform

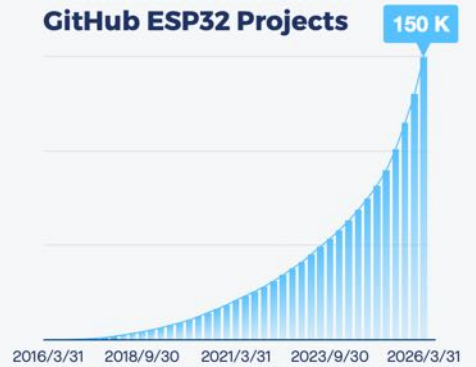
## 2.10 M

Most Viewed ESP32 Short (2026)

## 357 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 4 Apr 2026

液晶ドールアイが出来た！意外と違和感なく楽しめそう。いろいろなデザインを試したいなあ〜視線移動も出来ます！丸形液晶モジュール+ESP32の構成です。



[https://x.com/DancingDoll\\_rz/status/2040268534673244172](https://x.com/DancingDoll_rz/status/2040268534673244172)



Posted on 11 Apr 2026

**【2026祖娅纳惜生日会】蓝牙音乐吧唧开箱视频**

1、本来想做成伪开箱视频，但是想加入视频的东西实在是太多了所以后面就跑题了.....



<https://www.bilibili.com/video/BV1yqQABLEG7>

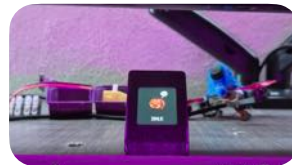


Posted on 13 Apr 2026

**I made a Tamagotchi for my AI agent so I know if it's stuck**

I've been running AI agents locally with OpenClaw, and wanted a simple way to see what they're doing without constantly checking logs.

So I built a small desk device using a XIAO ESP32-C3 that visualizes.....



[https://www.reddit.com/r/esp32/comments/1sk90we/i\\_made\\_a\\_tamagotchi\\_for\\_my\\_ai\\_agent\\_so\\_i\\_know\\_if/](https://www.reddit.com/r/esp32/comments/1sk90we/i_made_a_tamagotchi_for_my_ai_agent_so_i_know_if/)



Posted on 12 Apr 2026

This is how the smoking works generally:

The pellets are loaded into a.....



[https://x.com/ric\\_orna/status/2043344067262632184](https://x.com/ric_orna/status/2043344067262632184)



Posted on 11 Mar 2026

**Build The Smallest ESP32 Brushless Rocket Drone | ESP-BLAST**

This is the ESP-BLAST - a DIY ESP32 Mini Rocket Drone you can build for crazy fast first-person-view flights exceeding 100 km/h.



Posted on 9 Apr 2026

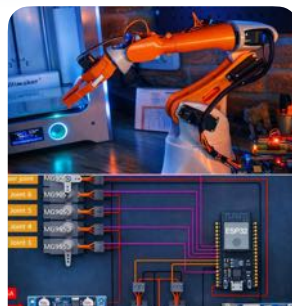
**EleksCava 固件 v2.0.7 更新**

这次是一个大版本，几乎重做了所有界面

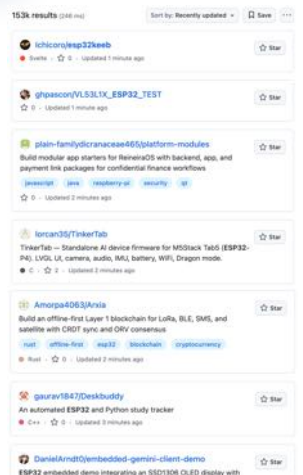
- 两种全新行情布局
- BlockClock 模式：全黑底大字显示，复古电子屏风格
- Ticker 模式：左侧代码面板 + 右侧价格涨跌
- 加密货币和股票都支持，配置页一键切换
- .....



Posted on 6 Mar 2026



Searched on 14 Apr 2026



# Ownership of Securities

## Basic information of securities

<b>Share types</b>	Ordinary share
<b>Share capital</b>	167,143,010 (as of March 31, 2026)
<b>Listing</b>	Shanghai Stock Exchange (SSE)
<b>Ticker</b>	688018.SH
<b>Listing Date</b>	2019-07-22

## Shareholder Structure as of March 31, 2026

Shareholder	Share Numbers	Percentage (%)
Espressif (Hong Kong) Investment Ltd.	61,210,572	36.62
Hong Kong Securities Clearing Company Limited	5,275,688	3.16
NSSF Portfolio 114	3,004,979	1.80
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.1	2,191,013	1.31
CITIC Securities Co., Ltd. – Harvest SSE STAR Market Chip Tradable Open-ended Index Securities Investment Fund	2,104,037	1.26
Wisdomshire Asset Management Co., Ltd. - Wisdomshire Youfu Private Equity Securities Investment Fund No.3	2,028,155	1.21
Shinvest Holding Ltd.	1,866,500	1.12
China Universal AM – China Life – Participating Insurance – Balanced Equity Portfolio (Single Asset Management Plan)	1,496,273	0.90
Shanghai Letun Enterprise Management Partnership (Limited Partnership)	1,462,688	0.88
CZBank-Bosera Select Quant Multi-Factor Equity Fund	1,449,911	0.87
<b>Top 10 shareholders</b>	<b>82,089,816</b>	<b>49.13</b>
Espressif Systems (Shanghai) Co., Ltd. Repurchase Special Securities Account	1,440,174	0.86
Other public shareholders	83,613,020	50.01
<b>Total of outstanding shares</b>	<b>167,143,010</b>	<b>100.00</b>

# 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, TI, Silicon Labs, Nordic, 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 20.3% in Q1 2026.

# Consolidated Financial Statements

## Consolidated Balance Sheet (unaudited)

<b>CNY</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	1,061,728,185	1,024,792,840
Held for trading financial assets	703,304,644	876,009,608
Notes receivable	54,255,028	65,534,507
Accounts receivable, net	328,889,686	298,106,030
Accounts receivable financing		
Prepayments	16,533,470	19,427,100
Other receivables	9,648,898	11,439,963
Including: Interest receivable		
Inventories	740,194,524	627,637,513
Other current assets	990,746,143	1,011,937,898
<b>Total current assets</b>	<b>3,905,300,577</b>	<b>3,934,885,459</b>
<b>Non-current assets:</b>		
Debt investment	211,310,600	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	568,700,215	556,813,866
Right-of-use assets	34,215,240	29,091,243
Intangible assets	25,614,200	26,662,076
Goodwill	74,654,024	74,654,024
Long-term deferred expenses	21,405,594	22,753,695
Deferred income tax assets	116,369,916	108,491,271
Other non-current assets		
<b>Total assets</b>	<b>5,041,543,851</b>	<b>5,047,755,518</b>

## Consolidated Balance Sheet (unaudited)

CNY	March 31, 2026	December 31, 2025
<b>Liabilities &amp; Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Short-term loan		
Accounts payable	197,451,769	187,528,762
Contract liabilities	33,952,016	23,381,055
Payroll payable	68,134,418	157,619,024
Taxes payable	5,337,004	2,581,791
Other payable	48,356,548	37,303,747
Including: Interest payable		
Non-current liabilities due within one year	7,780,297	6,944,668
Other current liabilities	1,984,169	1,173,418
<b>Total current liabilities</b>	<b>362,996,222</b>	<b>416,532,465</b>
<b>Non-current liabilities:</b>		
Lease liabilities	27,861,631	23,701,708
Provisions	624,792	636,582
Deferred income tax liabilities	122,578,103	117,006,835
<b>Total liabilities</b>	<b>514,060,747</b>	<b>557,877,590</b>
<b>Owners' equity (or shareholders' equity):</b>		
Share capital	167,143,010	167,143,010
Capital reserves	3,047,112,218	3,040,623,359
Less: Treasury stock	160,168,823	67,433,448
Other comprehensive income	5,442,685	17,636,423
Surplus reserves	123,024,049	123,024,049
Retained earnings	1,313,163,078	1,177,520,921
<b>Total Espressif shareholders' equity</b>	<b>4,495,716,216</b>	<b>4,458,514,314</b>
Non-controlling interests	31,766,888	31,363,613
<b>Total shareholders' equity</b>	<b>4,527,483,104</b>	<b>4,489,877,928</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,041,543,851</b>	<b>5,047,755,518</b>

# Consolidated Income Statement (unaudited)

CNY	Three Months Ended	
	March 31, 2026	March 31, 2025
<b>Revenue</b>	<b>647,971,432</b>	<b>557,849,869</b>
Cost of Revenue	333,649,109	315,902,352
<b>Gross Profit</b>	<b>314,322,323</b>	<b>241,947,517</b>
Taxes and surcharges	2,159,062	1,709,774
Selling expenses	23,147,827	17,019,921
General and administrative expenses	21,736,889	17,853,584
Research and development expenses	154,485,482	126,192,049
Financial expenses	-736,725	-654,376
Including: Interest expenses	270,263	1,028,913
Interest income	5,486,153	5,004,324
Add: Other income	9,732,851	7,947,506
Investment income (mark "-" for loss)	7,998,830	4,599,900
Income from changes in fair value (mark "-" for loss)	1,813,119	
Credit impairment losses (mark "-" for loss)	33,916.56	
Assets impairment losses (mark "-" for loss)	-669,179	-103,424
Assets disposal income (mark "-" for loss)	3,770	-15,558
<b>Operating Income</b>	<b>132,443,095</b>	<b>92,254,989</b>
Add: Non-operating revenue	2,120,470	330,000
Less: Non-operating expenses	40,091	47,024
<b>Income before income taxes</b>	<b>134,523,474</b>	<b>92,537,965</b>
Provision (benefit) for income taxes	-1,521,957	-1,903,708
<b>Net Income</b>	<b>136,045,431</b>	<b>94,441,673</b>
Net Income attributable to non-controlling interests	403,275	737,319
<b>Net Income attributable to Espressif</b>	<b>135,642,156</b>	<b>93,704,355</b>
<b>Earnings per share</b>		
Basic	0.8160	0.6088
Diluted	0.8160	0.6088

**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	
	March 31, 2026	March 31, 2025
<b>Net Income</b>	<b>136,045,431</b>	<b>94,441,673</b>
Other comprehensive income (loss), after tax		
Changes to the fair value of investment in other equity instruments		
Currency translation reserves	-12,193,738	-1,047,794
<b>Other comprehensive income (loss)</b>	<b>-12,193,738</b>	<b>-1,047,794</b>
Other comprehensive income (loss) attributable to non-controlling interests		
<b>Comprehensive income</b>	<b>123,851,693</b>	<b>93,393,879</b>
Comprehensive income attributable to non-controlling interests	403,275	737,319
<b>Comprehensive income attributable to Espressif</b>	<b>123,448,418</b>	<b>92,656,560</b>

# Consolidated Cash Flow Statement (unaudited)

CNY	Three Months Ended	
	March 31, 2026	March 31, 2025
<b>Operating Activities</b>		
Cash from sales of merchandise and provision of services	703,424,011	584,584,589
Tax refund	46,388,179	14,830,187
Other received cash related to operational activities	42,746,902	78,966,606
<b>Subtotal of cash inflow from operational activities</b>	<b>792,559,092</b>	<b>678,381,381</b>
Cash paid for merchandise and services	485,706,024	359,446,334
Cash paid to and for employees	236,975,117	197,026,278
Cash paid for taxes and surcharges	8,763,506	18,939,933
Other paid cash related to operational activities	57,697,142	27,996,449
<b>Subtotal of cash outflow from operational activities</b>	<b>789,141,789</b>	<b>603,408,994</b>
<b>Net cash provided by operating activities</b>	<b>3,417,302</b>	<b>74,972,387</b>
<b>Investing activities</b>		
Cash arising from the disposal of investments	890,534,313	
Cash arising from investment income	900,000	
Net cash arising from the disposal of fixed assets, intangible assets and other long-term assets	15,770	7,767
Other received cash relating to investment activities	1,119,053	578,050
<b>Subtotal of cash inflow from investment activities</b>	<b>892,569,136</b>	<b>585,817</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	32,191,289	14,486,027
Cash paid for investments	714,000,000	
Net cash paid for acquisition of subsidiaries and other business units		
Other paid cash relating to investment activities		300,000
<b>Subtotal of cash outflow from investment activities</b>	<b>746,191,289</b>	<b>14,786,027</b>
<b>Net cash provided by investment activities</b>	<b>146,377,847</b>	<b>-14,200,210</b>
<b>Financing activities</b>		
Cash arising from the issuance of common stock	89,493	
Including: Cash arising from subsidiaries absorbing investments by minority shareholders		
Cash received from borrowings		222,600,000
<b>Subtotal of cash inflow from financing activities</b>	<b>89,493</b>	<b>222,600,000</b>
Cash paid to repay debt		500,000
Cash paid for the distribution of dividends and profits, or payment of interests		653,056
Including: dividends and profits paid to minority shareholders by subsidiaries		
Other paid cash relating to financing activities	95,895,057	3,787,400
<b>Subtotal of cash outflow from financing activities</b>	<b>95,895,057</b>	<b>4,940,456</b>
<b>Net cash provided by financing activities</b>	<b>-95,805,564</b>	<b>217,659,544</b>
Impact of fluctuation in exchange rates on cash and cash equivalents	-18,555,188	-407,168
<b>Net increase in cash and cash equivalents</b>	<b>35,434,398</b>	<b>278,024,554</b>
Add: Cash and cash equivalent at the commencement of the period	1,018,023,771	667,632,307
<b>Cash and cash equivalents at the end of the period</b>	<b>1,053,458,169</b>	<b>945,656,860</b>

# Consolidated Cash Flow Statement - Indirect Method (unaudited)

CNY	Three Months Ended	
	March 31, 2026	March 31, 2025
<b>Additional information</b>		
<b>Net income</b>	<b>136,045,431</b>	<b>94,441,673</b>
Adjustments to cash provided by operating activities, for the purpose of reconciling net income:		
Add: provision for the impairment of assets	669,179	103,424
Credit impairment provision	-33,917	
Depreciation of fixed assets	15,965,429	6,028,171
Depreciation of right-of-use assets	2,097,102	3,081,834
Amortization of intangible assets	1,047,876	1,047,876
Amortization of long-term prepaid expenses	2,832,006	2,162,637
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for income)	-3,770	15,558
Losses on scrapping of fixed assets (mark "-" for income)	6,642	1,631
Losses on fair value changes (mark "-" for income)	-1,813,119	
Financial expenses (mark "-" for income)	4,324,405	4,016,817
Losses on investment (mark "-" for income)	-7,998,830	-4,599,900
Decrease on deferred income tax assets (mark "-" for increase)	-7,913,127	-14,944,646
Increase on deferred income tax liabilities (mark "-" for decrease)	5,571,268	3,922,770
Changes in operating assets and liabilities:		
Decrease in inventories (mark "-" for increase)	-116,334,614	12,803,322
Decrease in operational receivables (mark "-" for increase)	16,812,834	-28,901,421
Increase in operational payables (mark "-" for decrease)	-54,383,664	-9,516,527
Others	6,526,170	5,309,168
<b>Net cash flow provided by operating activities</b>	<b>3,417,302</b>	<b>74,972,387</b>

# 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, 20 April 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

<b>2B</b>	to Business
<b>2D</b>	to Developer
<b>AI</b>	Artificial Intelligence
<b>AIoT</b>	Artificial Intelligence and Internet of Things
<b>Bluetooth LE</b>	Bluetooth Low Energy
<b>CEO</b>	Chief Executive Officer
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortization
<b>Espressif</b>	ESPRESSIF SYSTEMS (SHANGHAI) CO., LTD.
<b>G&amp;A</b>	General and Administrative
<b>GM</b>	Gross Margin
<b>HMI</b>	Human-Machine Interaction
<b>IC</b>	Integrated Circuit
<b>IoT</b>	Internet of Things
<b>LLM</b>	Large Language Model
<b>MCU</b>	Microcontroller Unit
<b>OBD</b>	On-Board Diagnostics
<b>R&amp;D</b>	Research and Development
<b>RF</b>	Radio Frequency
<b>RISC-V</b>	Reduced Instruction Set Computer-V
<b>ROE</b>	Return on Earnings
<b>SG&amp;A</b>	Selling, General and Administrative
<b>SH</b>	Shanghai
<b>SoCs</b>	System on Chips
<b>YoY</b>	Year-on-Year



## Investor Relations

[ir@espressif.com](mailto:ir@espressif.com)

## Official Platforms

[www.espressif.com](http://www.espressif.com)

[blog.espressif.com](http://blog.espressif.com)

[github.com/espressif](https://github.com/espressif)

[esp32.com](http://esp32.com)

## Social Media

[twitter.com/EspressifSystem](https://twitter.com/EspressifSystem)

[facebook.com/espressif](https://facebook.com/espressif)

[linkedin.com/company/espressif-systems](https://linkedin.com/company/espressif-systems)

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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.