



Tuya Reports Second Quarter 2024 Unaudited Financial Results and Declaration of Special Dividend

August 26, 2024

SANTA CLARA, Calif., Aug. 26, 2024 /PRNewswire/ -- Tuya Inc. ("**Tuya**" or the "**Company**") (NYSE: TUYA; HKEX: 2391), a global leading cloud platform service provider, today announced its unaudited financial results for the second quarter ended June 30, 2024 and the declaration of a special cash dividend.

Second Quarter 2024 Financial Highlights

- **Total revenue** was US\$73.3 million, up approximately 28.6% year over year (2Q2023: US\$57.0 million).
- **IoT platform-as-a-service ("PaaS") revenue** was US\$54.3 million, up approximately 32.0% year over year (2Q2023: US\$41.1 million).
- **Software-as-a-service ("SaaS") and others revenue** was US\$9.6 million, up approximately 2.4% year over year (2Q2023: US\$9.4 million).
- **Smart solution revenue** was US\$9.4 million, up approximately 44.2% year over year (2Q2023: US\$6.5 million).
- **Overall gross margin** increased to 48.0%, up 1.3 percentage points year over year (2Q2023: 46.7%). Gross margin of IoT PaaS increased to 47.6%, up 3.4 percentage points year over year (2Q2023: 44.2%).
- **Operating margin** was negative 14.1%, improved by 41.0 percentage points year over year (2Q2023: negative 55.1%). **Non-GAAP operating margin** was 10.0%, improved by 21.2 percentage points year over year (2Q2023: negative 11.2%), marking the Company's first positive quarterly non-GAAP operating margin.
- **Net margin** was 4.3%, improved by 45.6 percentage points year over year (2Q2023: negative 41.3%). **Non-GAAP net margin** was 28.4%, improved by 25.7 percentage points year over year (2Q2023: 2.7%).
- **Net cash generated from operating activities** was US\$11.8 million (2Q2023: US\$7.5 million).
- **Total cash and cash equivalents, time deposits and treasury securities recorded as short-term and long-term investments** were US\$1,000.1 million as of June 30, 2024, compared to US\$984.3 million as of December 31, 2023.

For further information on the non-GAAP financial measures presented above, see the section headed "Use of Non-GAAP Financial Measures."

Second Quarter 2024 Operating Highlights

- **IoT PaaS customers¹** for the second quarter of 2024 were approximately 2,100 (2Q2023: approximately 2,300). Total customers for the second quarter of 2024 were approximately 3,000 (2Q2023: approximately 3,300). The Company's key-account strategy has enabled it to focus on serving strategic customers.
- **Premium IoT PaaS customers²** for the trailing 12 months ended June 30, 2024 were 280 (2Q2023: 251). In the second quarter of 2024, the Company's premium IoT PaaS customers contributed approximately 84.8% of its IoT PaaS revenue (2Q2023: approximately 79.8%).
- **Dollar-based net expansion rate ("DBNER")³** of IoT PaaS for the trailing 12 months ended June 30, 2024 was 127% (2Q2023: 58%).
- **Registered IoT device and software developers** were over 1,192,000 as of June 30, 2024, up 20.1% from approximately 993,000 developers as of December 31, 2023.

1. The Company defines an IoT PaaS customer for a given period as a customer who has directly placed orders for IoT PaaS with the Company during that period.
2. The Company defines a premium IoT PaaS customer as a customer as of a given date that contributed more than US\$100,000 of IoT PaaS revenue during the immediately preceding 12-month period.
3. The Company calculates DBNER of IoT PaaS for a trailing 12-month period by first identifying all customers in the prior 12-month period (i.e., those have placed at least one order for IoT PaaS during that period), and then calculating the quotient from dividing the IoT PaaS revenue generated from such customers in the current trailing 12-month period by the IoT PaaS revenue generated from the same Company of customers in the prior 12-month period. The Company's DBNER may change from period to period, due to a combination of various factors, including changes in the customers' purchase cycles and amounts and the Company's customer mix, among other things. DBNER indicates the Company's

ability to expand customer use of the Tuya platform over time and generate revenue growth from existing customers.

Mr. Xueji (Jerry) Wang, Founder and Chief Executive Officer of Tuya, commented, "The second quarter of 2024 marks a significant milestone for our company, as we attained a quarterly non-GAAP operating profit for the first time in our history with an operating margin of about 10%. This achievement demonstrates the effectiveness of our business model and highlights the operational leverage within our business, as well as our commitment to delivering on our promises. As the world's leading cloud platform service provider, we are entering a new phase in the smart technology sector. This progress is fueled by a more favorable competitive environment, GenAI technology advancements, renewed momentum in the smart consumer electronics and smart business markets, and, more importantly, Tuya's unwavering commitment to strategic decisions and execution focused on customers, product innovation, and operations. Looking ahead, we remain focused on driving long-term revenue growth and achieving solid profit margins, while continuing to deliver the best smart technology solutions to our global customers and partners."

Ms. Yao (Jessie) Liu, Director and Chief Financial Officer of Tuya, added, "Our strong financial performance in the second quarter was underscored by a 29% year-over-year increase in total revenue, reaching \$73.3 million. Our IoT PaaS revenue grew by 32% year-over-year, fueled by a resurgence in industry demand and our ability to attract new customers while strengthening partnerships with existing ones. Meanwhile, our smart solutions revenue saw a 44.2% year-over-year increase, reflecting the strong market demand and the value proposition of our offerings. Crucially, our strong revenue growth, enhanced efficiency, stable gross margins, and excellent control over expenses and costs led to Tuya's first-ever non-GAAP operational profitability in this quarter. Looking ahead, we are confident that Tuya's strong financial and operational foundation will continue to drive sustainable growth and profit margin improvements."

Second Quarter 2024 Unaudited Financial Results

REVENUE

Total revenue in the second quarter of 2024 increased by 28.6% to US\$73.3 million from US\$57.0 million in the same period of 2023, mainly due to the increase in IoT PaaS revenue and smart solution revenue.

- IoT PaaS revenue in the second quarter of 2024 increased by 32.0% to US\$54.3 million from US\$41.1 million in the same period of 2023, primarily due to reduced downstream inventory backlog, a global economic recovery compared with the same period of 2023, and the Company's strategic focus on customer needs and product enhancements. As a result, the Company's DBNER of IoT PaaS for the trailing 12 months ended June 30, 2024 increased to 127% from 58% for the trailing 12 months ended June 30, 2023.
- SaaS and others revenue in the second quarter of 2024 increased by 2.4% to US\$9.6 million from US\$9.4 million in the same period of 2023. During the quarter, the Company remained committed to offering value-added services and a diverse range of software products with compelling value propositions to its customers.
- Smart solution revenue in the second quarter of 2024 increased by 44.2% to US\$9.4 million from US\$6.5 million in the same period of 2023, primarily due to the increasing customer demand for smart devices with integrated intelligent software capabilities the Company developed beyond IoT.

COST OF REVENUE

Cost of revenue in the second quarter of 2024 increased by 25.4% to US\$38.1 million from US\$30.4 million in the same period of 2023, generally in line with the increase in the Company's total revenue.

GROSS PROFIT AND GROSS MARGIN

Total gross profit in the second quarter of 2024 increased by 32.1% to US\$35.2 million from US\$26.6 million in the same period of 2023 and gross margin increased to 48.0% in the second quarter of 2024 from 46.7% in the same period of 2023.

- IoT PaaS gross margin in the second quarter of 2024 was 47.6%, compared to 44.2% in the same period of 2023, primarily due to the changes in product mix and increased product value.
- SaaS and others gross margin in the second quarter of 2024 was 71.0%, compared to 74.5% in the same period of 2023, due to the variations in product and service mix.
- Smart solution gross margin in the second quarter of 2024 was 26.8%, compared to 23.0% in the same period of 2023, primarily due to the high-value product solutions the Company provided to its customers during the second quarter of 2024.

OPERATING EXPENSES

Operating expenses decreased by 21.6% to US\$45.5 million in the second quarter of 2024 from US\$58.1 million in the same period of 2023. Non-GAAP operating expenses decreased by 15.6% to US\$27.8 million in the second quarter of 2024 from US\$33.0 million in the same period of 2023. For further information on the non-GAAP financial measures presented above, see the section headed "Use of Non-GAAP Financial Measures."

- Research and development expenses in the second quarter of 2024 were US\$23.0 million, down 13.1% from US\$26.5 million in the same period of 2023, primarily due to the decrease in employee-related costs. During this quarter, average salaried employee headcount of the Company's research and development team was down approximately 16.7% year over year, but remained relatively stable compared to the previous quarter. Non-GAAP adjusted research and development expenses in the second quarter of 2024 were US\$19.6 million, compared to US\$22.5 million in the same period of 2023.
- Sales and marketing expenses in the second quarter of 2024 were US\$9.4 million, down 4.5% from US\$9.8 million in the same period of

2023, primarily due to the decrease in employee-related costs. Non-GAAP adjusted sales and marketing expenses in the second quarter of 2024 were US\$8.2 million, compared to US\$8.2 million in the same period of 2023.

- General and administrative expenses in the second quarter of 2024 were US\$16.9 million, down 30.5% compared to US\$24.3 million in the same period of 2023, primarily due to the decline in credit-related impairment of long-term investments. Non-GAAP adjusted general and administrative expenses in the second quarter of 2024 were US\$3.7 million, compared to US\$4.8 million in the same period of 2023.
- Other operating income, net in the second quarter of 2024 was US\$3.7 million, primarily due to the receipt of software value-added tax refunds and various general subsidies for enterprises.

LOSS/PROFIT FROM OPERATIONS AND OPERATING MARGIN

Loss from operations in the second quarter of 2024 narrowed by 67.1% to US\$10.3 million from US\$31.4 million in the same period of 2023. The Company had a non-GAAP profit from operations of US\$7.4 million in the second quarter of 2024, compared to a non-GAAP loss from operations of US\$6.4 million in the same period of 2023, achieving operating profitability on a non-GAAP basis for the first time.

Operating margin in the second quarter of 2024 was negative 14.1%, improved by 41.0 percentage points from negative 55.1% in the same period of 2023. Non-GAAP operating margin in the second quarter of 2024 was 10.0%, improved by 21.2 percentage points from negative 11.2% in the same period of 2023.

NET LOSS/PROFIT AND NET MARGIN

The Company had a net profit of US\$3.1 million in the second quarter of 2024, compared to a net loss of US\$23.5 million in the same period of 2023, marking it the first fiscal quarter that the Company has achieved break-even profitability on a GAAP basis. The difference between loss from operations and net profit in the second quarter of 2024 was primarily because of a US\$12.5 million interest income achieved mainly due to well implemented treasury strategies on the Company's cash, time deposits and treasury securities recorded as short-term and long-term investments.

The Company had a non-GAAP net profit of US\$20.8 million in the second quarter of 2024, up 1,276.5% compared to US\$1.5 million in the same period of 2023, demonstrating the Company's ability to sustain strong profitability on a non-GAAP basis.

Net margin in the second quarter of 2024 was 4.3%, improving by 45.6 percentage points from negative 41.3% in the same period of 2023. Non-GAAP net margin in the second quarter of 2024 was 28.4%, improving by 25.7 percentage points from 2.7% in the same period of 2023.

BASIC AND DILUTED NET LOSS/PROFIT PER ADS

Basic and diluted net profit per ADS was US\$0.01 in the second quarter of 2024, compared to basic and diluted net loss of US\$0.04 in the same period of 2023. Each ADS represents one Class A ordinary share.

Non-GAAP basic and diluted net profit per ADS was US\$0.04 in the second quarter of 2024, compared to non-GAAP basic and diluted net profit of US\$0.00 in the same period of 2023.

CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND TREASURY SECURITIES RECORDED AS SHORT-TERM AND LONG-TERM INVESTMENTS

Cash and cash equivalents, time deposits and treasury securities recorded as short-term and long-term investments were US\$1,000.1 million as of June 30, 2024, compared to US\$984.3 million as of December 31, 2023, which the Company believes is sufficient to meet its current liquidity and working capital needs.

NET CASH GENERATED FROM OPERATING ACTIVITIES

Net cash generated from operating activities in the second quarter of 2024 was US\$11.8 million, compared to US\$7.5 million in the same period of 2023. The net cash generated from operating activities for the second quarter of 2024 improved mainly due to the increase in the Company's revenue, and the decrease in operating expenses, particularly employee-related costs, and working capital changes in the ordinary course of business.

For further information on non-GAAP financial measures presented above, see the section headed "Use of Non-GAAP Financial Measures."

Business Outlook

With the stabilizing macroeconomic environment, normalizing downstream inventory levels, and growing demand for consumer electronics, the industry is currently on a positive trajectory. With the effective implementation of the Company's customer and product strategies, along with the utilization and innovation of emerging technologies like generative AI, the Company is confident in its business prospects.

The Company will remain committed to continuously iterating and improving its products and services, further enhancing software and hardware capabilities, expanding key customer base, investing in innovations and new opportunities, diversifying revenue streams, and further optimizing operating efficiency. At the same time, the Company understands that future trajectories may encounter challenges, including shifting consumer spending patterns, regional economic disparities, inventory management, foreign exchange rate and interests rate volatility, and broader geopolitical uncertainties.

Declaration of Special Dividend and Record Date

On August 26, 2024, the Board has approved the declaration and distribution of a special dividend (the "Special Dividend") of US\$0.0589 per ordinary share, or US\$0.0589 per ADS, to such holders as at the close of business on September 11, 2024, Hong Kong Time and New York Time, respectively. The aggregate amount of the Special Dividend will be approximately US\$33 million, which is payable in U.S. dollars and in cash, and will be funded by surplus cash and to be paid out from the share premium account of the Company. The determination to make distributions and the amount of such distributions will be made at the discretion of its Board and will be based upon the Company's operations and earnings, including,

but not limited, considerations of the Company's GAAP and Non-GAAP net profits, cash flows, financial conditions and other relevant factors.

In order to qualify for the Special Dividend, with respect to ordinary shares registered on the Company's Hong Kong share register, all valid documents for the transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday, September 11, 2024, Hong Kong time; and with respect to the ordinary shares registered on the Company's principal share register in the Cayman Islands, all valid documents for the transfers of shares accompanied by the relevant share certificates must be lodged with the Company's principal share registrar, Maples Fund Services (Cayman) Limited, at PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands, no later than 3:30 p.m. on Tuesday, September 10, 2024, Cayman Islands time (due to the time difference between Cayman Islands and Hong Kong).

Dividend to be paid to the holders of ADSs issued by the depositary of the ADSs will be subject to the terms of the deposit agreement.

The payment date is expected to be on or around October 9, 2024 for holders of ordinary shares, and on or around October 15, 2024 for holders of ADSs.

Conference Call Information

The Company's management will hold a conference call at 08:30 P.M. Eastern Time on Monday, August 26, 2024 (08:30 A.M. Beijing Time on Tuesday, August 27, 2024) to discuss the financial results. In advance of the conference call, all participants must use the following link to complete the online registration process. Upon registering, each participant will receive access details for this conference including a conference access code, a PIN number (personal access code), the dial-in number, and an e-mail with detailed instructions to join the conference call.

Online registration: <https://register.vevent.com/register/BI51298387e78143d9935bd5c0ea03f104>

Additionally, a live and archived webcast of the conference call will be available on the Company's investor relations website at <https://ir.tuya.com>, and a replay of the webcast will be available following the session.

About Tuya Inc.

Tuya Inc. (NYSE: TUYA; HKEX: 2391) is a global leading cloud platform service provider with a mission to build a smart solutions developer ecosystem and enable everything to be smart. Tuya has pioneered a purpose-built cloud developer platform with cloud and generative AI capabilities that delivers a full suite of offerings, including Platform-as-a-Service, or PaaS, Software-as-a-Service, or SaaS, and smart solutions for developers of smart device, commercial applications, and industries. Through its cloud developer platform, Tuya has activated a vibrant global developer community of brands, OEMs, AI agents, system integrators and independent software vendors to collectively strive for smart solutions ecosystem embodying the principles of green and low-carbon, security, high efficiency, agility, and openness.

Use of Non-GAAP Financial Measures

In evaluating the business, the Company considers and uses non-GAAP financial measures, such as non-GAAP operating expenses, non-GAAP loss from operations (including non-GAAP operating margin), non-GAAP net (loss)/profit (including non-GAAP net margin), and non-GAAP basic and diluted net (loss)/profit per ADS, as supplemental measures to review and assess its operating performance. The presentation of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Company defines non-GAAP financial measures by excluding the impact of share-based compensation expenses, credit-related impairment of long-term investments and litigation costs from the respective GAAP financial measures. The Company presents the non-GAAP financial measures because they are used by the management to evaluate its operating performance and formulate business plans. The Company also believes that the use of the non-GAAP financial measures facilitates investors' assessment of its operating performance.

Non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. Non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using the aforementioned non-GAAP financial measures is that they do not reflect all items of expenses that affect the Company's operations. Share-based compensation expenses, credit-related impairment of long-term investments and litigation costs have been and may continue to be incurred in the business and are not reflected in the presentation of non-GAAP measures. Further, the non-GAAP financial measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited. The Company compensates for these limitations by reconciling the non-GAAP measures to the most directly comparable U.S. GAAP measures, all of which should be considered when evaluating the Company's performance. The Company encourages you to review its financial information in its entirety and not rely on a single financial measure.

Reconciliations of Tuya's non-GAAP financial measures to the most comparable U.S. GAAP measures are included at the end of this press release.

Safe Harbor Statement

This press release contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about the Company's beliefs, and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and a number of factors could cause actual results to differ materially from those contained in any forward-looking statement. In some cases, forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "target", "aim", "estimate", "intend", "plan", "believe", "potential", "continue", "is/are likely to" or other similar expressions. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the SEC. The forward-looking statements included in this press release are only made as of the date hereof, and the Company disclaims any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Investor Relations Contact

Tuya Inc.
Investor Relations Email: ir@tuya.com

The Blueshirt Group Gary Dvorchak, CFA
Phone: +1 (323) 240-5796

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND JUNE 30, 2024**

(All amounts in US\$ thousands ("US\$"),
except for share and per share data, unless otherwise noted)

	As of December 31, 2023	As of June 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	498,688	614,767
Restricted cash	–	152
Short-term investments	291,023	175,218
Accounts receivable, net	9,214	6,763
Notes receivable, net	4,955	7,271
Inventories, net	32,865	28,088
Prepayments and other current assets, net	11,053	19,027
Total current assets	847,798	851,286
Non-current assets:		
Property, equipment and software, net	2,589	2,394
Operating lease right-of-use assets, net	7,647	6,007
Long-term investments	207,489	220,401
Other non-current assets, net	877	9,562
Total non-current assets	218,602	238,364
Total assets	1,066,400	1,089,650

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	11,577	11,638
Advances from customers	31,776	32,299
Deferred revenue, current	6,802	6,504
Accruals and other current liabilities	32,807	30,625
Incomes tax payables	689	–
Lease liabilities, current	3,883	3,872
Total current liabilities	87,534	84,938
Non-current liabilities:		
Lease liabilities, non-current		
Lease liabilities, non-current	3,904	2,120
Deferred revenue, non-current	506	425
Other non-current liabilities	3,891	2,300
Total non-current liabilities	8,301	4,845
Total liabilities	95,835	89,783

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2023 AND JUNE 30, 2024**

(All amounts in US\$ thousands ("US\$"),
except for share and per share data, unless otherwise noted)

	As of December 31, 2023	As of June 30, 2024
Shareholders' equity:		
Ordinary shares	–	–
Class A ordinary shares	25	25
Class B ordinary shares	4	4
Treasury stock	(53,630)	(43,628)
Additional paid-in capital	1,616,105	1,637,052
Accumulated other comprehensive loss	(17,091)	(18,323)
Accumulated deficit	(574,848)	(575,263)

Total shareholders' equity	970,565	999,867
Total liabilities and shareholders' equity	1,066,400	1,089,650

COMPREHENSIVE LOSS
(All amounts in US\$ thousands ("US\$"),
except for share and per share data, unless otherwise noted)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024
Revenue	57,004	73,279	104,489	134,941
Cost of revenue	(30,363)	(38,087)	(56,820)	(70,264)
Gross profit	26,641	35,192	47,669	64,677
Operating expenses:				
Research and development expenses	(26,474)	(22,993)	(54,525)	(46,467)
Sales and marketing expenses	(9,826)	(9,387)	(20,085)	(18,370)
General and administrative expenses	(24,273)	(16,861)	(41,066)	(32,335)
Other operating incomes, net	2,514	3,705	4,294	5,784
Total operating expenses	(58,059)	(45,536)	(111,382)	(91,388)
Loss from operations	(31,418)	(10,344)	(63,713)	(26,711)
Other income				
Other non-operating incomes, net	778	1,869	1,556	2,647
Financial income, net	7,305	12,452	18,775	25,259
Foreign exchange gain/(loss), net	937	(257)	903	(362)
(Loss)/profit before income tax expense	(22,398)	3,720	(42,479)	833
Income tax expense	(1,151)	(592)	(2,115)	(1,248)
Net (loss)/profit	(23,549)	3,128	(44,594)	(415)
Net (loss)/profit attributable to Tuya Inc.	(23,549)	3,128	(44,594)	(415)
Net (loss)/profit attributable to ordinary shareholders	(23,549)	3,128	(44,594)	(415)
Net (loss)/profit	(23,549)	3,128	(44,594)	(415)
Other comprehensive (loss)/income				
Changes in fair value of long-term investments	(1,053)	(139)	(1,053)	(139)
Transfer out of fair value changes of long-term investments	8,050	-	8,050	(65)
Foreign currency translation	(6,882)	(600)	(5,254)	(1,028)
Total comprehensive (loss)/income attributable to Tuya Inc.	(23,434)	2,389	(42,851)	(1,647)

COMPREHENSIVE LOSS (CONTINUED)
(All amounts in US\$ thousands ("US\$"),
except for share and per share data, unless otherwise noted)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024
Net (loss)/profit attributable to Tuya Inc.	(23,549)	3,128	(44,594)	(415)
Net (loss)/profit attributable to ordinary shareholders	(23,549)	3,128	(44,594)	(415)

Weighted average number of ordinary shares used in computing net loss per share

- Basic	554,945,739	559,710,445	554,472,706	559,421,815
- Diluted	554,945,739	592,735,568	554,472,706	559,421,815
Net (loss)/profit per share attributable to ordinary shareholders				

– Basic	(0.04)	0.01	(0.08)	0.00
– Diluted	(0.04)	0.01	(0.08)	0.00
Share-based compensation expenses were included in:				
Research and development expenses	4,006	3,376	8,123	6,882
Sales and marketing expenses	1,620	1,169	3,226	2,554
General and administrative expenses	11,386	10,864	22,983	21,787

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in US\$ thousands ("US\$"),
except for share and per share data, unless otherwise noted)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024
Net cash generated from/(used in) operating activities	7,495	11,829	(11,387)	26,319
Net cash generated from/(used in) investing activities	11,489	73,890	(22,335)	90,085
Net cash generated from/(used in) financing activities	104	(104)	(2,067)	150
Effect of exchange rate changes on cash and cash equivalents, restricted cash	(3,791)	(197)	(2,830)	(323)
Net increase/(decrease) in cash and cash equivalents, restricted cash	15,297	85,418	(38,619)	116,231
Cash and cash equivalents, restricted cash at the beginning of period	79,245	529,501	133,161	498,688
Cash and cash equivalents, restricted cash at the end of period	94,542	614,919	94,542	614,919

UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO THE MOST DIRECTLY COMPARABLE FINANCIAL MEASURES

(All amounts in US\$ thousands ("US\$"),
except for share and per share data, unless otherwise noted)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024
Reconciliation of operating expenses to non-GAAP operating expenses				
Research and development expenses	(26,474)	(22,993)	(54,525)	(46,467)
Add: Share-based compensation	4,006	3,376	8,123	6,882
Adjusted Research and development expenses	(22,468)	(19,617)	(46,402)	(39,585)
Sales and marketing expenses	(9,826)	(9,387)	(20,085)	(18,370)
Add: Share-based compensation	1,620	1,169	3,226	2,554
Adjusted Sales and marketing expenses	(8,206)	(8,218)	(16,859)	(15,816)
General and administrative expenses	(24,273)	(16,861)	(41,066)	(32,335)
Add: Share-based compensation	11,386	10,864	22,983	21,787
Add: Credit-related impairment of long-term investments	8,050	189	8,050	189
Add: Litigation costs	–	2,100	–	2,100
Adjusted General and administrative expenses	(4,837)	(3,708)	(10,033)	(8,259)
Reconciliation of loss from operations to non-GAAP (loss)/profit from operations				
Loss from operations	(31,418)	(10,344)	(63,713)	(26,711)
Add: Share-based compensation expenses	17,012	15,409	34,332	31,223
Add: Credit-related impairment of long-term investments	8,050	189	8,050	189
Add: Litigation costs	–	2,100	–	2,100
Non-GAAP (Loss)/Profit from operations	(6,356)	7,354	(21,331)	6,801
Non-GAAP Operating margin	(11.2) %	10.0 %	(20.4) %	5.0 %
Reconciliation of net (loss)/profit to non-GAAP net profit/(loss)				
Net (loss)/profit	(23,549)	3,128	(44,594)	(415)
Add: Share-based compensation expenses	17,012	15,409	34,332	31,223
Add: Credit-related impairment of long-term investments	8,050	189	8,050	189
Add: Litigation costs	–	2,100	–	2,100
Non-GAAP Net profit/(loss)	1,513	20,826	(2,212)	33,097
Non-GAAP Net margin	2.7 %	28.4 %	(2.1) %	24.5 %

Weighted average number of ordinary shares used in computing non-GAAP net profit/(loss) per share

- Basic	554,945,739	559,710,445	554,472,706	559,421,815
- Diluted	586,513,021	592,735,568	554,472,706	591,970,099
Non-GAAP net profit/(loss) per share attributable to ordinary shareholders				
- Basic	0.00	0.04	0.00	0.06
- Diluted	0.00	0.04	0.00	0.06

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