

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F

(Mark One)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025.
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.
OR
☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 001-40210

Tuya Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

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Zhejiang, 310012**

People's Republic of China

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
American depositary shares, each representing one Class A ordinary share, par value US\$0.00005 per share	TUYA	The New York Stock Exchange
Class A ordinary shares, par value US\$0.00005 per share	2391	The Stock Exchange of Hong Kong Limited

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

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611,528,176 ordinary shares, comprising 541,364,923 Class A ordinary shares, par value US\$0.00005 per share (including 259,961 Class A ordinary shares issued to the depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our 2015 Plan and 2024 Share Schemes, and a total of 5,400 Class A ordinary shares that have been repurchased by us from the open market), and 70,163,253 Class B ordinary shares, par value US\$0.00005 per share, as of December 31, 2025.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☐ No ☐

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INTRODUCTION

Except where the context otherwise requires and for the purpose of this annual report only:

- “ADSs” refers to the American depositary shares, each representing one Class A ordinary share;
- “CAC” refers to the Cyberspace Administration of China;
- “China” or “the PRC” refers to the People’s Republic of China, including Hong Kong and Macau and, only for the purpose of this annual report, excluding Taiwan; the only instances in which “China” or “the PRC” do not include Hong Kong or Macau are when used in the case of laws and regulations, including, among others, tax matters, adopted by the People’s Republic of China; “PRC subsidiaries” and “PRC entities” refer to entities established in accordance with PRC laws and regulations;
- “CIC” refers to China Insights Consultancy, an independent professional market research and consulting company;
- “Class A ordinary shares” refers to our Class A ordinary shares, par value US\$0.00005 per share;
- “Class B ordinary shares” refers to our Class B ordinary shares, par value US\$0.00005 per share;
- “CSRC” refers to the China Securities Regulatory Commission;
- “former variable interest entity” or “former VIE” refers to Hangzhou Tuya Technology which was deregistered in November 2025, i.e., the PRC entity, of which, through certain historical contractual arrangements, we were considered the primary beneficiary of the former VIE for accounting purposes, and consolidated its operating results in our financial statements under U.S. GAAP to the extent the conditions for consolidation of the former VIE under U.S. GAAP are satisfied. The historical contractual arrangements provided us with the exclusive option to purchase all or part of the equity interest of the entity at the minimum price possible to the extent permitted under PRC law.
- “Hangzhou Tuya Technology” refers to Hangzhou Tuya Technology Co., Ltd.;
- “Hong Kong Listing” refers to the listing of the Class A ordinary shares on the Main Board of the Hong Kong Stock Exchange;
- “Hong Kong Stock Exchange” refers to The Stock Exchange of Hong Kong Limited;
- “IoT” refers to Internet of Things, a concept of connecting physical objects, or “things,” that are embedded with communication modules, software, and other technologies for the purpose of connecting and exchanging information with other devices and systems over the internet or other communications networks;
- “MAA” or “Articles” refers to the tenth amended and restated memorandum and articles of association of our company, currently effective;
- “NYSE” refers to the New York Stock Exchange;
- “PaaS” refers to platform as a service, a category of cloud computing services that provides a platform and environment to allow developers to build applications over the internet;
- “premium PaaS customer” refers to a customer as of a given date that contributed more than US\$100,000 of revenues during the immediately preceding 12-month period;
- “RMB” or “Renminbi” refers to the legal currency of the People’s Republic of China;

- “SaaS” refers to software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted and are available to end users over the internet, including but not limited to the industry SaaS and clouds storage service;
- “SAFE” refers to the State Administration of Foreign Exchange;
- “shares” or “ordinary shares” refer to our Class A and Class B ordinary shares, par value US\$0.00005 per share;
- “the Group” refers to Tuya Inc. and its subsidiaries;
- “Tuya,” “we,” “us,” “our company” and “our” refer to Tuya Inc., a Cayman Islands company and its subsidiaries;
- “Tuya Information” refers to Hangzhou Tuya Information Technology Co., Ltd.;
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States; and

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at RMB6.9931 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2025. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

FORWARD-LOOKING INFORMATION

This annual report contains statements that constitute forward-looking statements. These statements are made under the “safe harbor” provision under Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and as defined in the Private Securities Litigation Reform Act of 1995. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “likely to,” “may,” “plan,” “potential,” “should,” “will” or other similar expressions.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled “Item 3. Key Information—3.D. Risk Factors” in this annual report. These risks and uncertainties include factors relating to:

- general economic, political, demographic and business conditions in China and globally;
- our ability to implement our growth strategies;
- the success of operating initiatives, including advertising and promotional efforts and new product and service development by us and our competitors;
- our ability to develop and apply our technologies to support and expand our product and service offerings;
- our ability to compete and conduct our business in the future;
- the expected growth of the PaaS, SaaS and smart device industries in China and globally;
- the availability of qualified personnel and the ability to retain such personnel;
- competition in the PaaS, SaaS and smart device industries;
- changes in government policies and regulations;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under “Item 3. Key Information—3.D. Risk Factors.”

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

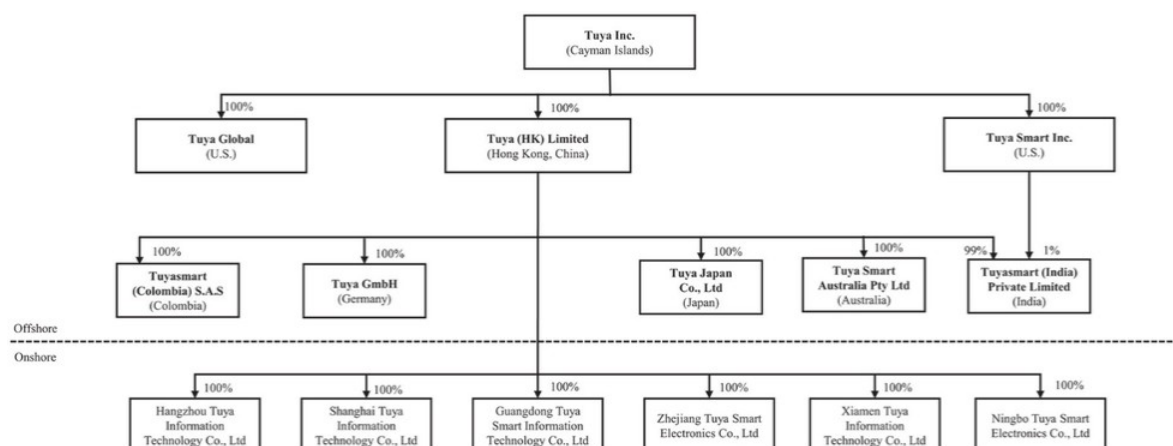
Holding Company Structure

Tuya Inc. is a Cayman Islands holding company, and the Group operates in China mainly through its PRC subsidiaries, and historically, through contractual relationships with former VIE in China. The Group also conducts business internationally with local offices in Europe, Singapore, India, Japan and Colombia, among other locations. Investors in our ADSs and Class A ordinary shares should note that they do not hold equity securities issued by our subsidiaries or the former VIE in China, but instead hold equity securities of Tuya Inc., a holding company that does not itself conduct business operations. As used in this annual report, “we,” “us,” “our company,” “our” or “Tuya” refers to Tuya Inc. and its subsidiaries, and the “Group” refers to Tuya Inc. and its subsidiaries.

The former VIE did not constitute a material part of our operations. It was established primarily to hold the requisite license for the operation of Tuya Expo, our B2B platform, because online transaction platform services in China are subject to foreign investment restrictions and licensing requirements under PRC law. Historically, the former VIE accounted for an immaterial portion of our revenue and assets, contributed nil revenue in 2023, 2024 and 2025, and its assets, excluding amounts due from other companies in the Group, represented less than 0.01% of our consolidated total assets as of December 31, 2024 and the date of its deregistration in 2025.

In November 2025, we deregistered our former VIE following a strategic assessment of our business and the former VIE’s role within our corporate structure. The former VIE’s principal business consisted of electronic data interchange services primarily relating to Tuya Expo, and that business has been fully transitioned to Zhejiang Tuya Smart Electronics Co., Ltd., one of our significant subsidiaries, which has obtained the relevant licenses required for such operations. In addition, although Hangzhou Tuya Technology had obtained a value-added telecommunication business operation license for the provision of information services (other than internet information services), or the SP License, we do not believe such license was necessary for our operations, as Hangzhou Tuya Technology had not engaged in, and our Group has not otherwise pursued, any business requiring the SP License since it was obtained in January 2019. As a result, we do not expect the deregistration of the former VIE to have any material impact on our business, financial condition or results of operations.

The following chart illustrates our corporate structure, including our significant subsidiaries as that term is defined under Section 1-02 of Regulation S-X under the Securities Act and certain other subsidiaries, as of the date of this annual report.



For a detailed discussion of how funds and other assets are transferred through our organization, including through our former VIE, see “—Transfer of Funds and Other Assets through Our Organization.”

Our historical corporate structure involves unique risks to investors in our equity securities. As of the date of this annual report, our historical contractual arrangements with the former VIE have not been tested in a court of law in the PRC. If the PRC government deems that our historical contractual arrangements with the former VIE did not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to penalties. We and our investors face significant uncertainty about potential future actions by the PRC government that could affect the legality and enforceability of the historical contractual arrangements with the former VIE and, consequently, negatively affect our ability to consolidate the historical financial results of the former VIE and the financial performance of our company as a whole. For a detailed discussion of the risks associated with the historical VIE structure, see “Item 3. Key Information—3.D. Risk Factor—Risks Related to Our Corporate Structure.”

We also face various legal and operational risks and uncertainties related to doing business in China. The PRC government has authority to regulate and exert influence on companies operating in the PRC, including their ability to conduct business, accept foreign investments or be listed on foreign stock exchanges. For example, we face risks associated with regulatory approvals of offshore offerings, anti-monopoly regulatory actions, cybersecurity and data privacy, as well as the uncertainty on whether the U.S. Public Company Accounting Oversight Board (the “PCAOB”) will continue to be able to satisfactorily inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. The PRC government may also intervene with or influence our operations as the government deems appropriate to further regulatory political and societal goals, among other things, which could result in an adverse impact on our operations and/or value of our equity securities. In recent years, the PRC government has published policies that have significantly impacted our industry and we cannot rule out the possibility that it will in the future further release regulations or policies regarding our industry, including those that may have adverse impacts on our business, financial condition and results of operations. These actions may cause the value of such securities to significantly decline or in extreme cases, become worthless. For a more detailed discussion of these risks, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China” and “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure.”

Historical Contractual Arrangements

Historically, a series of contractual arrangements were entered into between Tuya Information, on the one hand, and the former VIE and its registered shareholders, on the other hand:

- power of attorney, equity interest pledge agreements, which provide us with effective control over the former VIE;
- exclusive business cooperation agreement, which allows us to receive substantially all of the economic benefits from the former VIE; and
- exclusive option agreements, which provide us with exclusive options to purchase all or part of the equity interests in or all or part of the assets of or inject registered capital into the former VIE when and to the extent permitted by PRC law.

For details, see “Item 4. Information on the Company—Historical Contractual Arrangements with the Former VIE and the Former VIE’s Registered Shareholders” below in this annual report. These historical contractual arrangements in totality provided Tuya Inc. with a controlling financial interest as the primary beneficiary under ASC 810 and the basis to consolidate the former VIE under U.S. GAAP.

Transfer of Funds and Other Assets through Our Organization

We have established stringent cash management policies that dictate how funds are transferred between Tuya Inc., its subsidiaries and the former VIE. Each transfer of cash among Tuya Inc., its subsidiaries and the former VIE is subject to internal approval. To effect a cash transfer, a number of steps are typically needed, including but not limited to the submission of transfer application, the initial approval by certain manager, and final approval by the financial director. A designated personnel with fund management expertise will review transfer applications as well as underlying agreements and/or related documents on a monthly basis.

As of December 31, 2025, Tuya Inc., through its intermediate holding company, had made cumulative capital contributions of US\$497.2 million to its PRC subsidiaries. These funds have been used by our PRC subsidiaries mainly for their business operations.

The former VIE may transfer cash to Tuya Information, our wholly owned subsidiary in the PRC, by paying service fees pursuant to the historical contractual arrangements through which we control and consolidate the financial results of the former VIE. In each of 2023, 2024 and 2025, the former VIE did not pay any service fees to Tuya Information pursuant to the historical contractual arrangements.

Because Tuya Inc. controlled the former VIE through historical contractual arrangements, it was not able to make direct capital contribution to the former VIE. Nonetheless, Tuya Inc. and its subsidiaries may transfer cash to the former VIE by loans or by making payment to the former VIE for intergroup transactions, subject to satisfaction of applicable government registration and approval requirements. In 2023, 2024 and 2025, Tuya Inc. and its subsidiaries did not make any loans to the former VIE. In addition, Tuya Information may, from time to time, lend cash to the former VIE or settle the former VIE’s payment obligations on behalf of the former VIE to provide temporary working capital support to the former VIE. In 2023 and 2024, the net amounts of working capital support provided by Tuya Information to the former VIE were RMB1.9 million and RMB2.1 million, respectively. In 2025, Tuya Information provided RMB1.1 million to the former VIE as working capital support. In the same year, the former VIE transferred an aggregate of RMB2.5 million to Tuya Information in connection with the termination of the former VIE structure. As of December 31, 2023, 2024 and 2025, the amounts owed by the former VIE to Tuya Information associated with the foregoing working capital support arrangements were RMB11.5 million, RMB13.6 million and nil, respectively. The former VIE had historically funded its operations primarily using cash generated from its operating activities and the working capital support provided by Tuya Information. The nil balance as of December 31, 2025 was primarily due to the repayment of all outstanding balances by the former VIE to Tuya Information prior to its deregistration. In 2023, 2024 and 2025, there were no assets transferred between the former VIE and other entities. We believe the amount of the cash flows between the former VIE and our PRC subsidiaries were immaterial in 2023, 2024 and 2025.

On August 26, 2024, our Board approved the declaration and distribution of a dividend of US\$0.0589 per ordinary share, or US\$0.0589 per ADS, to shareholders as at the close of business on September 11, 2024, Hong Kong Time and New York Time, respectively. The aggregate amount of the dividend was approximately US\$33 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our share premium account. On February 26, 2025, our Board approved the declaration and distribution of a dividend of US\$0.0608 per ordinary share, or US\$0.0608 per ADS, to shareholders as at the close of business on March 13, 2025, Hong Kong Time and New York Time, respectively. The aggregate amount of the dividend was approximately US\$37 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our share premium account. On August 26, 2025, our Board approved the declaration and distribution of a cash dividend of US\$0.054 per ordinary share, or US\$0.054 per ADS, to shareholders as at the close of business on September 11, 2025, Hong Kong Time and New York Time, respectively. The aggregate amount of the dividend was approximately US\$33 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our additional paid-in capital account. On March 2, 2026, our Board approved the declaration and distribution of a cash dividend of US\$0.0605 per ordinary share, or US\$0.0605 per ADS, to shareholders as at the close of business on March 18, 2026, Hong Kong Time and New York Time, respectively. The aggregate amount such dividend was approximately US\$37 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our share premium account. In 2023, 2024 and 2025, no dividends or distributions were made to Tuya Inc. by its subsidiaries. We currently do not have any plan to require our PRC subsidiaries to distribute their retained earnings and intend to retain them to operate and expand our business in the PRC. See “Item 8.—Financial Information—8.A. Consolidated Statements and Other Financial Information—Dividend Payment History.”

For the purpose of illustration, the below table reflects the hypothetical taxes that might be required to be paid within China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay a dividend in the future:

	Taxation Scenario ⁽¹⁾ Statutory Tax and Standard Rates
Hypothetical pre-tax earnings ⁽²⁾	100 %
Tax on earnings at statutory rate of 25% ⁽³⁾	(25)%
Net earnings available for distribution	75 %
Withholding tax at standard rate of 10% ⁽⁴⁾	(7.5)%
Net distribution to Parent/Shareholders	67.5 %

Notes:

- (1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in China.
- (2) Under the terms of the historical contractual arrangements between us and the former VIE, our PRC subsidiary may charge the former VIE for services provided to the former VIE. These service fees shall be recognized as expenses of the former VIE, with a corresponding amount as service income by our PRC subsidiary and eliminate in consolidation. For income tax purposes, our PRC subsidiary and the former VIE file income tax returns on a separate company basis. The service fees paid are recognized as a tax deduction by the former VIE and as income by our PRC subsidiary and are tax neutral.
- (3) Tuya Information, our wholly owned PRC subsidiary, is eligible to enjoy a preferential tax rate of 15% in 2023, 2024 and 2025, to the extent it has taxable income under the EIT Law. Tuya Information is qualified as a High and New Technology Enterprise (the “HNTE”) and was entitled to enjoy the 15% beneficial tax rate for the year ended December 31, 2025. However, such rate is subject to qualification, is temporary in nature and may not be available in a future period when distributions are paid. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.

- (4) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise, or FIE, to its immediate holding company outside China if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a FIE in China to its immediate holding company in Hong Kong can be subject to withholding tax at a rate of no more than 5% if the immediate holding company in Hong Kong owns directly at least 25% of the shares of the FIE and could be recognized as a Beneficial Owner of the dividend from a PRC tax perspective.

The table above has been prepared on the basis that all profits of the former VIE were distributed as fees to Tuya Information under historical tax neutral contractual arrangements.

For PRC and United States federal income tax consideration of an investment in the ADSs, see "Item 10. Additional Information—10.E. Taxation."

Restrictions on Foreign Exchange and the Ability to Transfer Cash between Entities, Across Borders and to U.S. Investors

To the extent cash or assets in the business are in the PRC, including Hong Kong, or a PRC (including Hong Kong) entity, the funds or assets may not be available to fund operations or for other use outside of the PRC, including Hong Kong, due to interventions in or the impositions of restrictions and limitations on the availability of Tuya Inc., its subsidiaries or the former VIE by the PRC government to transfer cash or assets. There is no assurance that the PRC government will not intervene in or impose restrictions on the ability of Tuya Inc., its subsidiaries or the former VIE to transfer cash or assets.

In the future, if we remain profitable, Tuya Inc.'s ability to pay dividends, if any, to its shareholders and ADS holders and to service any debt it may incur will not only depend on Tuya Inc.'s own capital reserves but also dividends paid by our PRC subsidiaries. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets offshore to Tuya Inc. In particular, under the current effective PRC laws and regulations, dividends may be paid only out of distributable profits. Distributable profits are the net profit as determined under PRC GAAP, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. As a result, our PRC subsidiaries may not have sufficient distributable profits to pay dividends to us in the near future.

Furthermore, if certain procedural requirements are satisfied, the payment of current account items, including profit distributions and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE or its local branches. However, where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies, approval from or registration with competent government authorities or their authorized banks is required. The PRC government may take measures at its discretion from time to time to restrict access to foreign currencies for current account or capital account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our offshore intermediary holding companies or ultimate parent company, and therefore, our shareholders or investors in our ADSs. Further, we cannot assure you that new regulations or policies will not be promulgated in the future, which may further restrict the remittance of RMB into or out of the PRC. We cannot assure you, in light of the restrictions in place, or any amendment to be made from time to time, that our current or future PRC subsidiaries will be able to satisfy their respective payment obligations that are denominated in foreign currencies, including the remittance of dividends outside of the PRC. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to Tuya Inc. In addition, our PRC subsidiaries are required to make appropriations to certain statutory reserve funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies.

Recent PRC Regulatory Developments

Cybersecurity Review

On December 28, 2021, the CAC and several other administrations jointly promulgated the Measures for Cybersecurity Review, or the Cybersecurity Review Measures, which became effective on February 15, 2022. The Cybersecurity Review Measures provide that (i) a “network platform operator” holding over one million users’ personal information shall apply for a cybersecurity review when listing their securities in a foreign country, (ii) a “critical information infrastructure operator” (the “CIIO”) that intends to purchase internet products and services that affect or may affect national security shall apply for a cybersecurity review and (iii) a “network platform operator” carrying out data processing activities that affect or may affect national security shall apply for a cybersecurity review. Since the Cybersecurity Review Measures are relatively new, significant uncertainties exist in relation to their interpretation and implementation. Additionally, the Cybersecurity Review Measures do not provide the exact scope of “network platform operator” or the circumstances that would “affect or may affect national security.”

As of the date of this annual report, we have not been required to go through a cybersecurity review by the CAC. However, there can be no assurance that we will not be required to apply for a cybersecurity review pursuant to the Cybersecurity Review Measures in the future. To the extent any cybersecurity review is required, we cannot assure you that we will be able to complete it in a timely manner, or at all. Any failure to complete the required cybersecurity review may result in administrative penalties, including fines, a shut-down of our business, revocation of requisite licenses, as well as reputational damage or legal proceedings or actions against us, which may have material adverse effects on our business, financial condition and results of operations. See “Item 3. Key Information—3.D. Risk Factors—Compliance with the rapidly evolving landscape of global data privacy and data security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of personal information, could damage our reputation and deter current and potential customers and end users from using our platform and products and services or subject us to significant compliance costs or penalties, which could materially and adversely affect our business, financial condition and results of operations.”

CSRC Approval for Issuance and Listing of Securities Overseas

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, and relevant supporting guidelines, collectively, the New Overseas Listing Rules, setting out new filing procedures for China-based companies seeking direct or indirect listings and offerings in overseas markets, which came into force since March 31, 2023. The New Overseas Listing Rules are applicable to PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means. If an issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer shall be deemed as an indirect overseas offering subject to the filing procedures set forth under the New Overseas Listing Rules: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are derived from PRC domestic companies; and (ii) the issuer’s business activities are substantially conducted in mainland China, or its principal place(s) of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in mainland China. Pursuant to the New Overseas Listing Rules, an issuer listed in an overseas market that intends to conduct any follow-on offering in the same overseas market where it has previously offered and listed securities should, through its major operating entity incorporated in the PRC, file required materials with the CSRC within three business days after the completion of such follow-on offering.

Furthermore, according to the New Overseas Listing Rules, after an issuer has completed its offering and listed its securities on an overseas stock exchange, it shall submit required reports to the CSRC within three business days after the occurrence and public disclosure of any material events, including (i) a change of control, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulatory agencies or other relevant competent authorities, (iii) changes of listing status or transfers of the listing segment, (iv) a voluntary or mandatory delisting and (v) a material change in its main business operation, as a result of which that issuer is no longer subject to the filing requirements under the New Overseas Listing Rules.

The New Overseas Listing Rules provide that in the event of any breach, including any failure to fulfill the filing procedure, or any offering and listing of securities in an overseas market in violation of the measures, the CSRC will order such domestic company to rectify, issue warnings to such domestic company, and impose a fine between RMB1 million and RMB10 million. Fines and warnings will be imposed on the persons-in-charge and other persons who are directly liable. In addition, fines will also be imposed on the controlling shareholders and actual controllers of the domestic company who initiate or cause the aforesaid non-compliance activities.

See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—The filing, approval or other administration requirements of the CSRC, the CAC or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings.”

PRC Licenses, Permissions and Approvals

In the view of Jia Yuan Law Offices, our PRC legal counsel, we had complied with applicable PRC laws relating to the licenses, permissions and approvals required for our business operations in China in all material respects. Our PRC legal counsel has also advised us that, to the best of their knowledge, there should be no material legal impediment for us to renew these licenses, permissions and approvals as long as we comply with the relevant legal requirements and we have taken all necessary steps and submitted the relevant applications in accordance with the requirements and schedules prescribed by the applicable PRC laws and regulations. For details of these licenses and permissions, see “Item 4. Information on the Company—4.B. Business Overview—Licenses, Permissions and Approvals.” For the consequences to us and investors if we do not receive or maintain requisite licenses, permissions and approvals necessary to conduct operations in China, or if applicable laws, regulations, or interpretations change and we are required to obtain additional permissions or approvals in the future, see “Item 3. Key Information—3.D. Risk Factors—Risk Related to Our Business and Industry—Any failure to maintain necessary permits and licenses to operate our business operations under applicable laws and regulations could materially and adversely affect our business and results of operations.”

As described above, the PRC government has recently tightened the regulation of cybersecurity, and indicated an intent to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. As of the date of this annual report, we have not been required to go through a cybersecurity review by the CAC, or required to obtain any permission from, or complete any filing with, the CSRC in connection with our prior public offerings or maintaining the listing status on applicable stock exchanges, nor have we received any formal inquiry, notice, warning, sanction, or any regulatory objection in relation to cybersecurity review from the CSRC, the CAC or any other PRC regulatory agencies that have jurisdiction over our operations. Since the legislative and regulatory actions in this regard, including the release of New Overseas Listing Rules, are relatively new, it is highly uncertain how soon legislative or administrative regulation-making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on our business operations, our ability to accept foreign investments and conduct follow-on offerings, and listing or continuing listing on applicable stock exchanges. For details of related risks, see “Item 3. Key Information—3.D. Risk Factors—The filing, approval or other administration requirements of the CSRC, the CAC or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings.”

3.A.[Reserved]

3.B.Capitalization and Indebtedness

Not applicable.

3.C.Reason for the Offer and Use of Proceeds

Not applicable.

3.D.Risk Factors

Below please find a summary of the principal risks we face, organized under relevant headings.

Risks Related to Our Business and Industry

Risks and uncertainties related to our business and industry include, but are not limited to, the following:

- We operate in an emerging and evolving market, which may develop differently from or more slowly than we expect. If our market does not grow as we expect, or if we cannot expand our products and services to meet the demands of this market, our revenue may decline, or fail to grow, and we may continue to incur operating losses. For details, see the risk factor with the same heading on page 10 of this annual report.
- We have a limited operating history, making it difficult to forecast our future results of operations. For details, see the risk factor with the same heading on page 11 of this annual report.
- Our recent growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future. For details, see the risk factor with the same heading on page 12 of this annual report.
- The markets in which we operate are competitive, and if we do not compete effectively, our business, operating results and financial condition could be harmed. For details, see the risk factor with the same heading on page 12 of this annual report.
- Failure to maintain, expand and optimize our customer base or strengthen customer engagement may adversely affect our business and results of operations. For details, see the risk factor with the same heading on page 13 of this annual report.
- If we fail to estimate customer demand properly, our financial results could be harmed. For details, see the risk factor with the same heading on page 13 of this annual report.
- Our use of third-party suppliers involves certain risks that may result in, among others, increased costs, disruption of supply or shortage of raw materials or inventories such as finished smart devices, quality or compliance issues, or failure by our suppliers to timely manufacture the modules and finished smart devices, any of which could materially harm our business. For details, see the risk factor with the same heading on page 14 of this annual report.
- If we are not able to introduce new features or products successfully or to make enhancements to our existing products and services, our business and results of operations could be adversely affected. For details, see the risk factor with the same heading on page 15 of this annual report.
- We rely upon third-party providers of cloud-based infrastructure to host our platform. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use, due to geopolitical tensions or business competition could adversely affect our business, financial condition and results of operations. For details, see the risk factor with the same heading on page 15 of this annual report.
- We benefit from integration of our products and services with those of our business partners. If these business partners choose not to partner with us in the future, our business and results of operations may be harmed. For details, see the risk factor with the same heading on page 16 of this annual report.

Risks Related to Our Corporate Structure

Having a corporate structure being based primarily in China poses risks to investors. Risks and uncertainties related to our corporate structure and the historical contractual arrangements include, but are not limited to, the following:

- If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties. For details, see the risk factor with the same heading on page 43 of this annual report.
- Historical contractual arrangements we had entered into with the former VIE may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment. For details, see the risk factor with the same heading on page 45 of this annual report.

Risks Related to Doing Business in China

Having the majority of our operations in China poses risks to investors:

- Changes in economic, political or social conditions or government policies of China and globally could have a material adverse effect on our business, financial condition and results of operations. For details, see the risk factor with the same heading on page 45 of this annual report.
- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. For details, see the risk factor with the same heading on page 48 of this annual report.
- The filing, approval or other administration requirements of the CSRC, the CAC or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings. For details, see the risk factor with the same heading on page 53 of this annual report.
- We may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China and Hong Kong to fund any cash and financing requirements we may have, and any limitation on the ability of these subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. For details, see the risk factor with the same heading on page 49 of this annual report.
- If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders. For details, see the risk factor with the same heading on page 57 of this annual report.
- Trading in our securities will be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor as an independent registered public accounting firm, and as a result, U.S. national securities exchanges, such as the NYSE, may determine to delist our securities. For details, see the risk factor with the same heading on page 59 of this annual report.

Risks Related to Our ADSs and Class A Ordinary Shares

In addition to the risks described above, we are subject to risks related to our ADSs and Class A ordinary shares, including, but are not limited to, the following:

- The price and trading volume of our ADSs and Class A ordinary shares may be volatile, which could lead to substantial losses to investors. For details, see the risk factor with the same heading on page 60 of this annual report.
- The concentration of our shares' voting power limited our shareholders' ability to influence corporate matters. For details, see the risk factor with the same heading on page 61 of this annual report.

- Holders of the ADSs may not have the same voting rights as the holders of our Class A ordinary shares and may not be able to exercise their right to direct how our Class A ordinary shares represented by the ADSs are voted. For details, see the risk factor with the same heading on page 62 of this annual report.
- Our dual-class voting structure may render our securities ineligible for inclusion in certain stock market indices, and thus adversely affect the trading price and liquidity of our ADSs or Class A ordinary shares. For details, see the risk factor with the same heading on page 62 of this annual report.
- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our securities, the market price and trading volume for our ADSs and Class A ordinary shares could decline. For details, see the risk factor with the same heading on page 63 of this annual report.
- Substantial future sales or perceived sales of our ADSs or Class A ordinary shares could materially and adversely affect their market price. For details, see the risk factor with the same heading on page 63 of this annual report.
- Techniques employed by short sellers may drive down the market price of our ADSs or Class A ordinary shares. For details, see the risk factor with the same heading on page 63 of this annual report.
- Because we may not pay dividends in the future, you must rely on a price appreciation of our ADSs or Class A ordinary shares for a return on your investment. For details, see the risk factor with the same heading on page 64 of this annual report.
- You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. or Hong Kong courts may be limited, because we are incorporated under Cayman Islands law. For details, see the risk factor with the same heading on page 64 of this annual report.
- It may be difficult for overseas regulators to conduct investigations or collect evidence within China. For details, see the risk factor with the same heading on page 64 of this annual report.
- We were likely a passive foreign investment company (a “PFIC”) for 2025 and there is a significant risk that we will be a PFIC for 2026 and possibly subsequent taxable years, in which case U.S. investors will generally be subject to adverse U.S. federal income tax consequences. For details, see the risk factor with the same heading on page 69 of this annual report.

Risks Related to Our Business and Industry

We operate in an emerging and evolving market, which may develop differently from or more slowly than we expect. If our market does not grow as we expect, or if we cannot expand our products and services to meet the demands of this market, our revenue may decline, or fail to grow, and we may continue to incur operating losses.

The PaaS and SaaS markets are at a relatively early stage of development and are constantly evolving. There is considerable uncertainty over the size and rate at which these markets will grow, as well as whether our products and services will be widely adopted. Moreover, the IoT cloud industry, including the PaaS market and the SaaS market, is subject to rapid technological change, evolving industry standards, changing regulations, as well as changing customer needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we are unable to develop and launch new products and services or provide enhancements and new features to keep pace with rapid technological and industry changes, our business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive products and services at lower prices or more efficiently or securely, such technologies could adversely impact our ability to compete effectively.

Our products, services and platform must also integrate with a variety of network, hardware, software and technologies, and we need to continuously modify and enhance our products, services and platform to adapt to changes and innovation. For example, if customers adopt new software, we may be required to develop new versions of our products and services to be compatible with such new software. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our products and services to operate effectively with evolving or new software and technologies could reduce the demand for our products and services. If we are unable to respond to these changes in a cost-effective manner, our products and services may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected. Furthermore, as we embark on the implementation of innovative business models to remain competitive and meet the evolving needs of our market, we recognize the heightened management capabilities required across various dimensions of our operations. These areas include, but are not limited to, internal team collaboration, business processes optimization, agile product development and iteration, efficient manufacturing practices, and robust management of external supplier relationships, including contract manufacturers, logistics and delivery services, and maintaining high standards of product quality. While we are actively exploring and learning to adapt to these demands, we are faced with the risk of insufficient experience and expertise in these complex areas. These gaps may lead to suboptimal progress in product development or delays in delivery, slower product iteration speeds than our competitors, failure to achieve anticipated technological upgrades, or issues with product quality that could harm our reputation among end users, consumers and partners, any of which could negatively impact our business, results of operations and financial condition.

In the past, our business benefited from periods of rapid growth driven by favorable industry conditions and our software capabilities and platform-based delivery model. However, the consumer electronics industry is inherently cyclical and highly sensitive to macroeconomic conditions, inventory adjustments across the supply chain, and changes in end-market demand. While industry conditions have shown signs of stabilization following prior downturns, there can be no assurance that such recovery trends will be sustained or that our customers will expand their procurement volumes from upstream suppliers such as us. Their purchasing decisions are influenced by a range of factors beyond our control, including global economic conditions, inflation, consumer confidence, and their own inventory management strategies. Moreover, ongoing geopolitical tensions and trade disputes, including between the United States and China, and the associated tariff measures and other trade restrictions, may increase costs for us and our customers, disrupt supply chains, and adversely affect demand for our products and services.

We have a limited operating history, making it difficult to forecast our future results of operations.

We commenced our operations in 2014. Our relatively limited operating history makes it difficult to evaluate our current business and prospects, and to plan for our anticipated future growth. As a result of our limited operating history, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance.

Further, in future periods, our revenue growth may slow or even decline due to various factors, such as weaker demand for our products and services, heightened competition, evolving technologies, slower market expansion, or our inability to capture growth opportunities, whether as a result of new or increased tariffs, trade restrictions, or other external challenges. We have also encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

Our recent growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future.

We have experienced rapid growth since the inception of our operations. However, you should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. We cannot assure you that we will be able to manage our growth at the same rate as we did in the past, or avoid any decline in the future. To sustain our growth, we must attract more customers, hire additional qualified R&D and other staff, expand our business, and enhance our technology infrastructure. Moreover, our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. To manage our expected growth, we will also be required to improve our operational, financial and management controls and reporting systems and procedures. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not successfully attract enough customers and end users affordably, respond to competitive or macroeconomic challenges, or otherwise execute our business strategies. Our growth requires significant financial resources and will continue to place significant demands on our management. There is no guarantee that we will be able to effectively manage any future growth in an efficient, cost-effective and timely manner, or at all. Our growth in a relatively short period of time is not necessarily indicative of results that we may achieve in the future. If we fail to effectively manage the growth of our business and operations, our reputation, results of operations and overall business and prospects could be negatively impacted.

The markets in which we operate are competitive, and if we do not compete effectively, our business, operating results and financial condition could be harmed.

The market of PaaS, SaaS (including, among others, industry SaaS and cloud-based software value-added services), and smart devices are competitive and rapidly evolving. The principal competitive factors in these markets include the ability to support multiple use cases on a single platform, ease of deployment, implementation and use, platform performance, scalability and reliability, global reach, brand awareness and reputation, the strength of sales and marketing efforts, as well as the ability to ensure data security and privacy.

Some of our existing and potential competitors might have substantial competitive advantages, including larger scale, longer operating history, greater brand recognition, more established relationships with customers, suppliers, manufacturers and other business partners, and greater financial, research and development, marketing and other resources. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Our existing and potential competitors may develop and market new products and services with comparable functionality to ours, and this could force us to offer our products and services at lower prices in order to remain competitive.

Some of our competitors are able to offer products and services at lower prices than ours, which may be attractive to certain customers even if those products and services offer different or fewer functionalities. If we are unable to maintain our current pricing due to the competitive pressures, our margins will be reduced and our business, results of operations and financial condition would be adversely affected. In addition, pricing pressures and increased competition could result in reduced revenue, reduced margins, increased losses or the failure of our products and services to achieve or maintain widespread market acceptance, any of which could harm our business, results of operations and financial condition. Moreover, we are continuously exploring and promoting innovative business models designed to meet the evolving development needs of our industry. While these efforts distinguish our offerings and drive value for our customers, they also expose us to the risk of imitation and intensified business competition. Competitors may adopt similar business models or emulate our strategies, potentially coupling their efforts with aggressive pricing tactics to attract our customer base. The introduction of comparable business models by competitors may significantly impact our market position, as well as our customer retention and acquisition cost. Should our competitors succeed in offering similar or superior solutions at lower prices, we may experience a decrease in customer loyalty and engagement.

With the introduction of new products and services and new market entrants, we expect competition to intensify in the future. In addition, some of our customers may choose to use our products and services and our competitors' products and services at the same time, or choose to switch to other IoT or AIoT platforms. As we expand the scope of our platform, products and services, we may face additional competition. If one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively.

Failure to maintain, expand and optimize our customer base or strengthen customer engagement may adversely affect our business and results of operations.

Our revenue growth depends on our ability to maintain, expand and optimize our customer base. The markets in which we operate have historically experienced challenges and obstacles. In response, we strategically strengthen our focus on high-quality customers. This involves dedicating our sales and marketing efforts, as well as technology and customer service support to customers who have larger scale of operations, higher market share and greater resilience to economic downturns. As a result, the total number of our customers decreased from approximately 6,100 in 2023 to approximately 5,800 in 2024 and increased slightly to approximately 5,900 in 2025. Similarly, the total number of our PaaS customers decreased from approximately 4,000 in 2023 to approximately 3,700 in 2024 and 2025.

In addition, it is crucial for us to strengthen customer engagement so that more of our customers will use our products and services more often and contribute more to our revenue growth. If our customers do not increase their use of our products and services, our revenue may not grow, and our results of operations may be harmed. However, it is difficult to predict the end users' usage levels of smart devices accurately and the loss of customers or reductions in the end users' usage levels may have a negative impact on our business, results of operations and financial condition. Our customers may cease, or reduce their usage of our products and services due to a variety of reasons, such as progress in technology that renders our products and services obsolete, declining product quality, unfounded health and other concerns about technologies like AI, 5G, national security issues, rising raw material costs, or semiconductor shortages, imposition of new tariffs or adjustments in existing tariffs or trade barriers, many of which are outside our or our customers' control. Additionally, our customers or partners who distribute and sell their smart products using our offerings such as PaaS and smart solutions for smart devices through various sales channels, are often required to follow strict sales policies covering areas including marketing, pricing, and customer interaction. Non-compliance with these policies can lead to penalties, such as fines or, in extreme cases, losing the right to sell through these channels. If our customers or partners face penalties or business closures due to non-compliance with these sales policies, it could result in a reduction in their purchases from us, which, in turn, could have a material adverse effect on our sales volume and revenue.

If a significant number of our customers cease using or reduce their use of, our products and services, or if brands stop placing orders through our OEM customers, we may be required to significantly increase our sales and marketing expenses to sustain or grow our revenues. These additional expenditures could adversely affect our business, results of operations and financial condition.

If we fail to estimate customer demand properly, our financial results could be harmed.

Our business involves estimates of customers' future demand. There may be a significant mismatch between supply and demand, giving rise to product shortages or excess inventory, and making our demand forecast more uncertain. In addition, the imposition of new tariffs or adjustments in existing tariffs or trade barriers by U.S. and other governments may impact the demands for our products and services. Demand for our products and services is also influenced by many other factors, including our product introductions, competitor announcements, competing technologies, and power or raw material supply, among other things. These factors are often outside our and our customers' control and their impact are difficult to predict. For example, the demand and use of the chips as part of the modules where the edge capabilities of PaaS are embedded have fluctuated in the past and is likely to continue to fluctuate in the future. In periods with limited supply of chips or following a significant destocking cycle in the industry, when enterprises start restocking their inventory levels, our customers may place inventory orders significantly in advance of their normal order cycle, which could increase fluctuations in our sales and revenue between periods and make it more difficult for us to estimate future customer demands. These challenges may be more pronounced in the future if the demand, downstream inventory patterns and prices of chips fluctuate. To the extent our customers experience material changes in the sale of their smart devices or a high level of backlogs in inventories, they may reduce or delay purchases of our products and services, causing our estimate of customer demand to be inaccurate. In addition, new tariffs, such as those announced by the U.S. government in 2025 and the first half of 2026 may also negatively impact customers' demand and further disrupt their business cycles and purchasing patterns. In estimating demand, we make multiple assumptions, any of which may prove to be incorrect. Furthermore, to the extent we build inventory anticipating growth in customer demand, our business, results of operations and financial condition may be negatively affected if such growth does not materialize as expected.

Our use of third-party suppliers involves certain risks that may result in, among others, increased costs, disruption of supply or shortage of raw materials or inventories such as finished smart devices, quality or compliance issues, or failure by our suppliers to timely manufacture the modules and finished smart devices, any of which could materially harm our business.

We use third-party suppliers to manufacture the modules where edge capabilities of PaaS are embedded, and in some circumstances finished smart devices. We are dependent on third-party suppliers to manufacture the modules and smart devices using their equipment and technology. Our use of such third-party suppliers who manufacture the modules and smart devices involves a number of risks, including:

- insufficient capacity or delays in meeting our demand;
- inadequate manufacturing yields, inferior quality and excessive costs;
- failure by our suppliers to manufacture products that meet the agreed-upon specifications;
- failure by our suppliers to procure raw materials and components on commercially reasonable terms, or at all, or to provide or allocate adequate, or any, manufacturing or other capacity for our products;
- failure by our suppliers to comply with the relevant regulatory requirements, including those relating to the manufacturing process;
- limited warranties on products supplied to us;
- potential increases in prices;
- a lack of direct control over delivery schedules or product quantity and quality;
- delays in product shipment, shortages, a decrease in product quality and/or higher expenses;
- increased exposure to potential misappropriation of our intellectual property; and
- disruptions to supply chain, manufacturing process and business operation.

If any of our suppliers is not able to perform its manufacturing obligations in the manner, timing and quality as agreed, we may not be able to, on a timely basis, find a suitable alternative on commercially acceptable terms. Disruptions of our relationships with such suppliers could negatively impact our business operations for an extended period of time. Any inability to acquire sufficient quantities of the modules and finished smart devices in a timely manner from these third-party suppliers could have a material negative impact on our business.

Components of IoT modules, smart devices and other raw materials used in our operations are periodically subject to supply shortages or disruptions due to various factors, and our business is subject to the risk of price increases and periodic delays in delivery. For example, the supply of chips that are essential components of IoT modules or AI device has been subject to a global shortage or disruptions, due to, including but not limited to, geopolitical tensions, imposition of new tariffs or adjustments in existing tariffs or trade barriers. The chip industry has also experienced cyclical price fluctuations. There is no assurance that we will be able to secure adequate chip supply at commercially reasonable cost for our operations. If we fail to secure sufficient chip supply, we may have to secure alternative suppliers or find alternative supplies or technologies, which could be costly, time consuming, and may not be successful. To the extent the chip shortage deteriorates or becomes longer-term in nature, we may experience significant delays in our delivery to customers and our business operations and prospects may be negatively impacted.

If we are not able to introduce new features or products successfully or to make enhancements to our existing products and services, our business and results of operations could be adversely affected.

To attract new customers and end users and keep our existing ones engaged, we must introduce new products and services and upgrade our existing offerings to meet their evolving preferences. It is difficult to predict the preferences of a particular customer or a specific group of customers. Changes and upgrades to our existing products may not be well received by our customers and end users, and newly introduced products or services may not achieve success as expected. For example, we may introduce new AI capabilities for smart devices and SaaS products for new industry verticals such as the home energy management system and mini-programs for the energy-saving sector, with which we have little or no prior experience. Such efforts may require us to contribute a substantial amount of additional human capital and financial resources. We cannot assure you that any of such new products will achieve market acceptance or generate sufficient revenue to adequately compensate the costs and expenses incurred in relation to our development and promotion efforts. Enhancements and new products and services that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with our platform or other products and services or may not achieve the broad market acceptance necessary to generate significant revenue. If we fail to improve our existing products and introduce new ones in a timely or cost-effective manner, our ability to attract and retain customers and end users may be impaired, and our financial performance and prospects may be adversely affected.

We rely upon third-party providers of cloud-based infrastructure to host our platform. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use, due to geopolitical tensions or business competition could adversely affect our business, financial condition and results of operations.

We currently serve our customers and end users from data centers in China, the United States, Europe, India and Singapore. We also use various third-party cloud-hosting providers such as AWS, Microsoft Azure, Google Cloud Platform, Tencent Cloud and Alibaba Cloud to provide cloud infrastructure for our platform. Our PaaS and SaaS rely on the operations of this infrastructure. We do not control, or in some cases have limited control over, the operation of the data center facilities we use. Customers expect to access our platform at any time, without interruption or degradation of performance, and we provide a few customers with service-level commitments with respect to uptime. Any limitation on the capacity of our data centers or cloud infrastructure could impede our ability to onboard new customers or expand the usage of our existing customers, host our products or serve our customers, which could adversely affect our business, financial condition and results of operations. In addition, any incident and technical failure affecting our data centers or cloud infrastructure that may be caused by cyberattacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, or other events beyond our control could negatively affect the cloud-based portion of our platform. A prolonged service disruption affecting our data centers or cloud-based services for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative providers or taking other actions in preparation for, or in response to, events that damage the third-party hosting services we use.

The global landscape of cloud services is subject to the influence of geopolitical factors, including international trade disputes, sanctions, and national security concerns, which could impact the availability, reliability, and cost of cloud infrastructure services. Additionally, the competitive dynamics in the cloud services market and potential commercial conflicts of interest could lead to changes in service terms, pricing, availability or even termination of service agreements, particularly if our providers engage in business activities similar to ours and become direct competitors. Any limitation on the capacity of our cloud infrastructure, or any interruption caused by geopolitical events, trade restrictions, or competitive actions in the cloud market, could impede our ability to onboard new customers or expand the usage among existing customers, host our products, or serve our customers effectively.

In the event that our service agreements relating to our data centers or cloud infrastructure are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our platform, as well as significant delays and additional expense in arranging or creating new facilities and services or rebuilding our platform for deployment on a different data center provider or cloud infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

We benefit from integration of our products and services with those of our business partners. If these business partners choose not to partner with us in the future, our business and results of operations may be harmed.

We benefit from integration of our products and services with those of our business partners, such as the providers of cloud services used to support our platform. If entities who serve as our business partners change their cooperation model with us, our business, results of operations and financial condition may be adversely affected. We may also face competition from our business partners in a number of areas, including innovations in our businesses. Such competition may adversely affect our competitive position, business prospects and our relationship with our business partners. It may be necessary in the future to renegotiate agreements relating to various aspects of these collaborations or business partnerships. In addition, if our business partners choose not to partner with us, or choose to form collaborations with our competitors' platforms, our business, financial condition and results of operations could be harmed.

Compliance with the rapidly evolving landscape of global data privacy and data security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of personal information, could damage our reputation and deter current and potential customers and end users from using our platform and products and services or subject us to significant compliance costs or penalties, which could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with the increasing number of data protection laws in the jurisdictions in which we operate, as well as concerns about our practices with regard to the collection, use, storage, retention, transfer, disclosure and other processing of personal information, the security of personal information, the use of biometric information or other privacy-related matters, such as cybersecurity breaches, misuse of personal information and data sharing without necessary safeguards, including concerns from our customers, employees and third parties with whom we conduct business, even if unfounded, could damage our reputation and operating results. As we seek to expand our business, we are, and may increasingly become, subject to various laws, regulations and standards, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The regulatory and legal frameworks regarding data privacy and security issues in many jurisdictions are constantly evolving and developing and can be subject to significant changes from time to time, including in ways that may result in conflicting requirements among various jurisdictions. Interpretation and implementation standards and enforcement practices are similarly in a state of flux and are likely to remain uncertain for the foreseeable future. As a result, we may not be able to fully assess the full scope of our global compliance obligations, leading to potential non-compliance with applicable data privacy and security laws, regulations and standards. Moreover, these laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material and adverse impact on our business, financial condition and results of operations.

PRC

In recent years, the PRC government has increasingly tightened the regulation of cybersecurity and the storage, sharing, use, disclosure and protection of data and personal information. The Cybersecurity Law of the PRC, initially promulgated in 2016, was significantly amended in 2025, and the revised version became effective on January 1, 2026. This recent amendment substantially increased the maximum financial penalties for cybersecurity violations and data breaches, expanded extraterritorial jurisdiction, and introduced new regulatory frameworks for artificial intelligence technologies. In addition, the Data Security Law of PRC, or the Data Security Law, was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021.

Numerous laws, regulations, guidelines and other measures have been or are expected to be adopted pursuant to the guidelines of, or in addition to, the Cybersecurity Law and Data Security Law and the Personal Information Protection Law (which was released on August 20, 2021 and became effective on November 1, 2021). Most notably, the Regulation on Cyber Data Security, which became effective on January 1, 2025, serves as a comprehensive implementation guideline encompassing cross-border data transfer, important data protection, and obligations for internet platform operators. Specifically, on July 7, 2022, the CAC released the Measures on Security Assessments for the Cross-border Transfer of Data, which is applicable to cross-border transfers of personal information and important data collected and generated in China under certain circumstances. Furthermore, on March 22, 2024, the CAC promulgated the Provisions on Promoting and Standardizing Cross-Border Data Flows, which relaxed certain requirements and exempted certain scenarios from the mandatory security assessment and filing procedures for cross-border data transfers. While we do not believe our current business involves any transmission, use and exchange of information that comes under the definition of “cross-border transfers of personal information and important data” under the foregoing laws and regulations, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours, thus requiring us to comply with applicable data localization, security assessment and other requirements under these proposed laws and regulations. As our business continues to grow, there may arise circumstances where we engage in such cross-border transfers of personal information and important data, including in order to satisfy the legal and regulatory requirements, in which case we may need to comply with the foregoing requirements as well as any other limitations under PRC laws then applicable. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could harm our business. Additionally, to the extent we are found to be not in compliance with these laws and requirements, we may be subject to fines, regulatory orders to suspend our operations or other regulatory and disciplinary sanctions, which could materially and adversely affect our business, financial condition and results of operations.

On July 30, 2021, the State Council of the PRC promulgated the Provisions on Protection of Critical Information Infrastructure, or the CII Protection Regulations, which became effective on September 1, 2021. Pursuant to the CII Protection Regulations, “critical information infrastructures” (“**CIIs**”) refer to any important network facilities or information systems of the important industry or field such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people’s livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector shall be responsible for formulating eligibility criteria and identifying the CIIOs in the respective industry or sector, and the CIIOs shall be responsible for protecting the CIIs’ security by performing certain prescribed obligations. As of the date of this annual report, we have not been informed by CAC or any other PRC government authorities that we are identified or will be deemed as a CIIO. However, since the criteria for determining CIIOs remain uncertain, we cannot assure you that we will not be identified as a CIIO by any competent regulatory authority in the future.

On December 28, 2021, the CAC and several other administrations jointly promulgated the Measures for Cybersecurity Review, or the Cybersecurity Review Measures, which became effective on February 15, 2022. The Cybersecurity Review Measures provide that (i) a “network platform operator” holding over one million users’ personal information shall apply for a cybersecurity review when listing their securities in a foreign country, (ii) a CIIO that intends to purchase internet products and services that affect or may affect national security shall apply for a cybersecurity review and (iii) a “network platform operator” carrying out data processing activities that affect or may affect national security shall apply for a cybersecurity review. Since the Cybersecurity Review Measures are relatively new, significant uncertainties exist in relation to their interpretation and implementation. Additionally, the Cybersecurity Review Measures do not provide the exact scope of “network platform operator” or the circumstances that would “affect or may affect national security.” There can be no assurance that we will not be required to apply for a cybersecurity review pursuant to the Cybersecurity Review Measures. To the extent any cybersecurity review is required, we cannot assure you that we will be able to complete it in a timely manner, or at all. Any failure to complete the required cybersecurity review may result in regulatory sanctions including, among others, government enforcement actions and investigations, fines, penalties, and suspension of our non-compliant operations, as well as reputational damage or legal proceedings or actions against us, any of which may have material adverse effects on our business, financial condition and results of operations.

In addition, on November 14, 2021, the CAC released the Regulations on the Administration of Cyber Security Management (Draft for Comments) (the “**Draft Cyber Data Security Regulation**”). On September 24, 2024, the CAC promulgated the Regulations on the Administration of Cyber Data Security (the “**Regulation on Cyber Data Security**”), which became effective on January 1, 2025. The Regulation on Cyber Data Security reiterates the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, network data cross-border transfer management, and the responsibilities of internet platform service providers. In addition, unlike the Draft Cyber Data Security Regulation, the officially promulgated Regulation on Cyber Data Security does not specifically include the requirement that cyber data processing entities seeking a Hong Kong listing that affects or may affect national security, or data processors that handle personal information of more than one million people contemplating to list its securities on a “foreign” stock exchange, or the merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affect or may affect national security should apply for a cybersecurity review. Instead, the Regulation on Cyber Data Security generally provides that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations.

According to the PRC National Security Law, “national security” refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state are relatively not in danger and not threatened internally or externally and the ability to maintain a sustained security status. However, as of the date of this annual report, the criteria for determining the circumstances that “affect or may affect national security” for the purpose of the Regulation on Cyber Data Security remain unclear and are subject to further clarification by the CAC. The Regulation on Cyber Data Security is relevantly new and there is no further explanation or interpretation on what kind of activities “affect or may affect national security” under the Regulation on Cyber Data Security yet. It remains uncertain whether future regulatory changes would impose additional restrictions on us. We cannot predict the impact of the definition of “affect or may affect national security” in the Regulation on Cyber Data Security, if any, at this stage, and we will closely monitor and assess any development in the rulemaking process.

EU and U.K.

The General Data Protection Regulation (EU) 2016/679 (the “**GDPR**”), which applies to the collection, use, storage, retention, transfer, disclosure and other processing of personal data obtained from individuals located in the European Union (the “**EU**”) or by businesses operating within the EU, became effective on May 25, 2018 and has resulted, and will continue to result, in significantly greater compliance burdens and costs for companies with customers, end users, or operations in the EU. The GDPR places stringent obligations and operational requirements on us as both a processor and controller of personal data and could make it more difficult or more costly for us to use and share personal data. Under the GDPR, data protection supervisory authorities are given various enforcement powers, including levying fines of up to €20 million or up to 4% of an organization’s annual worldwide turnover, whichever is greater, for the preceding financial year, for non-compliance. Data subjects also have the right to be compensated for damages suffered as a result of a controller or processor’s non-compliance with the GDPR. While the GDPR provides a more harmonized approach to data protection regulation across the EU member states, it also gives EU member states certain areas of discretion and therefore laws and regulations in relation to certain data processing activities may differ on a member state by member state basis, which could further limit our ability to use and share personal data and could require localized changes to our operating model.

Under the GDPR, restrictions are placed on transfers of personal data outside of the European Economic Area to countries which have not been deemed “adequate” by the European Commission (including the PRC). As a global business, with customers and end users worldwide, we are susceptible to any changes in legal requirements affecting international data flows. Due to recent regulatory changes and guidance, we may need to invest in additional technical, legal and organization safeguards in the future to avoid disruptions to data flows within our business and to and from our customers and service providers. Furthermore, this uncertainty, and its eventual resolution, may increase our costs of compliance, impede our ability to transfer data and conduct our business, and harm our business or results of operations.

Additionally, the withdrawal of the United Kingdom (“U.K.”) from the EU (commonly known as “Brexit”) has created uncertainty with regard to the regulation of privacy and data protection in the U.K. Since January 1, 2021, when the transitional period following Brexit expired, the so-called U.K. GDPR (combining the GDPR and the U.K.’s Data Protection Act of 2018) has been in effect in the U.K. Although the U.K. GDPR currently imposes substantially the same obligations as the GDPR, and currently authorizes similar fines, the U.K. GDPR will not automatically incorporate changes to the GDPR going forward (which would need to be specifically incorporated by the U.K. government). Recently, the U.K. enacted the Data (Use and Access) Act 2025 (the “DUA Act”), which introduces sweeping reforms to the U.K.’s data laws and deviates in certain respects from the EU GDPR. The European Commission has renewed its “adequacy” decision to the U.K., which facilitates the sharing of personal data between the EU and the U.K. until December 2031. However, if not extended after sunset, it may be revoked in the future by the European Commission if the U.K. data protection regime is reformed in ways that deviate substantially from the level of protection currently in place. Adding further complexity for international data flows, in March 2022, the U.K. adopted its own International Data Transfer Agreement for transfers of personal data out of the U.K. to so-called third countries, as well as an international data transfer addendum that can be used with GDPR’s standard contractual clauses for the same purpose. All of this creates a risk of divergent parallel regimes and related uncertainty, along with the potential for increased compliance costs and risks for affected businesses based on differing, interpretation and enforcement by regulators and authorities. For details of related regulations, see “Regulation—Regulation Relating to Cybersecurity, Data Security and Privacy Protection.”

United States

In the United States, various federal regulators, including governmental agencies like the Federal Trade Commission, and states and state regulators have adopted, or are considering adopting, laws and regulations concerning personal data and data security, such as the California Consumer Privacy Act, of 2018 (as modified by the California Privacy Rights Act, collectively “CCPA”). This patchwork of legislation and regulation may give rise to conflicts or differing views of personal privacy rights. For example, certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal data than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. One such comprehensive privacy law in the United States is the CCPA, which came into effect on January 1, 2020 and was significantly amended as of January 1, 2023. Among other things, the CCPA requires companies that process personal information of California residents to make detailed disclosures to consumers about such companies’ data collection, use and sharing practices, gives California residents expanded rights to access and delete their personal information and to opt out of certain personal information sharing with (and sales of personal information to) third parties. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal data that may increase the likelihood of, and risks associated with, data breach litigation. Additionally, the CCPA expands consumers’ rights with respect to certain sensitive personal information, further restricts the use of cross-context behavioral advertising and creates a state agency, the California Privacy Protection Agency, to oversee implementation and enforcement efforts. Amendments have been made to the CCPA, and it is possible that further amendments will be enacted, but even in its current form it remains unclear how various provisions of the CCPA will be interpreted and enforced potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. Other state laws are changing rapidly and there have been ongoing discussions and proposals in the U.S. Congress with respect to new federal data privacy and security laws to which we would become subject if enacted. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time, may require us to modify our data processing practices and policies, divert resources from other initiatives and projects, and could restrict the way products and services involving data are offered, all of which may have a material and adverse impact on our business, financial condition and results of operations. For details of related regulations, see “Regulation—Regulation Relating to Cybersecurity, Data Security and Privacy Protection.”

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or reinterpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. For example, there is an increasing trend of jurisdictions requiring data localization, which may prohibit companies from storing data relating to resident individuals in data centers outside the relevant jurisdiction or, at a minimum, require a complete set of the data to be stored in data centers within the relevant jurisdiction. Because the interpretation and application of laws, regulations, standards and other obligations relating to data privacy and security are still uncertain, it is possible that these laws, regulations, standards and other obligations may be interpreted and applied in a manner that is inconsistent with our data processing practices and policies or the features of our products and services. If so, in addition to the possibility of fines, lawsuits, complaints, inquiries, allegations, regulatory investigations, public censure, other claims and penalties, and significant costs for remediation and damage to our reputation, we could be materially and adversely affected if legislation or regulations are expanded to require changes in our data processing practices and policies or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively impact our business, financial condition and results of operations. Furthermore, the developing requirements relating to clear and prominent privacy notices (including in the context of obtaining informed and specific consents to the collection and processing of personal information, where applicable) may potentially deter end users from consenting to certain uses of their personal information. Additionally, emerging federal regulations, such as the U.S. Department of Justice's rules restricting the transfer of bulk sensitive personal data to countries of concern, impose rigorous operational hurdles for cross-border data flows. Domestically, there is a surge in class-action privacy litigation under state wiretapping laws (e.g., CIPA) targeting the use of tracking pixels, cookies, and SDKs, as well as strict enforcement regarding sensitive data processing.

In general, negative publicity of us or our industry regarding actual or perceived violations of our end users' privacy-related rights, including fines and enforcement actions against us or other similarly placed businesses, also may impair users' trust in our privacy practices and make them reluctant to give their consent to share their data with us. Any inability to adequately address data privacy or security-related concerns, complaints, inquiries or allegations when they arise, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could result in additional cost and liability to us, harm our reputation and brand, damage our relationships with consumers and have a material and adverse impact on our business, financial condition and results of operations. In addition, due to data privacy or data security concerns, our ability to retain or increase our user base and user engagement may be materially and adversely affected, we may not be able to maintain or grow our revenues as anticipated and our financial results could be materially and adversely affected.

With regard to our commercial arrangements, we and our counterparties, including business partners and external service providers, might be subject to contractual obligations regarding the processing of personal information. While we believe our and our counterparties' conduct under these agreements is in material compliance with all applicable laws, regulations, standards, certifications and orders relating to data privacy or security, we or our counterparties may fail, or be alleged to have failed, to be in full compliance. In the event that our acts or omissions result in alleged or actual failure to comply with applicable laws, regulations, standards, certifications and orders relating to data privacy or security, we may incur liability. While we endeavor to include indemnification provisions or other protections in such agreements to mitigate liability and losses stemming from our counterparties' acts or omissions, we may not always be able to negotiate for such protections and, even where we can, there is no guarantee that our counterparties will honor such provisions or that such protections will cover the full scope of our liabilities and losses.

While we strive to comply with our internal data privacy guidelines as well as all applicable data privacy and security laws and regulations and contractual obligations in respect of personal information, there is no assurance that we are able to comply with these laws, regulations and contractual obligations in all respects. Any failure or perceived failure by us, external service providers or business partners to comply may result in proceedings or actions against us, including fines and penalties or enforcement orders (including orders to cease processing activities) being levied on us by government agencies or proceedings or actions against us by our business partners, customers or end users, including class action privacy litigation in certain jurisdictions, and could damage our reputation and discourage current and future users from using our products and services, which could materially and adversely affect our business, financial condition and results of operations. In addition, compliance with applicable laws on data privacy requires substantial expenditure and resources, including to continually evaluate our policies and processes and adapt to new requirements that are or become applicable to us on a jurisdiction-by-jurisdiction basis, which would impose significant burdens and costs on our operations or may require us to alter our business practices. Concerns about the security of personal information also could lead to a decline in general internet usage, which could result in a decrease in demand for our products and services and have a material and adverse effect on our business, financial condition and results of operations. Furthermore, if the local government authorities in our target markets require real-name registration for users of our platform, the growth of our customer and end-user bases may slow down and our business, financial condition and results of operations may be adversely affected.

The expansion of our international operations exposes us to significant regulatory, economic and political risks.

Expansion of our operations and customer base worldwide is essential to our growth strategy. We operate internationally with local offices in Europe, Singapore, India, China, Japan and Colombia among other locations. While we are not overly reliant on any single regional market, adverse developments or challenges in an individual regional market due to various factors, such as the imposition of new tariffs or adjustments in existing tariffs or trade barriers, may nonetheless result in a slowdown or decline in our revenue growth.

We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new markets, which will require significant management attention and financial resources worldwide. In connection with such expansion, we may face difficulties including costs associated with varying seasonality patterns, potential adverse movement of currency exchange rates, longer payment cycle, difficulties in collecting accounts receivable in some countries, the imposition of new tariffs, or adjustments in existing tariffs or trade barriers, a variety of regulatory or contractual limitations on our ability to operate, adverse tax events, reduced protection of intellectual property rights in some countries, political risks and a geographically and culturally diverse workforce and customer base. Failure to overcome any of these difficulties could harm our business.

In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- difficulties in managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- challenges to our corporate culture resulting from a dispersed workforce;
- our ability to effectively price our products in competitive international markets;
- foreign ownership restrictions;
- potentially greater difficulty in collecting accounts receivable and longer payment cycles;
- the need to adapt and localize our products and services for specific countries;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions, including those governing competition, pricing, internet activities, cybersecurity and data protection, employment and labor laws, privacy, collection, use, processing, or sharing of personal information, intellectual property, and other activities important to our business;

- difficulties with differing technical and environmental standards, privacy, cybersecurity, data protection and telecommunications regulations and certification requirements across multiple jurisdictions, which could prevent customers from deploying our products and services or limit their usage;
- difficulties in understanding, and adapting our products and services to, local end users' habits and preferences;
- the complexities of complying with current and future export controls and economic sanctions administered by the Department of Commerce Bureau of Industry and Security and the Treasury Department's Office of Foreign Assets Control and other relevant sanctions authorities;
- uncertainties arising from sanctions and regulations from United States, the European Union or other foreign jurisdictions.
- tariffs and other non-tariff trade barriers, such as quotas and local content rules;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products and services in certain markets, increase the purchase price of raw materials and inventories, increase the cost of components and services used in our operations, including cloud infrastructure services, and increase the expenses of our international operations and expose us to foreign currency exchange rate risk or the cost and risk of hedging transactions if we choose to enter into such transactions in the future;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into RMB and/or U.S. dollars; and
- restrictions on the transfer of funds across borders.

As we operate across various countries and regions, we are subject to a complex web of data security laws and regulatory requirements. These laws and regulations vary significantly from one jurisdiction to another, and often, there can be overlaps or direct conflicts between the data protection frameworks of different countries and regions. Managing compliance with these diverse regulatory landscapes poses a substantial challenge. Failure to navigate these jurisdictional overlaps or address regulatory conflicts could result in a range of adverse outcomes, including but not limited to business interruptions, the termination of critical services in certain regions, or the imposition of fines and penalties. Additionally, any perceived or actual non-compliance could harm our reputation, eroding trust among customers, users and partners, and potentially leading to decreased adoption of our platform.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, operating results and financial condition. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. As our global operations evolve, we cannot assure you that we are able to fully comply with the legal requirements of each jurisdiction and successfully adapt our business models to local market conditions. Due to the complexity involved in our international business expansion, we cannot assure you that we are or will be in compliance with all local laws.

The COVID-19 pandemic has, in the past, disrupted our and our business partners' operations and it, or any future health epidemic or other adverse public health developments, may continue to do so.

The COVID-19 pandemic has in the past caused temporary disruption to our operations and those of our customers, suppliers and other business partners. For example, the pandemic has caused significant logistical challenges to the global supply chains, resulting in disrupted shipping lanes, labor and material shortages and weakened consumer demand for smart devices, all of which have negatively impacted our business and results of operations. Travel restrictions and social distancing guidelines imposed by governments globally have also reduced international travels and in-person meetings, which in turn have limited our ability to engage in in-person marketing with brands, particularly those brands based in the United States and Europe. In addition, the economic downturn due to COVID-19 has adversely affected, and may continue to adversely affect our customers' ability to pay and customer demand for and end user usage of our products and services, which would adversely affect our operating results and financial condition. If any future public health crisis materially disrupts our operations, those of our customers, suppliers or other business partners, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to manage the operation of our platform and infrastructure, our customers and end users may experience service outages and delays in the deployment of our products and services.

We seek to maintain sufficient excess capacity on our cloud platform to meet the needs of all of our customers and end users. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure and cloud platform, and to respond to security threats, cyberattacks and performance and reliability problems that may arise from time to time, in order to support version control, changes in hardware and software parameters and the evolution of our products and services. However, the provision of new hosting infrastructure requires adequate lead time. We have experienced, and may in the future experience, system disruptions, outages and other performance problems. These types of problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer and end user usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time.

Further, if our contractual and other business relationships with our cloud infrastructure providers are terminated, suspended, or suffer a material change to which we are unable to adapt, such as the elimination of services or features on which we depend, we could be unable to provide our platform and could experience significant delays and incur additional expense in transitioning customers to a different cloud infrastructure provider. Any difficulties these providers face, including the potential of certain network traffic receiving priority over other traffic (i.e., lack of net neutrality), may adversely affect our business, and we exercise little control over these providers, which increases our vulnerability to problems with the services they provide. Any disruptions, outages, defects, and other performance and quality problems with our platform or with our products and services and internet infrastructure on which they rely, or any material change in our contractual and other business relationships with our cloud infrastructure providers, could result in reduced use of our platform, increased expenses, including service credit obligations, and harm to our brand and reputation, any of which could have a material adverse effect on our business, financial condition and results of operations.

Defects, errors or any other problems associated with our products and services could diminish demand for our products or services, harm our business and results of operations and subject us to liability.

Our customers may use our products and services for important aspects of their businesses or operations, and any errors, defects or disruptions to our products and services and any other performance problems with our products and services could damage our customers' businesses and operations and, in turn, hurt our brand and reputation. We provide regular updates to our products and services, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities and bugs, especially when first introduced or released. Real or perceived errors, failures, bugs or security vulnerabilities in our products could result in negative publicity, loss of or delay in market acceptance of our platform, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. As a result, our reputation and our brand could be harmed, and our business, operating results and financial condition may be adversely affected.

Moreover, the edge capabilities of PaaS are embedded in modules manufactured by certain third-party suppliers. Our smart solutions for smart devices are delivered to our customers in the form of finished smart devices that are manufactured by third-party suppliers. We also engage third-party suppliers manufacturing the finished smart devices for our customers for whom we purchase and deliver finished smart devices based on their demands or requests. Such modules and finished smart devices may contain defects, errors or other product issues due to various factors such as design flaws, defects in software, raw materials, components or manufacturing difficulties, which can affect both the quality and the yield of the product, and since some of smart devices using our Smart Solution are electricity-related devices or to be used in a renewable energy-related scenarios, it is possible that these products could result in injury, whether by product malfunctions, defects, improper installation, or other causes. These events may negatively impact the performance of our platform, our products and services, and Tuya-powered smart devices, damage our reputation, harm our ability to attract new and existing customers, and incur significant support, repairment or replacement costs even if we can be reimbursed from the third-party suppliers.

We generate a significant portion of our revenue from a limited number of major customers and any loss of business from these customers could have a negative impact on our revenues and harm our business.

We derive a significant portion of our revenue from a limited number of major customers. Our five largest customers in the aggregate accounted for approximately 13.1%, 13.0% and 14.6% of our total revenue in 2023, 2024 and 2025, respectively. Our ability to maintain close relationships with major customers is essential to the success of our business.

However, the purchase orders placed by specific customers may vary from period to period, and we typically do not have long-term purchase commitments from customers not enrolled in our membership program. As a result, most of our customers could reduce or cease their use of our products and services at any time without any penalty or termination charges. A major customer may not contribute the same level of our revenue in one year as in any previous years. In addition, reliance on any individual customer that contributes a significant portion of our revenue may increase such customer's pricing leverage when negotiating relevant terms or contracts of our products or services.

Many factors not within our control could cause the loss of, or reduction in, business or revenue from any customer, and these factors are not predictable. These factors include, among others, pricing pressure from competitors, a change in a customer's business strategy, rising raw material prices, failure of a chip or module supplier to develop competitive products, and the imposition of new tariffs or adjustments in existing tariffs or trade barriers. Our customers may choose to pursue alternative technologies and develop alternative products in addition to, or in lieu of, our products, either on their own or in collaboration with others, including our competitors. The loss of any major customer, or a significant decrease in the volume of customer demand or the price at which we sell our products to customers, could materially adversely affect our financial condition and results of operations.

We recorded net loss in the past and may not be able to achieve or sustain profitability in the future.

We have experienced net loss for a prolonged period since our inception, including a net loss of US\$60.3 million in 2023, and only recently achieved profitability. Although we recorded net profit in 2024 and 2025, there can be no assurance that this represents a sustainable trend. We expect to continue to devote significant resources to research and development activities and expect to continue to incur substantial sales and marketing expenses in acquiring and retaining customers and enhancing our brand awareness, and incur substantial general and administrative expenses including those associated with operating as a public company. We may also expect to incur more expenses related to general and administrative matters in order to improve our operation and management, or address both operational and non-operational issues, if any. We may not be able to increase our revenue enough to offset the increase in operating expenses resulting from these investments. If we are unable to sustain profitability, or if we are unable to achieve the revenue growth that we expect from these investments, the value of our business and stock may decrease.

We cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit.

We have developed a diversified revenue model and plan to explore additional opportunities to monetize our customer base and technology by, for example, promoting new AI related value-added services to end users or new SaaS to enterprises customers to generate more subscription fees. If these efforts fail to achieve our anticipated results, we may not be able to increase or maintain our revenue growth. Specifically, in order to increase the number of our customers and end users and their levels of spending, we will need to address a number of challenges, including providing consistent quality products and services, continuing to innovate and stay ahead of our competitors, and improving the effectiveness and efficiency of our sales and marketing efforts. If we fail to address any of these challenges, we may not be successful in increasing the number of our customers and end users and their expenditures with us, which could have a material adverse impact on our business, financial condition and results of operations.

Our results may fluctuate from period to period, and if we fail to meet securities analysts' and investors' expectations, the trading price of our ADSs and Class A ordinary shares and the value of your investment could decline substantially.

Our operating results have fluctuated from period to period and may continue to fluctuate in the future as a result of a variety of factors, many of which are outside of our control and may be difficult to predict, correlate, or anticipate even when external indicators are present. For example, our business model is based in large part on our ability to accurately estimate customer demands, which may constrain our ability to forecast our revenue. If operating results for any particular period fall below securities analysts' and investors' expectations, then the trading price of our ADSs and Class A ordinary shares could decline substantially. Some factors that may cause our operating results to fluctuate from period to period include:

- our ability to attract, retain and increase revenue from customers and end users;
- market acceptance of our products and services and our ability to introduce new products and services and enhance existing products and services;
- competition and the actions of our competitors, including pricing changes, the introduction of new products and services, and expansion into new geographies;
- our ability to control costs and operating expenses, including but not limited to the fees that we pay cloud infrastructure and AI large language model providers, chip and module suppliers, outsourcing manufacturing suppliers or OEMs who manufacture smart devices for our smart solutions business;
- changes in our pricing as a result of our negotiations with our larger customers or our optimization efforts or otherwise;
- the rate of expansion and productivity of our sales force;
- change in the mix of products and services that our customers and end users use;

- changes in end user and customer demand as end users increase or decrease their demand for smart home products, or other products and services, due to the imposition or easing of stay-at-home, travel and other government mandates in response to disease outbreaks, such as the Covid-19 pandemic or future epidemics and public health crisis;
- the expansion of our business, particularly in international markets;
- changes in foreign currency exchange rates and interest rates, particularly the U.S. federal funds rate;
- changes in laws, regulations or regulatory enforcement, in China, the United States or other countries and regions, that impact our ability to market, sell or deliver our products;
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our products and services on our platform;
- allegations, even if not supported by fact or based on isolated incidents, relating to cybersecurity events relating to our business operations or our unauthorized use, misuse or disclosure of personal information or other sensitive information;
- general economic and political conditions and imposition of new tariffs or adjustments in existing tariffs or trade barriers that may adversely affect a prospective customer's ability or willingness to adopt our products and services, delay a prospective customer's adoption decision, reduce the revenue that we generate from their use of our products and services, or impact customer retention;
- extraordinary expenses such as litigation or other dispute-related settlement payments;
- sales tax and other tax determinations by authorities in jurisdictions where we conduct business;
- the impact of new accounting pronouncements;
- expenses incurred in connection with mergers, acquisitions or other strategic transactions and integrating acquired business, technologies, services, products and other assets; and
- fluctuations in share-based compensation expenses.

The occurrence of one or more of the foregoing and other factors may cause our operating results to vary significantly. As such, we believe that period-to-period comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future performance. If we fail to meet or exceed the expectations of investors or securities analysts, then the trading price of our ADSs and Class A ordinary shares could fall substantially, and we could face costly lawsuits, including securities class action suits.

We are subject to potential misuse of our platform, tools, and services.

We provide an advanced platform and suite of software development tools, products, services and AI capabilities designed to enable developers to create innovative smart devices. While we strive to foster innovation and support the development of high-quality smart devices, there is a risk that developers might use our platform, tools, products, services, or AI capabilities improperly. Such improper use could include, but is not limited to, the creation of devices or applications that are harmful, infringe upon intellectual property rights, violate privacy regulations, or are used for illicit purposes.

Despite implementing terms of service and usage policies, it is challenging to completely mitigate the risk of misuse by all users. Any failure to detect, prevent, or address misuse promptly could harm our reputation among customers, developers, and industry partners. Negative public perception, particularly if amplified by social media or traditional news outlets, could result in decreased user engagement, reluctance of developers to use our platform, and potential legal and regulatory challenges. Moreover, should any misuse of our platform lead to litigation, regulatory scrutiny, or government action, we could incur significant legal expenses and potential fines, further impacting our financial performance. Additionally, rectifying any issues arising from such misuse may require substantial resources and lead to service interruptions, undermining the trust of our user base and potentially causing long-term harm to our brand.

Any failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our products and services.

Historically, we have relied on the adoption of our products and services by developers through our self-service portal as well as more targeted sales efforts. Our ability to further increase our customer base and achieve broader market acceptance of our platform will significantly depend on our ability to expand our marketing and sales operations. We plan to maintain an appropriate number of sales personnel both domestically and internationally. We also plan to dedicate appropriate resources to sales and marketing programs. All of these efforts will require us to invest significant financial and other resources and if they fail to attract additional customers and end users our business will be harmed.

We believe that there is significant competition for sales personnel, including sales representatives, sales managers and sales engineers, with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of effective and qualified sales personnel to support our growth according to our business and product strategies. New hires require significant training and may take significant time before they achieve full productivity. Our new hires may not become productive as quickly as we expect, if at all, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, particularly if we continue to grow rapidly, new members of our sales force will have relatively little experience working with us, our products and platform, and our business model. If we are unable to hire and train sufficient numbers of effective and qualified sales personnel, our sales personnel do not reach significant levels of productivity in a timely manner, or our sales personnel are not successful in acquiring new customers and end users or expanding usage by existing customers and end users, our business will be harmed.

We believe that continued growth in our business is also dependent upon identifying, developing and maintaining strategic relationships with additional retail channels that can drive substantial revenue growth. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners in independently selling and deploying our products and services, then our business, operating results and financial condition could be adversely affected.

Any failure to offer high-quality developer and customer support may adversely affect our relationships with our developers and customers.

High quality, ongoing developer and customer support are critical to the successful marketing, sale and adoption of our products and services. Many of our customers depend on our customer support team to assist them in deploying our products and services effectively, help them resolve post-deployment issues quickly and provide ongoing support. As we grow our developer and customer base, we will need to further invest in and expand our developer and customer support teams, which could strain our resources and reduce profit margins. If we do not devote sufficient resources or otherwise do not help our developers and customers adopt our products and services, quickly resolve any post-implementation matters, and provide effective ongoing developer and customer support and training, our ability to expand sales to existing and future developers and customers and our reputation would be adversely affected. Our support teams will face additional challenges associated with our international operations, including those associated with delivering support and documentation in multiple languages. We might also face additional difficulties associated with providing customer support and warranties to our customers as we may not be able to control customer service terms of third-party suppliers, such as outsourcing manufacturing suppliers or OEMs who manufacture smart devices for our smart solutions business. Increased demand for developer and customer support, without corresponding revenues, could increase costs and adversely affect our business, operating results and financial condition. Any failure to maintain high-quality developer and customer support, or a market perception that we do not maintain high-quality developer and customer support, could adversely affect our reputation, business, operating results and financial condition.

We may be sanctioned or otherwise restricted from engaging in certain businesses due to heightened regulatory and public scrutiny, including in connection with our data processing practices and policies.

The level of regulatory and political scrutiny on technology companies in general, and companies whose businesses involve the processing of personal information in particular, has increased significantly recently and may continue to increase globally. Legislators have enacted, and may continue to enact, new laws or regulatory agencies may promulgate new rules or regulations that are adverse to our business, or they may view matters or interpret or enforce laws and regulations differently than they have in the past or in a manner adverse to our business. Such legislative or regulatory scrutiny or action may create or enhance different or conflicting obligations on us from one jurisdiction to another. Additionally, we have been in the past and may in the future be the subject of scrutiny and press attention. Any related claims, allegations and investigations, even if without merit, may be very expensive to defend or respond to, involve negative publicity, and substantial diversion of management time and effort. These events could also result in reputational harm, significant judgments, fines and remedial actions against us, or require us to change our business practices, make product or operational changes, or delay or preclude planned transactions, product launches or improvements, any of which could harm our business, reputation, financial condition and operating results. For risks associated with our compliance with data privacy and data security laws in general, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Compliance with the rapidly evolving landscape of global data privacy and data security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of personal information, could damage our reputation and deter current and potential customers and end users from using our platform and products and services or subject us to significant compliance costs or penalties, which could materially and adversely affect our business, financial condition and results of operations.”

Our business depends on our strong reputation and the value of “Tuya” brand. If we are unable to maintain and enhance our Tuya brand and increase market awareness of Tuya and its products and services, our business, operating results and financial condition may be adversely affected.

We must maintain and enhance the “Tuya” brand identity and increase market awareness of Tuya-powered smart devices generally and our products and services. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our platform and products and services, attract and retain customers and our ability to maintain our current market leadership and successfully differentiate our products and services from competitors. These efforts require substantial expenditures, and we anticipate that they will increase as our market becomes more competitive and as we expand into new markets. These investments in brand promotion and thought leadership may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur. In addition, independent industry analysts often provide reviews of our products and competing products and services, which may significantly influence the perception of our products and services. If these reviews are negative or not as strong as reviews of our competitors’ products and services, our brand may be harmed. Adverse publicity (whether or not justified) relating to events or activities attributed to us, members of our workforce, agents, or third parties we rely on, may tarnish our reputation and reduce the value of our brand. Our brand value also depends on our ability to provide secure and trustworthy products and services as well as our ability to protect and use end users’ data in a manner that meets their expectations. In addition, any security incident, including one that results in unauthorized disclosure of sensitive data, could cause material reputational harm. Damage to our reputation and loss of brand equity may reduce demand for our products and services and thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of the brands and could also reduce the trading price of our ADSs and Class A ordinary shares.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, operating results and financial condition.

Our success depends, in part, on our ability to protect our brand, trade secrets, trademarks, patents, domain names, copyrights and proprietary methods and technologies, whether registered or not, that we develop under patent and other intellectual property laws of China, the United States and other jurisdictions, so that we can prevent others from using our inventions and proprietary information. We currently rely on patents, trademarks, copyrights and trade secret law to protect our intellectual property rights. However, we cannot assure you that any of our intellectual property rights will not be challenged, invalidated or circumvented, or that our intellectual property will be sufficient to provide us with competitive advantages. In addition, we may be subject to allegation of infringement of other parties’ proprietary rights, and other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages. Because of the rapid pace of technological change, we cannot assure you that all of our proprietary technologies and similar intellectual property rights can be patented in a timely or cost-effective manner, or at all.

We maintain and facilitate certain technical measures and access control mechanisms internally to ensure secure access to our proprietary information by our employees and consultants. We also maintain internal policies requiring our employees and consultants to enter into confidentiality agreements to control access to our proprietary information. However, if our employees and consultants do not fully comply with these internal policies, such policies may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information.

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, operating results and financial condition. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. Any of our patents, trade secrets, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation. We can provide no assurance that we will prevail in such litigation. In addition, our proprietary methods and technologies that are regarded as trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors and in these cases, we may not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions.

There can be no assurance that our ways and means of protecting our intellectual property and proprietary rights, including business decisions about when to file patent applications and trademark applications, will be adequate to protect our business or that our competitors will not independently develop similar technology. We could be required to spend significant resources to monitor and protect our intellectual property rights. If we fail to protect and enforce our intellectual property and proprietary rights adequately, our competitors might gain access to our technology and our business, operating results and financial condition could be adversely affected.

Unauthorized or improper disclosures of personal information, cyberattacks or other security incidents or data breaches that affect our networks or systems, or those of our cloud service providers or our customers, whether inadvertent or purposeful, could degrade our ability to conduct our business, compromise the integrity of our products and services, platform and data, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data which could adversely affect our business, financial condition and results of operations.

We depend significantly on our technology infrastructure, IT systems, data and other equipment and systems to conduct virtually all of our business operations, ranging from our internal operations and research and development activities to our marketing and sales efforts and communications with our customers, end users, suppliers and business partners. In addition, our products and services collect and store data of customers and end users, some of which may involve sensitive information, including personal information, trade secrets and other proprietary information. Internal or external individuals or entities may attempt to penetrate our network security, or that of our platform, and to disrupt or cause harm to our business operations, including by sabotaging or misappropriating our personal or proprietary information or that of our customers, end users, employees, suppliers and business partners or to cause interruptions of our products and services and platform. Because the vulnerabilities and techniques used by such individuals or entities to access, disrupt or sabotage devices, systems and networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques, and we may not become aware in a timely manner of such a security breach, which could exacerbate any damage we experience.

While we take reasonable measures to protect the security of, and against unauthorized access to, our systems, as well as the security of personal information and proprietary information, it is possible that our security controls and other security practices we follow may not prevent the improper access to or disclosure of personal information or proprietary information. We also rely on systems provided by third parties, including our clients, which may also suffer security breaches or unauthorized access to or disclosure of personal information or proprietary information. Additionally, we depend on our employees and contractors to appropriately handle confidential and sensitive data, including customer data, and to deploy our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. Any data security incidents, including internal malfeasance by our employees, unauthorized access or usage, virus or similar breach or disruption of us or our service providers could result in loss of confidential or proprietary information or personal information, damage to our reputation, loss of customers and end users, litigation, regulatory investigations, fines, penalties and other liabilities. Accordingly, if our cybersecurity measures or those of our customers fail to protect against unauthorized access, attacks (which may include sophisticated cyberattacks), the compromise or mishandling of data, or other misconduct or malfeasance, including by computer hackers, employees, contractors, vendors, customers and business partners, as well as software bugs, human error or technical malfunctions, then our reputation, business, operating results and financial condition could be adversely affected. Cyberattacks and other security incidents aimed at our products could lead to third-party claims that our product failures have caused damages to our customers or end users.

We experience cyberattacks of varying degrees and other attempts to gain unauthorized access to our systems from time to time, which may include by way of malware, phishing attacks, ransomware attacks, denial of service attacks, brute-force attacks or other means, any of which may result in disclosure of confidential information and intellectual property, defective products, production downtimes or compromised data, including personal information. Such cybersecurity threats and attacks that we may be subject to may take a variety of forms ranging from individuals or groups of hackers to sophisticated organizations, including state-sponsored actors and may even culminate in “mega breaches” targeted against cloud services and other hosted software. As the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these attacks or to implement adequate preventative measures. We anticipate that increase in the frequency and sophistication of cyber and other security threats, particularly with respect to breaches of IoT devices, and our customers’ increasing demands for cyber and other security protections and standards in our products, may cause us to incur additional costs to comply with such demands.

Any unauthorized access, acquisition, use or destruction of information we collect, store, transmit or otherwise process, the unavailability of such information or other disruptions of our ability to provide solutions to our clients or end users, regardless of whether it originates or occurs on our systems or those of third party service providers or clients, could expose us to significant liability under our contracts, regulatory actions, litigation, investigations, remediation obligations, damage to our reputation and brand, theft of intellectual property, supplemental disclosure obligations, loss of customer, consumer and partner confidence in the security of our applications, destruction of information, indemnity obligations, impairment to our business, and resulting fees, costs, expenses, loss of revenues and other potential liabilities and harms to our business. In addition, if a high profile security breach occurs within our industry or even other related industries, our customers and potential customers may lose trust in the security of our systems and information even if we are not directly affected.

Many statutory requirements, in China, the United States and the EU, as well as in other jurisdictions in which we operate, include obligations for companies to notify data protection authorities and individuals of security breaches involving certain personal information, which could result from breaches experienced by us or our external service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. In addition, such mandatory disclosures could lead to negative publicity and may cause our current and prospective customers or end users to lose confidence in the effectiveness of our data security measures. See “—Compliance with the rapidly evolving landscape of global data privacy and data security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of personal information, could damage our reputation and deter current and potential customers and end users from using our platform and products and services or subject us to significant compliance costs or penalties, which could materially and adversely affect our business, financial condition and results of operations.”

Any failure to maintain necessary permits and licenses to operate our business operations under applicable laws and regulations could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense, and any non-compliance may expose us to liability. We cannot guarantee that we will be able to obtain all requisite approvals, licenses, permits and certifications. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for the IoT and related industries in China and other jurisdictions in which we operate continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain approvals, licenses, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of non-compliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, if we fail to obtain all the necessary approvals, licenses, permits and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant business segments or facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

Furthermore, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or that the relevant government authorities will always, if ever, exercise their discretion in our favor. There may also be delays on the part of government authorities in reviewing our applications and granting approvals, whether due to the lack of human resources or the imposition of new rules, regulations, government policies or their implementation, interpretation and enforcement. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We may be involved in legal proceedings, litigations and disputes relating to alleged infringement of intellectual property rights, which could adversely affect our business, operating results and financial condition.

There is considerable patent and other intellectual property development activity in our industry. Our future success depends, in part, on not infringing the intellectual property rights of others. Our competitors or other third parties may in the future claim that our products and services or platform and underlying technology infringe on their intellectual property rights, and we may be found to be infringing on such rights. We may be unaware of the intellectual property rights of others that may cover some or all of our technology. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products and services, require us to develop alternative non-infringing technology or require that we comply with other unfavorable terms, any of which could have a material adverse effect on our business and results of operations. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or modify our products and services or platform, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against us, whether successful or not, could harm our brand, business, operating results and financial condition. In addition, even if our products and services or platform and underlying technology do not infringe upon any intellectual property rights of others, we cannot avoid the harm of malicious or frivolous intellectual property litigations that any third party may bring against us, such as costs we may incur in defending ourselves in these litigations.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in the industries in which we operate. We must provide competitive compensation packages and a high-quality work environment to hire, retain and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill important positions, we may be unable to manage our business effectively, including the development, marketing and sale of our products and services, which could adversely affect our business, operating results and financial condition. To the extent we hire personnel from competitors, we also may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

We may acquire or invest in business, technologies, services, products and other assets, which may divert our management's attention and result in the incurrence of debt or dilution to our shareholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.

We may evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our products and services, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their products or services are not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions also may disrupt our business, divert our resources or require significant management attention that would otherwise be available for development of our existing business. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

Negotiating these transactions can be time consuming, difficult and expensive, and our ability to complete these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if announced, may not be completed. For one or more of those transactions, we may: (i) issue additional equity securities that would dilute our existing shareholders; (ii) use cash that we may need in the future to operate our business; (iii) incur large charges or substantial liabilities; (iv) incur debt on terms unfavorable to us or that we are unable to repay; (v) encounter difficulties retaining key employees of the acquired company or integrating diverse offerings or business cultures; or (vi) become subject to adverse tax consequences, substantial depreciation or deferred compensation charges. The occurrence of any of these foregoing could adversely affect our business, operating results and financial condition.

Negative publicity about us, our products and services, operations and our directors, management and business partners may adversely affect our reputation and business.

We may, from time to time, receive negative publicity, including negative internet and blog postings, ratings or comments on social media platforms or through traditional media about our company, our business, our directors and management, our brands, our products and services, our suppliers or other business partners. Negative publicity about us, such as alleged misconduct by our employees, unauthorized use, misuse or release of personal information or other sensitive information, unethical business practices, or rumors relating to our business, management, employees, or our shareholders and affiliates, or negative publicity about other companies that use similar brand names as ours, can harm our reputation, business and results of operations. Any such allegations, even if not supported by facts or based on isolated incidents, may lead to inquiries, regulatory investigations or legal actions against us. Such actions could substantially damage our reputation and cause us to incur significant costs to defend ourselves. Certain of such negative publicity may be the result of malicious harassment or unfair competition by third parties. We may even be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to defend ourselves against such third-party conduct, and we may not be able to conclusively refute each of the allegations within a reasonable period of time, or at all.

We may receive complaints from our customers and end users on our products and services, pricing and customer support. If we do not handle customer complaints effectively, our brand and reputation may suffer, our customers and end users may lose confidence in us and they may reduce or cease their use of our products and services. Our success depends, in part, on our ability to generate positive customer feedback and minimize negative feedback on social media channels where existing and potential customers and end users seek and share information. If actions we take or changes we make to our products and services or platform upset these customers and end users, their online commentary could negatively affect our brand and reputation. Complaints or negative publicity about us, our products and services or platform could materially and adversely impact our ability to attract and retain customers and end users, our business, results of operations and financial condition.

Seasonality may cause fluctuations in our sales and operating results.

We have in the past experienced, and expect in the future to continue to experience, seasonal fluctuations in our revenues and sales from time to time as a result of the holiday season, customers' buying patterns, and changes in the business and economic environment that are outside our and our customers' control. We have experienced lower growth in revenues in the first quarter as a result of the reduced capacity of OEM customers located in China due to the Lunar New Year. The rapid growth in our business has offset this seasonal trend to some extent; however, we expect the historical seasonality trends to continue to impact our results of operations and financial condition. As a result, our results of operations and the trading price of our ADSs and Class A ordinary shares may fluctuate from time to time due to seasonality.

We face certain risks relating to the real properties that we lease.

We lease office spaces from third parties for our operations in China, the United States, Europe, Australia, India, Japan, Colombia and Singapore, among other locations. Any limitations on the leased properties, or lessors' title to such properties, may impact our use of the offices, or in extreme cases, result in relocation, which may in turn adversely affect our business operations. In addition, certain lease agreements of our leased properties in China have not been registered with the relevant PRC government authorities as required by PRC law. Therefore, we may be exposed to potential fines if we fail to rectify within the prescribed time period after receiving notices from the relevant PRC government authorities. Furthermore, the lessors of certain of our leased properties have not provided us with valid property ownership certificates or other documentation proving their right to lease those properties to us. As of the date of this annual report, we are not aware of any material actions or claims raised by any third parties challenging our use of these properties we currently lease, nor have we received any notices from the PRC government authorities. If our lessors are not the owners of the properties or they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated. If leases are invalid, we may face the risk of moving out of the leased property.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our products and services, and could adversely affect our business, operating results and financial condition.

The future success of our business depends on the continued use of the internet as well as continued demand for smart devices and our products and services. The PRC and foreign governments have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology (the "MIIT"). In addition, the national networks in China are connected to the internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the internet outside China. We may face similar or other limitations in other countries in which we operate. We may not have access to alternative networks in the event of disruptions, failures or other problems with the internet infrastructure in China or elsewhere. In addition, the internet infrastructure in the countries in which we operate may not support the demands associated with continued growth in internet usage.

Changes in these laws or regulations could require us to modify our products and services in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or result in reductions in the demand for internet-based products and services such as our products and platform. In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms” and similar malicious programs. If the use of the internet is reduced as a result of these or other issues, then demand for our products and services could decline, which could adversely affect our business, operating results and financial condition.

We may have insufficient computing resources, transmission bandwidth and storage space, which could result in disruptions and our business, results of operations and financial condition could be adversely affected.

Our operations are dependent in part upon transmission bandwidth provided by third-party telecommunications network providers, access to data centers to house our servers and other computing resources. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth and data center demands by our customers and end users. The bandwidth and data centers we use may become unavailable for a variety of reasons, including service outages, payment disputes, network providers going out of business, natural disasters, networks imposing traffic limits, or governments’ adopting regulations that impact network operations. These bandwidth providers may become unwilling to sell us adequate transmission bandwidth at fair market prices, if at all. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment capacity to reflect growing traffic or security demands. Failure to put in place the capacity we require could result in a reduction in, or disruption of, service to our customers and ultimately a loss of those customers. Such a failure could result in our inability to acquire new customers demanding capacity not available on our platform. See “ - We rely upon third-party providers of cloud-based infrastructure to host our platform. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use could adversely affect our business, financial condition and results of operations.”

Our products and services rely on the stable performance of servers, networks, IT infrastructure and data processing systems, and any disruption to such servers, networks, assets or systems due to internal or external factors could diminish demand for our products and services, harm our business, our reputation and results of operations and subject us to liability.

We rely in part upon the stable performance of our servers, networks, IT infrastructure and data processing systems for provision of our products and services. Disruptions to such servers, networks, assets or systems may occur due to internal or external factors, such as inappropriate maintenance, defects in the servers, cyberattacks or other malicious attacks or hacks targeted at us, occurrence of catastrophic events or human errors. Such disruptions could result in negative publicity, loss of or delay in market acceptance of our products and services, loss of competitive position, lower customer retention or claims by customers for losses sustained by them, or loss, destruction or unauthorized use of, or access to, data (including personal information for which we may incur liability under applicable data protection laws). In such an event, we may need to expend additional resources to bring the incident to an end, mitigate the liability associated with the fallout of such incident, make notifications to regulators and individuals affected, replace damaged systems or assets, defend ourselves in legal proceedings and compensate customers or end users. In addition, we may not carry insurance to compensate us for any losses that may result from claims arising from disruption in servers. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

Our use and provision of AI could lead to operational or reputational damage, competitive harm, legal and regulatory risk and additional costs.

Our business involves the use of artificial intelligence (“AI”), including generative AI, large language models (“LLM”), and other AI related technologies. The use of AI, a relatively new and emerging technology still in its early commercial stages, introduces additional risk, such as damage to our reputation, competitive position and business, legal and regulatory risks and additional costs. For example, if any of our employees, contractors, vendors or service providers use any third-party AI-powered software when rendering services to us, it may lead to the inadvertent disclosure of our confidential information. This could include the unintentional release of our data into publicly available third-party training sets, potentially undermining our ability to protect and enforce our intellectual property or confidential information, harming our competitive position and business.

Additionally, any content created by us using AI tools or capabilities may not be subject to copyright protection which may adversely affect our intellectual property rights in, or ability to commercialize or use, any such content. In the United States, a number of civil lawsuits have been initiated related to the foregoing and other concerns, the outcome of any one of which may, amongst other things, require us to limit the ways in which we use AI in our business and may affect our ability to develop related products, services, innovations and features. For example, the output produced by AI tools or capabilities may include information subject to certain rights of publicity or privacy laws or constitute an unauthorized derivative work of the copyrighted material used in training the underlying AI model, any of which could also create a risk of liability for us, or adversely affect our business or operations. To the extent that we do not have sufficient rights to use the data or other material or content used in or produced by the AI tools or capabilities used in our business, or if we experience cybersecurity breaches or incidents in connection with our use of AI, it could adversely affect our reputation and expose us to legal liability or regulatory risk, including with respect to third-party intellectual property, privacy, publicity, contractual or other rights. Further, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

As we are committed to building an AIoT platform-level enterprise service offering, we have integrated AI capabilities into our platform to empower developers to more easily and autonomously deploy AI functionalities into their smart devices through the design and development process. This lowers the technical threshold for developing AI-enabled devices and enables innovative applications to reach end users or downstream scenarios. However, given the early stage of AI commercialization, these capabilities may be expensive or cost-inefficient, and the AI features may fail to meet the expectations of developers, customers, end users, or other stakeholders. As a result, related products, solutions, or services may generate lower-than-expected revenue or fail to meet market or investor expectations.

In addition, we acquire AI capabilities both through our own research and development activities and through third-party procurement, such as purchasing tokens from LLM providers. These investments in AI may increase our operating expenses, and we cannot guarantee that the resulting products or technological capabilities will be successfully monetized. As a result, such forward-looking investments could negatively impact our operating leverage and profitability.

As the utilization of AI becomes more prevalent, we anticipate that it will continue to present new or unanticipated ethical, reputational, technical, operational, legal, competitive and regulatory issues, among others. We expect that such utilization of AI will require additional resources, including the incurrence of additional costs, to develop and maintain our platform offerings, services and features to minimize potentially harmful or unintended consequences, to comply with applicable and emerging laws and regulations, to maintain or extend our competitive position and to address any ethical, reputational, technical, operational, legal, competitive or regulatory issues which may arise as a result of any of the foregoing. As a result, the challenges presented with our use of AI could adversely affect our business, financial condition and results of operations.

Regulatory and legislative developments related to the use of AI could adversely affect our use and provision of AI in our products, services and business.

As the regulatory framework for machine learning technology, generative AI and automated decision making evolves, our business, financial condition and results of operations may be adversely affected. The regulatory framework for AI and similar technologies, and automated decision making, is changing rapidly. It is possible that new laws and regulations will be adopted in the United States and in non-U.S. jurisdictions, or that existing laws and regulations may be interpreted in ways that would affect our use and provision of AI in our products, services and business. We may not be able to adequately anticipate or respond to these evolving laws and regulations, and we may need to expend additional resources to adjust our offerings in certain jurisdictions if applicable legal frameworks are inconsistent across jurisdictions. In addition, because these technologies are themselves highly complex and rapidly developing, it is not possible to predict all of the legal or regulatory risks that may arise relating to our use of such technologies. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations.

For example, in Europe, the EU’s Artificial Intelligence Act (the “AI Act”) entered into force on August 1, 2024 and established, among other things, a risk-based governance framework for regulating AI systems operating in the EU. This framework categorizes AI systems, based on the risks associated with such AI systems’ intended purposes. While certain codes of practice and implementing legislation related to the AI Act have not yet been finalized, and certain provisions of the AI Act have not yet come into effect, there is a risk that our current or future AI-powered software or applications may obligate us to comply with the applicable requirements of the AI Act, which may impose additional costs on us, increase our risk of liability or adversely affect our business. For example, the AI Act prohibits certain uses of AI systems and places numerous obligations on providers and deployers of certain AI systems, with heightened requirements placed on AI systems that are considered high risk or which qualify as general purpose AI systems. This regulatory framework is expected to have a material impact on the way AI is regulated in the EU, and together with developing regulatory guidance and judicial decisions in this area, may affect our use of AI and our ability to provide and to improve our services, require additional compliance measures and changes to our operations and processes, result in increased compliance costs and potential increases in civil claims against us and could adversely affect our business, financial condition and results of operations.

Beyond the EU, we are also subject to a rapidly evolving and fragmented AI regulatory landscape in the United States at both the federal and state levels. For instance, recent U.S. federal executive orders and emerging legislative frameworks aim to establish national standards for AI safety, security, and transparency. At the state level, a complex patchwork of comprehensive AI legislation is taking effect. California has introduced stringent requirements for AI transparency, risk assessments, and provenance data, alongside updated regulations under the CCPA that govern the use of Automated Decision-Making Technology (ADMT). Similarly, the Colorado Artificial Intelligence Act imposes specific obligations, such as impact assessments and bias management, on developers and deployers of high-risk AI systems.

Furthermore, the intersection of AI and existing global data privacy laws increasingly subjects our systems to strict regulatory scrutiny. This includes heightened obligations for informed consent and human oversight when AI or ADMT is deployed. If our third-party data processors or vendors, particularly those operating in jurisdictions with distinct AI and privacy mandates, fail to comply with these algorithmic transparency or bias testing requirements, we may face operational disruptions or be held directly liable as a data controller. Reconciling these conflicting legal frameworks across our domestic and international entities will require significant ongoing investment in our compliance and audit programs, and failure to do so could adversely affect our business operations and financial condition.

We may, from time to time, rely on intellectual properties that we license from third parties, including product designs that are integrated with our internally developed products.

We may, from time to time, rely on intellectual properties that we license from third parties, including third-party product design, which is used with certain of our products. We cannot be certain that our licensors are not infringing the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products. Some of our agreements with our licensors may be terminated for convenience by them. If we are unable to continue to license any of these intellectual properties on commercially reasonable terms, we will face delays in releases of certain products or we will be required to redesign our products until equivalent, non-infringing design can be licensed or developed and integrated into our current products. This effort could take significant time (during which we would be unable to continue to offer our affected products) and expense and may ultimately not be successful. In addition, our inability to obtain certain licenses or other rights might require us to engage in litigation regarding these matters, which could have a material adverse effect on our business, results of operations, prospects and financial condition.

We and certain of our current and former directors and officers were named as defendants in a putative shareholder class action lawsuit, and may, from time to time, be the subject of shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operations, cash flows and reputation.

In August 2022, we and certain of our current and former directors and officers were named as defendants in a securities class action lawsuit, described in “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings.” On March 7, 2025, the court granted our motion for judgment on the pleadings, concluding that the plaintiffs failed to identify any false or misleading statements in the Company’s registration statement. On March 31, 2025, the court entered judgment in favor of us and all other defendants, dismissing all claims asserted in the action with prejudice.

We or certain of our directors or officers may, from time to time, be a target for lawsuits in the future, including putative class action lawsuits brought by shareholders and lawsuits against our directors and officers as a result of their position in other public companies. The existence of such cases and any adverse outcome of these cases, including any appeal of a judgment, could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows as well as the trading price of our securities. Resolution of these matters may utilize a significant portion of our cash resources and divert management’s attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, they could have a material adverse effect on our business, results of operations and financial condition.

As of the date of this annual report, we are not a party to any other material legal or administrative proceedings. However, we or our directors, management, employees and shareholders have been, and may from time to time in the future be, subject to or involved in various claims, disputes, lawsuits, other legal and administrative proceedings and fines. Lawsuits and other administrative or legal proceedings can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. In addition, lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease customer acceptance of our product offerings, regardless of whether the allegations are valid or whether we are ultimately found liable.

We have been, and may, from time to time, be involved in class action lawsuits in the United States in the future. Such lawsuits could divert a significant amount of our management’s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the lawsuits. The threat of such claims and the costs associated with defending them could have a material adverse effect on business, results of operations and reputation. See “—We and certain of our current and former directors and officers were named as defendants in a putative shareholder class action lawsuit, and may, from time to time, be the subject of shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operations, cash flows and reputation.”

We face inventory obsolescence, shortage or excess risks. Our results of operations could be materially harmed if we are unable to optimally manage our inventories to meet our operational needs.

Our inventories consist mainly of (i) modules and chips relating to our PaaS, and (ii) finished smart devices purchased from manufacturers or manufactured by manufacturing suppliers as part of our Smart Solution business. As of December 31, 2024 and 2025, we had inventories, net, of US\$23.8 million and US\$30.9 million respectively. Maintaining an optimal level of inventory is important for the success of our business. However, we are exposed to inventory obsolescence and inventory shortage risks as a result of a variety of factors beyond our control, including changes of customer needs due to various factors such as the imposition of new tariffs or adjustments in existing tariffs or trade barriers and the inherent uncertainty of the success of product launches. The inventory write-downs, net, decreased US\$0.01 million in 2023, decreased US\$1.0 million in 2024, and decreased US\$1.9 million in 2025 as a result of the net impact of current year provision and sales or uses of inventories with reserve. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. However, we cannot assure you that we can accurately predict these trends and events and avoid understocking or overstocking inventory, or that our inventory management measures will be implemented effectively so that we will not have significant levels of inventory obsolescence, shortage or excess. As a result of unforeseen or sudden events, we may experience slow movement of our inventories, fail to utilize or sell our inventories swiftly, or face the risk of inventory obsolescence, and our business, results of operations, financial condition and prospects may be adversely affected.

We may require additional capital to support our business and response to business opportunities, and this capital might not be available on favorable terms, if at all.

We intend to continue to make investments to the long-term operating and development of our business and may require additional funds. In particular, we may seek additional funds to develop new products and new features such as AI capabilities, enhance our platform and existing products, expand our operations, including our sales and marketing efforts and our global presence, and improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to holders of our ADSs and Class A ordinary shares. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, operating results and financial condition may be adversely affected.

We are subject to the uncertainties associated with the regulations on listing and securities offerings conducted overseas by China-based companies proposed and/or enacted in China and the United States.

The PRC government authorities have been exerting more oversight and control over listings and offerings conducted overseas by Chinese companies and investment in overseas-listed China-based companies. For example, on December 28, 2021, the CAC and several other administrations jointly promulgated the Cybersecurity Review Measures, which provide, among other things, that a “network platform operator” holding over one million users’ personal information shall apply for a cybersecurity review when listing its securities “in a foreign country.” In November 2021, the CAC promulgated the Draft Cyber Data Security Regulation, which states that a cybersecurity review will be required for a listing in foreign countries contemplated by a data processor who processes the personal information of at least one million users or the listing of a data processor in Hong Kong which affects or may affect the national security. Furthermore, on February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures,” and together with relevant supporting guidelines promulgated by the CSRC, the “New Overseas Listing Rules”). The New Overseas Listing Rules set out new filing procedures for China-based companies seeking direct or indirect listings and offerings in overseas markets and came into force since March 31, 2023. For details, see “Item 3. Key Information—Recent PRC Regulatory Developments—CSRC Approval for Issuance and Listing of Securities Overseas” and “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulation Relating to M&A and Overseas Listing.”

To the extent we are required to obtain any approvals, complete any filings and/or other administrative procedures or satisfy any other regulatory requirements under the above-mentioned proposed laws and regulations or any new regulatory requirements in the PRC in order to maintain the listing status of the ADSs or conduct listing or offering of our securities overseas, we cannot assure you that we will be able to meet these requirements in a timely manner, or at all. The PRC regulatory agencies may also take further actions requiring us, or making it advisable for us, not to proceed with such securities offering or maintain the listing status of the ADSs. If we proceed with any future listing or offering of our securities without obtaining the required approval, completing the necessary filings or other administrative procedures, or satisfying other regulatory requirements, we may face fines and other regulatory actions imposed by competent PRC regulatory agencies, and our ability to raise capital could be significantly limited or completely hindered, which could have a material adverse effect on our business, financial condition and results of operations or cause the value of our securities to significantly decline or be worthless. See also “—Risks Related to Doing Business in China—The filing, approval or other administration requirements of the CSRC, the CAC or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings under PRC law” and “—Risks Related to Doing Business in China—The uncertainties in the PRC legal system could materially and adversely affect us.”

In addition, as part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law in some jurisdictions, such as those in China, the U.S. Holding Foreign Companies Accountable Act (the “HFCAA”) was enacted on December 18, 2020. Trading in our securities on U.S. markets, including the NYSE, will be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor as an independent registered public accounting firm, for two consecutive years. If this is to happen, our liquidity and ability to raise additional capital will be materially and adversely affected. See “—Risks Related to Doing Business in China—Trading in our securities will be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor as an independent registered public accounting firm, and as a result, U.S. national securities exchanges, such as the NYSE, may determine to delist our securities.”

We face exposure to foreign currency exchange rate fluctuations, U.S. federal funds rate changes and Federal Reserve interest rate adjustments and such fluctuations and changes could adversely affect our business, operating results and financial condition.

As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. The majority of our cash generated from revenue is denominated in Renminbi, and our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations. Because we conduct business in currencies other than U.S. dollars but report our operating results in U.S. dollars, we also face translation exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could impact our operating results. We recorded other comprehensive loss from foreign currency translation of US\$2.7 million in 2023 and US\$2.6 million in 2024 and other comprehensive gains from foreign currency translation of US\$4.8 million in 2025.

The value of the Renminbi against the U.S. dollar and other currencies has in the past fluctuated significantly, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Tuya Inc. is a holding company and we rely mainly on dividends paid by our wholly foreign-owned enterprise in China for our cash needs. Any significant fluctuation of Renminbi against the U.S. dollar could adversely affect our business, operating results and financial condition, and the value of any dividends payable in U.S. dollars. To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares and the ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount.

We hold a substantial amount of our cash reserves in U.S. dollars. To manage our funds, we utilize various financial instruments, such as treasury securities, with a focus on ensuring the safety of our principal amount. The Federal Reserve has adjusted its expectations for future interest rates. Such a policy shift poses risks to our financial strategy, as a reduction in interest rates would directly impact the yield on our interest-sensitive assets. A significant decrease in interest income generated from our U.S. dollar deposits could adversely affect our financial performance.

The fair value measurements of certain financial assets and liabilities inherently involve a certain degree of uncertainty, and any adverse movements in their fair value may directly affect our results of operations.

Some of our financial assets and liabilities are measured at fair value, such as the short-term investments and long-term investments measured at fair value. As of December 31, 2024 and 2025, the fair value of short-term investments was US\$57.5 million and US\$61.3 million, and the fair value of long-term investments was US\$7.1 million and US\$7.4 million, respectively. For financial reporting purposes, fair value measurements of these financial assets and liabilities are categorized into level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial assets and liabilities classified in levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of level 3 financial assets and liabilities is based on valuation techniques and various assumptions of inputs that are unobservable and which inherently involve a certain degree of uncertainty. In 2023, 2024 and 2025, our fair value change on level 3 investments was in loss of US\$7.8 million, US\$0.2 million and gains of US\$0.3 million, respectively.

A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets and liabilities. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our financial assets and liabilities to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations. The fair value of our short-term investments and long-term investments measured at fair value is subject to changes beyond our control, and any adverse movements in their fair value may directly affect our results of operations. If the fair value of our short-term investments and long-term investments measured at fair value were to fluctuate, our business, financial condition and results of operations could be materially adversely affected.

We are subject to credit risk related to defaults of customers, and any significant default on our accounts receivable could materially and adversely affect our liquidity, financial condition and results of operations.

We are exposed to credit risk related to defaults of our various customers. As of December 31, 2024 and 2025, our accounts receivable, net were US\$7.6 million and US\$13.2 million, respectively. Moreover, a customer accounted for approximately 15.0% of our total accounts receivable as of December 31, 2025. Our accounts receivable turnover days were 15 and 16 in 2024 and 2025, respectively. We may not be able to collect all such accounts receivable due to a variety of factors that are outside of our control. If the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties to the extent it affects their ability to make timely payments, our corresponding accounts receivable might be adversely affected in terms of recoverability. Our accounts receivable balance may continue to grow alongside our business expansion, which may increase our risks for uncollectible receivable. If we are unable to timely collect our accounts receivable from our customers, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to maintain proper and effective internal control over financial reporting, we may be unable to accurately or timely report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of our ADSs and Class A ordinary shares may be materially and adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we maintain internal control over financial reporting and disclosure controls and procedures. An effective internal control environment is necessary to enable us to produce reliable financial reports and is an important component of our efforts to prevent and detect financial reporting errors and fraud. We are a public company subject to the Sarbanes-Oxley Act of 2002. Section 404 requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with the annual report for the fiscal year ended December 31, 2022. In addition, when a company meets the SEC's criteria, an independent registered public accounting firm must report on the effectiveness of the company's internal control over financial reporting.

In the course of preparing and auditing our consolidated financial statements for the year ended December 31, 2025, we and our independent registered public accounting firm did not identify a material weakness in our internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2025. See “Item 15. Controls and Procedures.”

In the future, however, if we fail to maintain an effective system of internal control over financial reporting, our management may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level.

As a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation. Furthermore, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404.

Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs and Class A ordinary shares. Moreover, we may need to incur additional costs and use additional management and other resources as our business and operations further expand or in an effort to remediate any significant control deficiencies that may be identified in the future. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods.

Our business is subject to the risks of earthquakes, fire, floods, pandemics and other natural catastrophic events, and to interruption by man-made problems such as power disruptions or terrorism.

A significant natural disaster, such as an earthquake, fire, flood or pandemic, occurring at our headquarters, at one of our local offices and facilities or where a business partner is located could adversely affect our business, operating results and financial condition. Further, if a natural disaster or man-made problem were to affect our service providers, this could adversely affect the ability of our customers and end users to use our products and services. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers’ businesses, national economies or the world economy as a whole, as is the case due to the COVID-19 pandemic. We also rely on our network and third-party infrastructure and enterprise applications and internal technology systems for our engineering, sales and marketing, and operations activities. In the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, operating results and financial condition.

In addition, computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent in our industry, have occurred on our platform and have impacted some of our customers in the past and may occur on our platform in the future. Any failure to maintain performance, reliability, security, integrity and availability of our products and services and technical infrastructure, including third-party infrastructure and services upon which we rely, may expose us to significant consequences, including legal and financial exposure and loss of customers and end users, and give rise to litigation, consumer protection actions, or harm to our reputation, and as a result, may hinder our ability to retain existing customers and end users and attract new customers and end users.

Our insurance coverage may not completely cover the risks related to our business and operations, which could expose us to significant costs and business interruptions.

Insurance products available in the PRC and many other markets in which we operate currently are not as extensive as those offered in more developed regions. Consistent with customary industry practice in the markets in which we operate, our business insurance is limited, and we do not carry key-man life insurance. Any uninsured damage to our facilities or technology infrastructures or disruption of our business operations could require us to incur substantial costs and divert our resources, which could have an adverse effect on our business, financial condition and results of operations. For more information, see “Item 4. Information on the Company—4.B. Business Overview—Insurance.” Furthermore, lack of any insurance coverage, or any failure of any insurance policy providing adequate coverage to cover any potential claims under such policy could leave us exposed to uninsured risk and could have a material adverse effect on our business or financial results.

We have granted, and may continue to grant, share-based awards, which may increase our share-based compensation and may have an adverse effect on our results of operations.

In December 2014, we adopted the 2015 Equity Incentive Plan (the “2015 Plan”), which was amended in July 2020, February 2021 and June 2022. In June 2024, we adopted the 2024 Equity Share Scheme (the “2024 Share Scheme”). We account for compensation costs for all share-based awards using a fair-value-based method and recognize expenses in our consolidated statements of comprehensive loss in accordance with U.S. GAAP. For details of the 2015 Plan and the 2024 Share Scheme, see “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plan.”

In 2023, 2024 and 2025, we recorded share-based compensation expenses of US\$65.2 million, US\$67.8 million and US\$22.3 million, respectively. As of December 31, 2025, all share-based compensations expenses related to share options granted by our company are recognized. As of December 31, 2025, there were US\$2.8 million of unrecognized share-based compensation expenses related to RSUs granted by us, which were expected to be recognized over a weighted-average vesting period of 1.02 years. We believe that the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. In addition, any ordinary shares that we issue under our 2015 Plan and the 2024 Share Scheme would dilute the percentage ownership held by public investors.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties.

Foreign ownership of telecommunication businesses is subject to restrictions under current PRC laws and regulations. For example, foreign investors are generally not allowed to own more than 50% of the equity interests in an information service provider or other value-added telecommunication service provider (other than operating e-commerce, domestic multiparty communication, storage and forwarding and call center) and the major foreign investor in a value-added telecommunication service provider in China must have experience in providing value-added telecommunication services overseas and maintain a good track record in accordance with the Encouraged Industries Catalog for Foreign Investment (2022 version), the Special Administrative Measures for Foreign Investment Access (Negative List (2024)), or the Negative List (2024), and other applicable laws and regulations.

Tuya Inc. is a Cayman Islands company and we currently conduct substantially all of our business operations in the PRC through our PRC subsidiaries, including Tuya Information, our wholly owned subsidiary incorporated in the PRC. We are classified as a foreign enterprise under the PRC laws and regulations, and Tuya Information, our wholly owned subsidiary in the PRC, is a foreign-invested enterprise. In light of the restrictions described above, we determined that it was not viable for us to hold Hangzhou Tuya Technology, or the former VIE, directly through equity ownership. Therefore, historically, we may only conduct the business operations conducted by the former VIE through a series of contractual arrangements between our PRC subsidiary on one hand, and the former VIE and its registered shareholders on the other hand, to comply with PRC laws and regulations. These historical contractual arrangements had enabled us to (i) exercise effective control over the former VIE, (ii) receive substantially all of the economic benefits of the former VIE, (iii) have the pledge right over the equity interests in the former VIE as the pledgee and (iv) have an exclusive option to purchase all or part of the equity interests in the former VIE when and to the extent permitted by PRC law. As a result of these historical contractual arrangements, we had control over and are the primary beneficiary of the former VIE for accounting purposes and hence consolidate its financial results under U.S. GAAP.

In the opinion of Jia Yuan Law Offices, our PRC legal counsel, (i) the ownership structures of our wholly foreign-owned enterprise and the former VIE in China did not violate provisions of applicable PRC laws and regulations then in effect; and (ii) the historical contractual arrangements between our wholly foreign-owned enterprise, the former VIE and its shareholders governed by PRC law were not in violation of provisions of applicable PRC laws or regulations then in effect, and valid and binding upon each party to such arrangements and, save as disclosed in “Item 4. Information on the Company—Historical Contractual Arrangements with the former VIE and the former VIE’s Registered Shareholders,” enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations then in effect. However, we were further advised by our PRC legal counsel that there were substantial uncertainties regarding the interpretation and application of then-current and future PRC laws, regulations and rules. Thus, the PRC government authorities might have taken a view contrary to the opinion of our PRC legal counsel. It was uncertain whether any new PRC laws or regulations relating to variable interest entity structure would be adopted or if adopted, what they would have provided. If we or the former VIE have been found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals to operate our business, the relevant PRC government authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations; or
- shutting down our servers or blocking our app or websites.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our financial condition and results of operations. In order to streamline our corporate structure and considering the changing regulatory environment, we deregistered our former VIE in November 2025. Despite such deregistration, there were substantial uncertainties regarding the interpretation and application of then current and future PRC laws, regulations, and rules relating to the agreements that established the former VIE structure for our operations in China, including potential future actions by the PRC government, which might retroactively affect the enforceability and legality of our historical contractual arrangements with the former VIE and, consequently, affect the historical financial condition and results of operations of the former VIE, and our ability to consolidate the results of the former VIE into our consolidated financial statements for the periods prior to the completion of the Restructuring. If the PRC government were to find such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, and such changes may be retroactively applied to our historical contractual arrangements, we could be subject to severe penalties and our control over the former VIE may have been rendered ineffective, which could result in potential restatement of our financial statements included elsewhere in this annual report. As a result, our shares and/or ADSs may decline in value or become worthless.

Historical contractual arrangements we had entered into with the former VIE may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the historical contractual arrangements in relation to the former VIE were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of the former VIE in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the former VIE for PRC tax purposes, which could in turn increase their tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other administrative sanctions on the former VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the former VIE's tax liabilities increase or if it is required to pay late payment fees and other penalties.

Risks Related to Doing Business in China

Changes in economic, political or social conditions or government policies of China and globally could have a material adverse effect on our business, financial condition and results of operations.

Substantially all of our assets and operations are located in China. Accordingly, our business, results of operations, financial condition and prospects are affected by economic, political and social conditions in China generally and by continued economic growth in China as a whole. China's economy differs from the economies of other countries in many respects, and the Chinese government plays a significant role in regulating industry development and has extensive influence over China's economic growth through allocating resources and setting monetary and fiscal policy.

In recent decades, the PRC regulatory authorities have implemented measures emphasizing market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, state-owned enterprises are still playing a key role in the economy of China. Furthermore, although China's economy has grown significantly in the past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and results of operations, lead to a reduction in demand for our services and adversely affect our competitive position. In addition, some of the government measures aim to benefit the overall Chinese economy, but may unexpectedly have a negative effect on us. For example, our financial condition and results of operations may be affected by government control over capital investments or changes in tax regulations.

Additionally, the global macroeconomic environment might face significant challenges in the near-term future. For example, following the COVID-19 outbreak, most countries have encountered rising inflation, resulting in weakened customers' spending on smart devices. Furthermore, there is considerable uncertainty about the short and long-term economic impact of the monetary and fiscal policies adopted by the central banks and government authorities of some of the world's leading economies and the imposition of new tariffs or adjustments in existing tariffs or trade barriers, including the United States and China.

We are exposed to risks associated with international relations and geopolitical risks.

We are exposed to risks associated with international relations, in particular, the relationship between the United States and China. Any unfavorable government policies, including those on investment restrictions or international trade, such as capital and data controls, tariffs or international payment and settlement system, updated or expanded sanctions and export control regulations, or any new or escalation of geopolitical confrontation and conflicts, may affect the demand for our products, impact the competitive position of our products, or prevent us from selling products in certain countries, or even our participation in international capital markets or the international payment and settlement system, any of which would materially and adversely affect our international operations, results of operations and financial condition.

Recent U.S. policy and regulatory developments have further increased these risks and the related uncertainty. On February 28, 2024, President Biden signed Executive Order 14117, which seeks to restrict access to bulk sensitive personal data and U.S. government-related data by “countries of concern.” It creates uncertainties and complications in our efforts to stay compliant with such regulations when it becomes effective. For example, if third-party cloud-hosting providers of our data centers in the United States, such as AWS, or our U.S. subsidiaries or U.S. personnel, were to be restricted from providing access to the relevant U.S. data in accordance with such regulations, it may negatively affect our businesses. On December 26, 2024, the U.S. Department of Justice issued a final rule implementing Executive Order 14117. The final rule became effective on April 8, 2025, and certain additional compliance requirements became effective on October 5, 2025. Additionally, on January 20, 2025, President Trump issued a national security presidential memorandum, titled “America First Trade Policy”, which, among other things, directs the Secretary of Treasury and several other executive departments and offices of the U.S. government to review the outbound investment controls focused on China, including Hong Kong and Macau, to determine if it includes “sufficient controls to address national security threats” and to determine whether the executive order implementing such program “should be modified or rescinded and replaced.” For more information about such program, see “– If we became subject to the U.S. Department of Treasury’s final rule on outbound investment in the future, investments in our securities by U.S. persons and our ability to raise capital from U.S. persons could be subject to restrictions.” On February 21, 2025, President Trump issued a national security presidential memorandum titled “America First Investment Policy” to provide guidance on investment oversight. The America First Investment Policy includes directives to, among other things, (i) determine if adequate financial auditing standards are upheld for companies covered by the HFCAA, and (ii) review the variable interest entity and subsidiary structures used by “foreign-adversary companies” to trade on United States exchanges, as well as allegations of fraudulent behavior by these companies, to protect United States investors. These developments, and any similar legislative or executive actions in the future, could have an adverse effect on our business, financial condition and results of operations.

On October 16, 2023, the Commerce Department’s Bureau of Industry and Security, or BIS, issued an interim final rule, “Implementation of Additional Export Controls: Certain Advanced Computing Items; Supercomputer and Semiconductor End Use; Updates and Corrections”. BIS sought comments in relation to “infrastructure as a service”, or IaaS, to address access by Chinese customers to IaaS to develop dual-use AI foundation models with potential capabilities of concern. Any future rulemaking in this area may restrict or limit our access to AI capabilities of our existing cloud service providers and negatively impact our business, financial condition and results of operations.

At the same time, geopolitical tensions and global instability, including tensions between the United States and China, the war in Ukraine, sanctions involving Russia, and instability in the Middle East and Latin America, have contributed to shifts in international trade, investment and regulatory policies. These developments, together with actual or threatened tariffs, trade restrictions, sanctions, export controls and other policy measures, have increased, and may continue to increase, the costs and uncertainties associated with importing and exporting products, technology, services and software in the major markets in which many of our customers, suppliers, brands, OEMs and developers operate.

In particular, trade tensions between the United States and China have been marked by tariff actions, retaliatory measures and abrupt policy changes, which have disrupted global trade flows and supply chains. In February 2026, the U.S. Supreme Court held that the International Emergency Economic Powers Act does not authorize the President to impose tariffs, and certain tariffs previously imposed under that statute were accordingly invalidated. On the same day, President Trump issued a proclamation imposing a temporary 10% ad valorem import surcharge under Section 122 of the Trade Act of 1974, effective February 24, 2026 for a period of up to 150 days, subject to specified exclusions. These and any future trade or foreign policy measures, whether directed at China or other major economies, could increase costs, disrupt supply chains, reduce customer demand, delay business decisions, and materially and adversely affect our business, results of operations and growth prospects.

In September 2021, three U.S. senators and certain commentators expressed concerns regarding our alleged failure to protect U.S. consumers’ data, and some have urged the U.S. government to take actions against us, including adding us to the Non-SDN Chinese Military-Industrial Complex Company List, or the NS-CMIC List. If we were added to the NS-CMIC List, U.S. persons would be prohibited from purchasing or otherwise dealing in our publicly traded securities, which could adversely affect the liquidity of our securities and potentially result in the delisting of our ADSs from U.S. markets.

In addition, the United States, the European Union and other jurisdictions maintain similar lists and regulatory regimes for economic sanctions and export controls, such as the Entity List administered by the U.S. Department of Commerce's Bureau of Industry and Security. If we were added to any such list or otherwise targeted by similar regulatory actions, our business, financial condition and results of operations could be materially and adversely affected.

More broadly, actual or proposed export controls, sanctions or other international trade restrictions, even if not directly applicable to us, may reduce investor confidence, decrease the liquidity of our securities and adversely affect the trading price of our ADSs and Class A ordinary shares, and could also adversely affect our customers, suppliers and the industries in which we operate.

If we became subject to the U.S. Department of Treasury's final rule on outbound investment in the future, investments in our securities by U.S. persons and our ability to raise capital from U.S. persons could be subject to restrictions.

On August 9, 2023, the Biden administration published an executive order, and the Treasury published an advanced notice of proposed rule-making (the "ANPRM"), providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau (the "Outbound Investment Program" or the "OIP"). Further to this ANPRM, on June 21, 2024, the Treasury issued a proposed rule on outbound U.S. investments involving China that was generally consistent in its requirements with the ANPRM. On October 28, 2024, Treasury issued a Final Rule to implement the executive order of August 9, 2023. The Final Rule took effect on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for certain investments in entities associated with China (including Hong Kong and Macau) that are engaged in certain activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are in some instances prohibited altogether from making, and in other instances required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions." On December 18, 2025, President Donald J. Trump signed into law the National Defense Authorization Act for Fiscal Year 2026, which includes The Comprehensive Outbound Investment National Security Act ("COINS Act") of 2025, thereby expanding the scope of technologies covered under the OIP and granting statutory authority of the OIP. On December 23, 2025, the US Treasury published a set of FAQs additional guidance regarding the scope of the public trade securities exception which could extend the exception to additional circumstances in securities offerings. U.S. persons should consider these additional FAQs in their investment considerations.

"Covered Transactions" include acquisitions of equity interests, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of Covered Transactions, including those in publicly traded securities listed on a national stock exchange. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

More recently, the America First Investment Policy aims to expand the industry sectors covered by the U.S. outbound investment regulations and supplement outbound restrictions through the imposition of sanctions. The proposed restrictions may further deepen the uncertainties for cross-border collaboration, investment, and funding opportunities of China-based issuers, including us. It is unclear whether these challenges and uncertainties will be addressed or resolved, and how they might impact global political and economic conditions over the long term. Possible changes to the U.S. outbound investment regulations could limit or, in the worst-case scenario, eliminate our ability to raise capital or contingent equity capital from U.S. investors in the future, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital-raising capacity and our business, financial condition and prospects. If we were deemed a Covered Foreign Person and therefore be subject to the Final Rule, even though U.S. persons' acquisitions of certain publicly traded securities (such as our ADSs) will be exempted from the scope of covered transactions under the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this offering, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital raising capacity and our business, financial condition and prospects. In such case, the value of the ADSs may significantly decline, or in extreme cases, become worthless.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. The past decades have seen the progressive legislation by the PRC government designed to enhance the protections afforded to various forms of foreign investments in China. However, because certain laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties.

Furthermore, the PRC legal system is based in part on government policies and China is geographically large and divided into various provinces and municipalities. Therefore, different regulations and policies may have different and varying applications and interpretations in different parts of China, and it is possible that we may not be aware in a timely manner that we have been identified to be in violation of these policies and rules until sometime after the occurrence of the violation. In addition, certain administrative and court proceedings in China may result in substantial costs and diversion of resources and management attention.

PRC government has complex regulatory requirements on the conduct of our business and it has recently promulgated certain regulations and rules to exert more oversight over offerings that are conducted overseas and/ or foreign investment in China-based issuers. Such action could significantly limit or hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in mainland China and Hong Kong against us or our management based on foreign laws.

Tuya Inc. is an exempted company limited by shares incorporated under the laws of the Cayman Islands. The Group conducts substantially all of its operations in mainland China, and substantially all of its assets are located outside the United States. In addition, we do not have any material operations in Hong Kong. Furthermore, to our best knowledge, most of our directors and executive officers reside within mainland China or Hong Kong for a significant portion of the time and are PRC nationals. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon us, our directors and executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws.

Even if you obtain a judgment against us, our directors or executive officers or the expert named in this annual report in a U.S. court or other court outside China, you may not be able to enforce such judgment against us or them in mainland China or Hong Kong. Neither mainland China nor Hong Kong has treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions, such as the United States. However, subject to certain conditions, including but not limited to when the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties or similar charges, the judgment is final and conclusive and has not been stayed or satisfied in full, the proceedings in which the judgment was obtained were not contrary to natural justice and the enforcement of the judgment is not contrary to public policy of Hong Kong, Hong Kong courts may accept such judgment obtained from a United States court as a debt due under the rules of common law enforcement. Nevertheless, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor, and there can be no assurance that such legal action in Hong Kong would be resolved in favor of the judgment debtor. Therefore, recognition and enforcement in mainland China or Hong Kong of judgments of a court in any of foreign jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

On July 14, 2006, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (the “2006 Arrangement”). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People’s Court and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the “2019 Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and the PRC. The 2019 Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024 but remains applicable to a choice of court agreement in writing entered into before the effective date of the 2019 Arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant PRC court.

Moreover, you may not be able to bring original actions in China based on the U.S. or other foreign laws against us, our directors or executive officers or the expert named in this annual report. In particular, shareholder claims that are common in the United States, including securities law class actions and fraud claims, generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. In the absence of a mutual and practical cooperation mechanism, there has not been efficient regulatory cooperation between the local authorities in China and the securities regulatory authorities in the United States to implement cross-border supervision and administration so far. Although the local authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such regulatory cooperation with the securities regulatory authorities in the United States have not been efficient in the absence of a mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. See also “—Risks Related to Our ADSs—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. or Hong Kong courts may be limited, because we are incorporated under Cayman Islands law.”

We may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China and Hong Kong to fund any cash and financing requirements we may have, and any limitation on the ability of these subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

Tuya Inc. is a Cayman Islands holding company and we rely principally on Tuya Inc.’s own capital reserves and dividends and other distributions on equity from our subsidiaries in mainland China and Hong Kong for our cash requirements, including for services of any debt we may incur. To the extent cash or assets in the business are in the PRC, including Hong Kong, or a PRC (including Hong Kong) entity, the funds or assets may not be available to fund operations or for other use outside of the PRC, including Hong Kong, due to interventions in or the impositions of restrictions and limitations on the availability of Tuya Inc. or its subsidiaries by the PRC government to transfer cash or assets. There is no assurance that the PRC government will not intervene in or impose restrictions on the ability of Tuya Inc. or its subsidiaries to transfer cash or assets.

Our PRC subsidiaries’ ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of each of their registered capitals. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us.

To address the persistent capital outflow and the RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and the State Administration of Foreign Exchange ("SAFE") implemented a series of capital control measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the Circular on Further Promoting the Reform of Foreign Exchange Management and Improving the Verification of Authenticity and Compliance Review (the "SAFE Circular 3") issued on January 18, 2017 provides that the banks shall, when dealing with dividend remittance transactions from a domestic enterprise to its offshore shareholders of more than US\$50,000, review the relevant board resolutions, original tax filing form and audited financial statements of such domestic enterprise based on the principal of genuine transaction. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law (the "EIT Law") and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax residents. Pursuant to the tax agreement between Mainland China and the Hong Kong Special Administrative Region, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise (i) directly holds at least 25% of the PRC enterprise, (ii) is a tax resident in Hong Kong and (iii) could be recognized as a beneficial owner of the dividend from a PRC tax perspective. Under administrative guidance, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Nonresident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, our Hong Kong subsidiary may be able to benefit from the 5% withholding tax rate for the dividends it receives from our PRC subsidiaries, if it satisfies the conditions prescribed under the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements and other relevant tax rules and regulations. However, if the relevant tax authorities consider the transactions or arrangements we have to be for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. Accordingly, there is no assurance that the reduced 5% withholding tax rate will apply to dividends received by our Hong Kong subsidiary from our PRC subsidiaries. This withholding tax will reduce the amount of dividends we may receive from our PRC subsidiaries.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application, which will then be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. However, such internal control procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

If the preferential tax treatments and government subsidies granted by the PRC government become unavailable, our results of operations and financial condition may be adversely affected.

Our PRC subsidiaries are subject to the PRC corporate income tax at a standard rate of 25% on their taxable income, while in 2023, 2024 and 2025, preferential tax treatment was available to Tuya Information, one of our PRC subsidiaries. Tuya Information was qualified as a “High-tech Enterprise” and was entitled to enjoy a 15% beneficial tax rate for the year ended December 31, 2025. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancellation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiaries will be subject to the PRC enterprise income tax (the “EIT”) at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may restrict or delay us from using the proceeds of our offshore securities offerings to make loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business.

Tuya Inc. is an offshore holding company and we conduct our operations in China through our PRC subsidiaries and, historically, through the former VIE. We may make loans to our PRC subsidiaries, subject to the approval from government authorities and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries in China.

Any loans to our PRC subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. In addition, a foreign-invested enterprise shall use its capital pursuant to the principle of authenticity and for self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities investments other than banks’ principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign Invested Enterprises (the “SAFE Circular 19”), effective in June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (the “SAFE Circular 16”), effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand business in China.

Among others, SAFE Circular 28 relaxes prior restrictions and allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from our future offshore securities offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements it may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs and Class A ordinary shares.

The filing, approval or other administration requirements of the CSRC, the CAC or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings.

On August 8, 2006, six PRC regulatory agencies jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle (the “SPV”) that is controlled by PRC domestic companies or individuals and that has been formed for the purpose of an overseas listing of securities through acquisitions of PRC domestic companies or assets to obtain the approval of the CSRC prior to the listing and trading of such SPV’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by SPVs. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore SPVs.

While the application of the M&A Rules remains unclear, we believe, based on the advice of Jia Yuan Law Offices, our PRC legal counsel, that the CSRC approval mentioned above is not required in our context because (i) our wholly foreign-owned PRC subsidiary was not established through mergers or acquisitions of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our company; and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules. However, there can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC legal counsel.

On July 6, 2021, the relevant PRC governments promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities (the “Opinions”), which among others provide that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of domestic industry competent authorities and regulatory authorities. As a follow-up, on February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures”) and relevant supporting guidelines, collectively, the New Overseas Listing Rules, setting out new filing procedures for China-based companies seeking direct or indirect listings and offerings in overseas markets, which came into force on March 31, 2023. The New Overseas Listing Rules are applicable to PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means. If an issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer shall be deemed as an indirect overseas offering subject to the filing procedures set forth under the New Overseas Listing Rules: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are derived from PRC domestic companies; and (ii) the issuer’s business activities are substantially conducted in mainland China, or its principal place(s) of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in mainland China. Pursuant to the New Overseas Listing Rules, an issuer listed in an overseas market that contemplates any follow-on offering in the same overseas market where it has previously offered and listed securities should, through its major operating entity incorporated in the PRC, file the required materials with the CSRC within three business days after the completion of such follow-on offering. Furthermore, according to the New Overseas Listing Rules, after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report to the CSRC within three business days after the occurrence and public disclosure of certain material events, including (i) a change of control, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulatory agencies or other relevant competent authorities, (iii) changes of listing status or transfers of the listing segment, (iv) a voluntary or mandatory delisting and (v) a material change in its main business operation, as a result of which that issuer is no longer subject to the filing requirements under the New Overseas Listing Rules. The New Overseas Listing Rules provide that in the event of any breach, including any failure to fulfill the filing procedure, or any offering and listing of securities in an overseas market in violation of the measures, the CSRC will order such domestic company to rectify, issue warnings to such domestic company, and impose a fine between RMB1 million and RMB10 million. Fines and warnings will be imposed on persons-in-charge and other persons who are directly liable. In addition, fines will also be imposed on controlling shareholders and actual controllers of the domestic company who initiate or cause the aforesaid non-compliance activities. As these measures and rules are relatively new, it remains uncertain as to their implementation. We may not be able to obtain approval or complete the required filing for any future offshore securities offering, and it is uncertain how long it will take us to obtain such approval or complete such filing, or if we can obtain any waiver of aforesaid requirements if and when procedures are established to obtain such waiver. Any failure to obtain or delay in obtaining such approval or completing such filing for any future offshore securities offering, or a rescission of any such approval obtained by us, could subject us to sanctions by the CSRC, the CAC or other PRC regulatory agencies for failure to seek approval or other governmental authorization or complete the necessary filing for any future offshore securities offering. In any such event, these regulatory authorities may also impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from any future offshore securities offering into the PRC or take other actions that could adversely affect our business, operating results and financial condition, as well as our ability to complete any future offshore securities offering. The CSRC, the CAC or any other PRC government authorities may also take actions requiring us, or making it advisable for us, to halt any future offshore securities offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur. Any uncertainties or negative publicity regarding such approval requirements could materially and adversely affect the trading price of our ADSs and Class A ordinary shares.

Certain PRC regulations may affect our ability to pursue growth through acquisitions.

Among other things, the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have an impact on national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the PRC Anti-Monopoly Law promulgated by the Standing Committee of the NPC which became effective in 2008 and was amended in 2022 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. In addition, PRC national security review rules which became effective in September 2011 require acquisitions by foreign investors of PRC companies engaged in military-related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations.

Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the competent government authority, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

We are required under PRC laws and regulations to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations, and we cannot assure you that we are able to make adequate contribution for each employee in a timely and appropriate manner at all time. If we fail to make adequate employee benefit payments, we may be subject to fines, late fees and legal sanctions, and our business, financial condition and results of operations may be adversely affected.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (the "SAFE Circular No. 37") to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (the "SAFE Circular 75"), which ceased to be effective upon the promulgation of SAFE Circular No. 37. SAFE Circular No. 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular No. 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

SAFE Circular No. 37 requires registration with, and approval from, Chinese government authorities in connection with direct or indirect control of an offshore entity by PRC residents. The term “control” under SAFE Circular No. 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore SPVs, by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (the “SAFE Circular 13”), which became effective on June 1, 2015. Under SAFE Circular 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular No. 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

These regulations described above may have a significant impact on our present and future structuring and investment. We intend to structure and execute our future offshore acquisitions in a manner consistent with these regulations and any other relevant legislation. However, because it is presently uncertain how these SAFE regulations and any future legislation concerning offshore or cross-border transactions will be interpreted and implemented by the relevant government authorities in connection with our future offshore financings or acquisitions, we cannot provide any assurances that we will be able to comply with, qualify under or obtain any approvals required by the regulations or other legislation. Furthermore, we cannot assure you that any PRC shareholders of our company or any PRC company into which we invest will be able to comply with those requirements. Any failure or inability by such individuals or entities to comply with SAFE regulations may subject us to fines or legal sanctions, such as restrictions on our cross-border investment activities or our PRC subsidiaries’ ability to distribute dividends to, or obtain foreign exchange-denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. In addition, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with SAFE or its local branches before they obtain the incentive shares or exercise the share options. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been or will be granted incentive shares or options are or will be subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions, and there may be additional restrictions on their ability to exercise their share options or remit proceeds gained from sale of their shares into the PRC. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with its “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at a rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation (the “SAT”) issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (the “SAT Circular 82”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises.

According to the SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe our company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our company or any of our offshore subsidiaries is a PRC resident enterprise for enterprise income tax purposes, our company or the relevant offshore subsidiaries will be subject to PRC enterprise income tax on its worldwide income at a rate of 25%. Furthermore, if we are treated as a PRC tax resident enterprise, we will be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs and Class A ordinary shares. In addition, non-resident enterprise shareholders (including holders of our ADSs and Class A ordinary shares) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of the ADSs/Class A ordinary shares, if such gain is treated as derived from a PRC source. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the holders of our ADSs and Class A ordinary shares) and any gain realized on the transfer of the ADSs and/or Class A ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC shareholders would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our ADSs or Class A ordinary shares.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC resident companies.

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (the “SAT Bulletin 7”), which came into effect on the same day, but will also apply to cases where their PRC tax treatments are not yet concluded. The SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, the SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity securities through a public securities market. The SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (the “SAT Bulletin 37”), which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets in China indirectly by disposing of the equity interests of an overseas holding company, or an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity whose equity is transferred, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is a transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under the SAT Bulletin 7 and/or SAT Bulletin 37. For transfer of shares in our company that do not qualify for the public securities market safe harbor by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with the SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our website.

China has enacted laws and regulations governing internet access and the distribution of products, services, news, information, audio-video programs and other content through the internet. In the past, the PRC government has prohibited the distribution of information through the internet that it deems to be in violation of PRC laws and regulations. If any of the information offered on our platform were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations.

Trading in our securities will be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor as an independent registered public accounting firm, and as a result, U.S. national securities exchanges, such as the NYSE, may determine to delist our securities.

Our independent registered public accounting firm that issues the audit report included in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Our auditor is located in China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely, without the approval of the Chinese authorities. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside China that are subject to the PCAOB inspections. As a result, investors were deprived of the benefits of such PCAOB inspections.

In recent years, U.S. regulatory authorities have continued to express their concerns about challenges in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. More recently, as part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, the United States enacted the Holding Foreign Companies Accountable Act, or the HFCAA, in December 2020. Trading in our securities on U.S. markets, including the NYSE, will be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor as an independent registered public accounting firm, for two consecutive years. On December 16, 2021, the PCAOB issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong (the "2021 Determinations"), including our auditor. On May 26, 2022, we were conclusively identified by the SEC under the HFCAA as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completely by the PCAOB in connection with the filing of our 2021 Form 20-F. The inability of the PCAOB to conduct inspections in the past also deprived our investors of the benefits of such inspections. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong in 2022. The PCAOB vacated its previous 2021 Determinations accordingly. As a result, we do not expect to be identified as a "Commission-Identified Issuer" under the HFCAA for the fiscal year ended December 31, 2025 after we file this annual report.

However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations against accounting firms headquartered in mainland China and Hong Kong in the future and states that it has already made plans to resume regular inspections. The PCAOB is required under the HFCAA to make its determination on an annual basis in regard to its ability to inspect and investigate completely accounting firms based in mainland China and Hong Kong. The possibility of being a "Commission-Identified Issuer" and risk of delisting could continue to adversely affect the trading price of our securities.

If the PCAOB determines in the future that it no longer has full access to inspect and investigate accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year. If the PCAOB determines in the future that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor as an independent registered public accounting firm, for two consecutive years, trading in our securities on U.S. markets will be prohibited. This will substantially impair your ability to sell or purchase the ADSs when you wish to do so. Furthermore, such trading prohibition will significantly affect our ability to raise capital on terms acceptable to us, or at all, which will have a material adverse impact on our business, financial condition and prospects.

Risks Related to Our ADSs and Class A Ordinary Shares

The price and trading volume of our ADSs and Class A ordinary shares may be volatile, which could lead to substantial losses to investors.

The trading price of the ADSs has been volatile since the ADSs started to trade on the NYSE on March 18, 2021. The trading price of the ADSs could continue to fluctuate widely due to factors beyond our control. The trading price of our Class A ordinary shares, likewise, can be volatile for similar or different reasons. In particular, the business and performance and the market price of the shares of other companies engaging in similar business to ours or those with operations located mainly in China that have listed their securities in the United States or Hong Kong may affect the price and trading volume of our ADSs and Class A ordinary shares. In addition to market and industry factors, the price and trading volume of our ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings or cash flow;
- fluctuations in operating metrics;
- announcements of new investments, acquisitions, strategic partnerships, capital raisings or capital commitments or joint ventures by us or our competitors;
- announcements of new solutions and services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental negative publicity about us, our competitors or our industry;
- announcements of new regulations, rules or policies relevant to our business;
- additions or departures of key personnel;
- allegations of a lack of effective internal control over financial reporting, inadequate corporate governance policies or fraud, among other things, involving China-based issuers;
- our major shareholders' business performance and reputation;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- regulatory developments affecting us or our industry;
- political or trade tensions between the United States and China, including but not limited to the imposition of new tariffs or adjustments in existing tariffs or trade barriers;
- potential litigation or regulatory investigations;
- fluctuations of exchange rates among Renminbi, the U.S. dollar and the Hong Kong dollar; and
- sales or perceived potential sales of additional ADSs or Class A ordinary shares.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs or Class A ordinary shares will trade. Furthermore, the stock exchanges on which our ADSs and Class A ordinary shares are traded in general experience price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies like us. These broad market and industry fluctuations may adversely affect the market price of our ADSs or Class A ordinary shares.

In the past, shareholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether successful or not, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

The concentration of our shares' voting power limited our shareholders' ability to influence corporate matters.

Our company is controlled through weighted voting rights. Each Class A ordinary share carries only one tenth (1/10) of the voting rights of each Class B ordinary share under our current memorandum and articles of association (except as required by applicable law, rules and regulations and in relation to certain reserved matters). As of March 31, 2026, there were 613,286,104 issued and outstanding ordinary shares, consisting of 543,122,851 Class A ordinary shares (including 253,461 Class A ordinary shares issued to the depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our 2024 Share Scheme and 5,400 Class A ordinary shares that have been repurchased by us from the open market) and 70,163,253 Class B ordinary shares. Mr. Xueji Wang and Mr. Liaohan Chen beneficially owned 77,336,747 Class A ordinary shares and 70,163,253 Class B ordinary shares, representing approximately 62.63% of the voting rights in our company with respect to shareholder resolutions relating to matters other than certain reserved matters, on the basis that Class A ordinary shares entitle shareholders to one vote per share and Class B ordinary shares entitle shareholders to 10 votes per share. As a result, Mr. Wang and Mr. Chen have significant influence over management and affairs of our company and over all matters requiring shareholder approval, including the election of directors (excluding the appointment, election or removal of any independent non-executive director) and significant corporate transactions, such as a mergers, consolidations, liquidations and the sale of all or substantially all of our assets, and other significant corporate actions. In addition, the issuance of the Class A ordinary shares, including future stock-based acquisition transactions and employee equity incentive programs, could prolong the duration of the ownership of Mr. Wang and Mr. Chen of our voting power and their ability to determine the outcome of most matters submitted to a vote of our shareholders. This concentrated control limits or severely restricts our shareholders' ability to influence corporate matters, and therefore we may take actions that our shareholders do not view as beneficial. As a result, the market price of our ADSs or Class A ordinary shares could be adversely affected. This concentrated control could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial, and may also discourage, delay, or prevent a change of control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs or Class A ordinary shares.

Holders of the ADSs may not have the same voting rights as the holders of our Class A ordinary shares and may not be able to exercise their right to direct how our Class A ordinary shares represented by the ADSs are voted.

Holders of the ADSs do not have the same rights as our registered shareholders. Holders of the ADSs will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings and will only be able to exercise the voting rights that are carried by the underlying Class A ordinary shares represented by the ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, holders of the ADSs may vote only by giving voting instructions to the depositary. If we instruct the depositary to ask holders of the ADSs for their instructions, then upon receipt of voting instructions from holders of the ADSs, the depositary will try, as far as practicable, to vote the underlying Class A ordinary shares represented by the ADSs in accordance with the instructions. If we do not instruct the depositary to ask holders of the ADSs for their instructions, the depositary may still vote in accordance with instructions given, but it is not required to do so. Holders of the ADSs will not be able to directly exercise their right to vote with respect to the Class A ordinary shares represented by the ADSs unless holders of the ADSs withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under the Articles, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven business days.

When a general meeting is convened, holders of the ADSs may not receive sufficient advance notice of the meeting to surrender their ADSs for the purpose of withdrawal of our Class A ordinary shares represented by such ADSs and become the registered holder of such shares to allow them to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under the Articles, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent holders of the ADSs from surrendering ADSs for the purpose of withdrawing our Class A ordinary shares represented by such ADSs and becoming the registered holder of such shares prior to the record date, so that they would not be able to attend the general meeting or to vote directly. If we ask for instructions, the depositary will notify holders of the ADSs of the upcoming vote and will arrange to deliver our voting materials to them. We have agreed to give the depositary at least 40 days' prior notice of shareholder meetings. Nevertheless, there is no guarantee that holders of the ADSs will receive the voting materials in time to ensure that holders of the ADSs can instruct the depositary to vote the Class A ordinary shares represented by their ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out voting instructions from holders of the ADSs. This means that holders of the ADSs may not be able to exercise their right to direct how our Class A ordinary shares represented by their ADSs are voted and they may have no legal remedy if our Class A ordinary shares represented by their ADSs are not voted as they have requested.

Our dual-class voting structure may render our securities ineligible for inclusion in certain stock market indices, and thus adversely affect the trading price and liquidity of our ADSs or Class A ordinary shares.

We cannot predict whether our dual-class share structure with different voting rights will result in a lower or more volatile market price of our ADSs or Class A ordinary shares, in adverse publicity, or other adverse consequences. Certain index providers have announced restrictions on including companies with multi-class share structures in certain of their indices. For example, S&P Dow Jones and FTSE Russell have changed their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. As a result, our dual-class voting structure may prevent the inclusion of our securities in such indices, which could adversely affect the trading price and liquidity of our securities. In addition, several shareholder advisory firms have announced their opposition to the use of the multiple class structure and our dual-class structure may cause shareholder advisory firms to publish negative commentary about our corporate governance, in which case the market price and liquidity of our ADSs and Class A ordinary shares could be adversely affected.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our securities, the market price and trading volume for our ADSs and Class A ordinary shares could decline.

The trading market for our ADSs and Class A ordinary shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs or Class A ordinary shares, or publishes inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs and Class A ordinary shares to decline.

Substantial future sales or perceived sales of our ADSs or Class A ordinary shares could materially and adversely affect their market price.

Sales of our ADSs and Class A ordinary shares in the public market, or the perception that these sales could occur, could cause the market price of our securities to decline. Shares held by our existing shareholders may be available for sale subject to the volume and other restrictions as applicable provided in Rules 144 and 701 under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the applicable lock-up agreements. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs or Class A ordinary shares.

We have granted equity-based awards to certain management, employees and non-employees. We adopted the 2015 Plan, which is terminated in June 2024 and established the 2024 Share Scheme, under which we may have the discretion to grant a range of equity-based awards to eligible participants. We intend to register all ordinary shares that we have issued or that we may issue in connection with any employee share-based awards. Once we register these ordinary shares, ADSs representing them can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the applicable lock-up agreements. If ADSs representing a large number of our ordinary shares or securities convertible into our ordinary shares are sold in the public market after they become eligible for sale, the sales could reduce the trading price of the ADSs and impede our ability to raise future capital. In addition, any ordinary shares that we issue under our share incentive plan would dilute the percentage ownership held by investors who purchase the ADSs.

Techniques employed by short sellers may drive down the market price of our ADSs or Class A ordinary shares.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. Short sellers hope to profit from a decline in the price of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as short sellers expect to pay less in that purchase than they received in the sale. As it is in the short sellers’ interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the public companies that have substantially all of their operations in China. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or enforcement actions by the SEC or other U.S. authorities.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in our ADSs or Class A ordinary shares could be greatly reduced or even rendered worthless.

Because we may not pay dividends in the future, you must rely on a price appreciation of our ADSs or Class A ordinary shares for a return on your investment.

Although we have declared dividends in the past, including in August 2024, February 2025, August 2025 and March 2026, we cannot guarantee that we will continue to do so in the future. We have adopted a policy on payment of dividends which however does not mandate our declaration of regular cash dividends, and investors should not rely on an investment in our ADSs or Class A ordinary shares as a source for any future dividend income. Any decision to distribute dividends remains at the full discretion of our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions, the broader business and economic environment, as well as other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs or Class A ordinary shares will likely depend entirely upon any future price appreciation of such securities. There is no guarantee that our ADSs or Class A ordinary shares will appreciate in value or even maintain the price at which you purchased them. You may not realize a return on your investment in our ADSs or Class A ordinary shares and you may even lose your entire investment.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. or Hong Kong courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by the Articles, the Companies Act of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England and Wales, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in the United States or Hong Kong. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. Moreover, while under Delaware law, controlling shareholders owe fiduciary duties to the companies they control and their minority shareholders, under Cayman Islands law, our controlling shareholders do not owe any such fiduciary duties to our company or to our minority shareholders. Accordingly, our controlling shareholders may exercise their powers as shareholders, including the exercise of voting rights in respect of their shares, in such manner as they think fit.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the Articles, the register of mortgages and charges and any special resolutions passed by shareholders) or to obtain copies of lists of shareholders of these companies. To the extent permissible under the Articles and that shall be in compliance with applicable stock exchange rules, our directors have discretion under our Articles to determine the closure of the register of members. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. In the absence of a mutual and practical cooperation mechanism, there has not been efficient regulatory cooperation between the local authorities in China and the securities regulatory authorities in the United States to implement cross-border supervision and administration so far.

Furthermore, according to Article 177 of the PRC Securities Law (the “Article 177”), which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

Holders of the ADSs may not receive cash dividends if the depositary decides it is impractical to make them available to such holders.

The depositary will pay cash dividends on the ADSs only to the extent that we decide to distribute dividends on our ordinary shares or other deposited securities. To the extent that there is a distribution, the depositary of the ADSs has agreed to pay to holders of the ADSs the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. Holders of the ADSs will receive these distributions in proportion to the number of ordinary shares the ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of the ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to holders of the ADSs.

Holders of the ADSs may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, holders of the ADSs waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If owners or holders of the ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, owners or holders of the ADSs may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any owners or holders of the ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Holders of the ADSs may experience dilution of their holdings due to the inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. However, we cannot make such rights available to holders of the ADSs in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not distribute rights to holders of the ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of the ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of the ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

Holders of the ADSs may be subject to limitations on the transfer of the ADSs.

The ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Our Articles give us power to take certain actions that could discourage a third party from acquiring us, which could limit your opportunity to sell your shares, including ADSs, at a premium.

Our Articles give us power to take certain actions that could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Subject to the Articles, compliance with the Hong Kong Listing Rules (and only to such extent permitted thereby), the Codes on Takeovers and Mergers and any applicable rules and regulations of authorities of places where the securities of our company are listed, and on the conditions that (i) no new class of shares with voting rights superior to those of Class A ordinary shares will be created and (ii) any variation in the relative rights as between the different classes will not result in creating a new class of shares with voting rights superior to those of Class A ordinary shares, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our Company or make removal of management more difficult. If our Board decides to issue preferred shares, the price of our ADSs or Class A ordinary shares may fall and the voting and other rights of the holders of our ADSs or Class A ordinary shares may be materially and adversely affected. However, our exercise of any such power that may limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions under the Articles is subject to our overriding obligations to comply with all applicable Hong Kong laws and regulations, the Hong Kong Listing Rules, and the Codes on Takeovers and Mergers and Share Buy-backs.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies. However, changes in U.S. securities regulations may cause us to lose our status as a foreign private issuer and the exemptions to which we are currently entitled.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;

- the sections of the Exchange Act requiring beneficial owners of more than 10% of a public company's securities to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer, which may be difficult for overseas regulators to conduct investigation or collect evidence within China.

In 2025, the SEC issued a concept release seeking public comment on potential revisions to the definition of foreign private issuer under U.S. securities laws. The concept release considers whether the current criteria, such as the thresholds for U.S. ownership, voting control, board composition, and place of business, appropriately capture today's global market realities. The SEC is evaluating whether updates are warranted to ensure consistent application of disclosure and reporting requirements under the Exchange Act and to address potential disparities between foreign private issuers and domestic issuers. If the SEC revises the definition of foreign private issuer and we no longer qualify as one, we would become subject to the same reporting and disclosure requirements that apply to U.S. domestic issuers. This change would increase our regulatory compliance burden, including the need to file periodic reports on U.S. domestic forms, prepare financial statements in accordance with U.S. GAAP, comply with U.S. proxy solicitation rules, and adhere to more extensive executive compensation and beneficial ownership disclosure obligations. Any such loss of foreign private issuer status could result in higher compliance costs, increased administrative complexity, and potential adverse effects on our investor relations and market perception.

We will incur increased costs as a public company.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and NYSE, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. For example, as a public company, we have increased the number of independent directors and adopted policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we have incurred, and will continue to incur, additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. Any such class action suit could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. In addition, any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. Furthermore, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards.

As a Cayman Islands exempted company listed on the NYSE, we are subject to corporate governance listing standards of the NYSE. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards.

We have followed Cayman Islands corporate governance practices in lieu of certain corporate governance requirements of the NYSE that listed companies must have (i) a nominating / corporate governance committee composed entirely of independent directors; and (ii) a compensation committee composed entirely of independent directors. As we have chosen, and may from time to time choose, to follow home country practice, our shareholders may be afforded less protection than they otherwise would enjoy under NYSE corporate governance listing standards applicable to U.S. domestic issuers.

If we were deemed to be an “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, results of operations and financial condition.

We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. Under Section 3(a)(1) of the Investment Company Act, an entity generally will be deemed to be an “investment company” for purposes of the Investment Company Act if, absent an applicable exemption: (a) it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (b) it is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities, and owns or proposes to acquire securities (other than U.S. government securities, securities issued by employees’ securities companies and securities issued by qualifying majority-owned subsidiaries of such entity) having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are, and hold ourselves out as being, engaged primarily in the business of IoT related product and service offerings, including PaaS and SaaS (such as industry SaaS and cloud-based software value-added services), based on a purpose-built cloud development platform, as well as smart solutions for smart devices and not in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that the Company is what is frequently referred to as an “orthodox” investment company as defined in the Investment Company Act and described in clause (a) in the preceding paragraph. Furthermore, we believe that, on an unconsolidated basis, at least 60% of the value of the Company’s total assets (exclusive of U.S. government securities and cash items) consists of direct equity interests in and/or loans to its direct or indirect qualifying majority-owned subsidiaries. We believe these subsidiaries are each qualifying majority-owned subsidiaries for purposes of the test described in clause (b) in the preceding paragraph, because such subsidiaries are primarily engaged in the business of providing internet-of-things products and services, and are either (i) not investment companies under the 40% test described in clause (b) in the preceding paragraph, because each such subsidiary does not hold securities (other than U.S. government securities, securities issued by employees’ securities companies and securities issued by qualifying majority owned subsidiaries of such entity) having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis or (ii) not investment companies under exemptions under the Investment Company Act, such as for companies that are not primarily engaged in investing in securities.

The need to comply with Section 3(a)(1), or exemptions, under the Investment Company Act may cause us to restrict our business and subsidiaries with respect to how we invest excess cash pending use in our business, a substantial portion of which is held in short- and long-term bank time deposits which may be deemed investment securities for purposes of the 40% test described in clause (b) above. In addition, if we no longer meet the requirements of Section 3(a)(1), and no other exemption is available to us, we may take other actions in order to conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act. This may include adjusting our cash management assets, which may result in lower rates of returns, and/or liquidating all or a portion of our investment securities (including potentially short- and/or long-term bank time deposits), including on unfavorable terms, and holding such amounts in cash, and/or acquiring assets or businesses that could change the nature of our business or potentially taking other actions that may be viewed as adverse to the holders of our ADS or ordinary shares, in order to conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act.

If anything were to happen which would cause the Company to be deemed to be an investment company under the Investment Company Act, we may lose our ability to raise money in the U.S. capital markets and from U.S. lenders, and additional restrictions under the Investment Company Act could apply to us, all of which could make it impractical for us to continue our business as currently conducted. This would materially and adversely affect the value of our ADS or ordinary shares and our ability to pay dividends in respect of our ADS or ordinary shares.

We were likely a passive foreign investment company (a “PFIC”) for 2025 and there is a significant risk that we will be a PFIC for 2026 and possibly subsequent taxable years, in which case U.S. investors will generally be subject to adverse U.S. federal income tax consequences.

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes), directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties (other than certain rents or royalties derived in an active conduct of a trade or business) and certain gains. Cash is generally a passive asset for these purposes. Goodwill and other intangible assets are active under the PFIC rules to the extent attributable to activities that produce active income.

We hold a substantial amount of cash and financial investments, and while that continues to be the case our PFIC status for any taxable year may depend on the average value of our goodwill and other intangible assets. We have not obtained any valuation of our goodwill or other assets. However, the value of our goodwill and other intangible assets for any taxable year may be determined, in large part, by reference to our average market capitalization. If the value of our goodwill is determined by reference to our average market capitalization, then we were likely a PFIC for our 2025 taxable year, and there is a significant risk that we will also be a PFIC for 2026, and possibly future taxable years. Moreover, it is not entirely clear how the contractual arrangements between us and the former VIE are treated for purposes of the PFIC rules, and we may be a PFIC for the 2025 taxable year or any prior year if the former VIE is not treated as owned by us for these purposes. Our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year and will depend on the composition of our income and assets and the value of our assets from time to time. For these reasons, we cannot express an expectation as to our PFIC status for 2026 or any future taxable year. U.S. holders of our ADSs or Class A ordinary shares should consult their tax advisers regarding our PFIC status for 2025 and any other taxable year.

If we are a PFIC for any taxable year during which a U.S. taxpayer holds ADSs or Class A ordinary shares, the U.S. taxpayer generally will be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and “excess distributions,” and certain reporting requirements. This will generally continue to be the case even if we ceased to be a PFIC in a later taxable year, unless certain elections are made. See “Item 10. Additional Information—10.E. Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

Your investment in our ADSs or Class A ordinary shares may be impacted if we are encouraged to issue CDRs in the future.

PRC government authorities have issued new rules that allow PRC technology companies listed outside China to list on the mainland stock market through the creation of Chinese Depositary Receipts (“CDRs”). However, as the CDR mechanism is newly established, there are substantial uncertainties in the interpretation and implementation of these rules. We might consider and be encouraged by the evolving PRC governmental policies to issue CDRs and allow investors to trade our CDRs on PRC stock exchanges in the future. However, there are uncertainties as to whether a pursuit of CDRs in China would bring positive or negative impact on your investment in our ADSs or Class A ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

We commenced our operations in June 2014 through Hangzhou Tuya Technology Co., Ltd., or Hangzhou Tuya Technology.

In August 2014, Tuya, Inc., our current ultimate holding company, was incorporated under the laws of the Cayman Islands.

In September 2014, Tuya (HK) Limited, currently a wholly owned subsidiary of Tuya Inc., was incorporated under the laws of Hong Kong.

In December 2014, Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.) (“Tuya Information”) was incorporated in the PRC. Tuya Information is currently a wholly owned subsidiary of Tuya (HK) Limited.

In June 2018, we effected a 10-for-1 share subdivision, following which each of our issued and unissued ordinary shares and preferred shares was subdivided into 10 ordinary shares and preferred shares, respectively.

In March 2021, our ADSs commenced trading on the NYSE under the symbol “TUYA.” We raised, from our initial public offering and from the underwriters’ exercise of option to purchase additional ADSs, approximately US\$904.7 million in net proceeds after deducting underwriting commissions and the offering expenses paid by us.

On July 5, 2022, Hong Kong time, our Class A ordinary shares commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code “2391.” We raised from our global offering in connection with the listing in Hong Kong approximately HK\$70.0 million in net proceeds after deducting underwriting commissions, fees and the offering expenses.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. Such information can also be found on the Company’s investor relations website at <https://ir.tuya.com>.

4.B.Business Overview

A REVIEW OF 2025

In 2025, we continued to improve our operating performance and advance the execution of our AI-related initiatives, while also returning capital to shareholders through cash dividends. During the year, we achieved revenue growth and further improved profitability and operating efficiency. Our non-GAAP operating income reached a record level, and we remained profitable on a GAAP basis, primarily due to increased operating leverage, continued expense discipline and a decrease in share-based compensation.

In 2025, we continued to integrate our Spatial LLM and On-Device AI capabilities into our platform and expanded into additional product categories, including AI-powered toys. We believe these efforts enhanced the functionality of our offerings and supported broader engagement across our ecosystem, including our registered AI developer community. We also continued to declare and pay cash dividends during the year, reflecting our capital allocation approach and confidence in our business and financial position.

Business review

In 2025, our total revenue reached about US\$321.8 million, a 7.8% year-over-year growth. Our overall gross margin remained stable at around 48.2%, while annual operating expenses declined by approximately 24.1% year-over-year due to continued cost discipline of the company. For the year, our non-GAAP profit from operations reached US\$33.7 million, with a non-GAAP operating margin of 10.5%, validating the effectiveness and scalability of Tuya's unique software-and-hardware integrated business model. Our non-GAAP net profit in 2025 reached US\$80.1 million, with a year-over-year growth of around 6.4%. Additionally, we achieved net profit of US\$57.9 million on GAAP basis, with a year-over-year growth of over ten times. This achievement enhances our flexibility at the statutory shareholders' equity level and enables us to pursue further strategic initiatives for long-term growth.

On the cash flow side, we generated around US\$81.0 million in positive operating cash flow in 2025. Following the dividend declared in February and in August, both of which have been fully paid, we ended the year with a net cash balance exceeding US\$1,017.3 million, maintaining a strong liquidity position.

For PaaS business, we witnessed a more diversified and dynamic developer base, contributing to solid year-over-year growth across all categories. Our product category structure has become increasingly balanced and diversified, aligning with the trend of customers expanding their product lines. In a highly fragmented and dispersed global consumer electronics market, the widespread adoption of technology continues to drive innovations across diverse product categories. The increasing variety of smart devices is fostering a more comprehensive approach to Spatial Intelligence, enhancing user convenience and comfort, ultimately progressing toward the vision of an interconnected and interactable intelligent ecosystem.

Our Smart Solution business continued to gain traction, particularly among top-tier customers, achieving approximately 8.9% year-over-year growth in 2025. For instance, in response to the French government's energy subsidy initiative, we supported our French customers in becoming among the first to meet the national energy efficiency subsidy standards, helping households lower energy consumption. At this stage of smart technology development, whether in consumer electronics or industry-specific applications, a rich ecosystem of smart devices is essential for top-tier customers. In this regard, Tuya possesses a significant advantage over the market with its expansive developer ecosystem, and Smart Solution further enhances our ability to support customers, strengthen engagement, and boost their market competitiveness.

We remain committed to building a robust developer ecosystem. As of the end of 2025, the number of registered developers on our platform reached around 1.8 million, with over 1.2 million SKUs of smart devices developed on Tuya's platform, spanning more than 3,200 product categories. We continue to foster an extensive ecosystem by, for example, integrating with Google Home APIs to create a seamless smart home experience and collaborating with Chery to establish a new "vehicle-home interconnectivity" ecosystem. At the same time, we are dedicated to expanding Tuya's global influence, positioning ourselves as a reliable partner for customers and developers worldwide. Our HEMS solution was recognized in the United Nations Global Compact (UNGC) report, "20 Best Corporate Sustainability Practices in 20 Years," highlighting Tuya's commitment to sustainability. Additionally, we achieved a Wind ESG rating of "A," and we were included in the S&P Sustainability Yearbook China Edition.

Development of device and edge AI

AI Agent Development Platform

We launched our Tuya AI Agent development platform in 2024 and continuously invested and upgraded such platform, further enhancing the capabilities in AI hardware development. Adopting an LLM-agnostic architecture, the platform currently supports seamless integration with various leading large language models (LLMs), including ChatGPT, Qwen, DeepSeek, Doubao, Mistral's Le Chat, Gemini, Amazon Nova, and Claude, among others.

By building a middleware layer that connects foundational model capabilities with device functionalities, the platform significantly lowers the technical barriers for developers to build AI devices and applications. Developers are empowered to flexibly select the most appropriate models based on their business requirements and accelerate product development using the templates, capability components, and scalable frameworks provided by the platform.

At the platform capability level, we further introduced a workflow orchestration mechanism and a skills framework. Developers can visually orchestrate the task workflows of AI Agents, combining perception, reasoning, device control, and service capabilities. Simultaneously, frequently used capabilities can be encapsulated into reusable skillsets, thereby enabling the construction of more flexible and scalable AI applications. Furthermore, we introduced an AI autonomous workflow planning capability, allowing AI Agents to automatically plan multi-step task workflows based on user objectives. This further elevates the autonomous decision-making capabilities of smart devices in complex scenarios.

- **Multimodal AI Interaction.** To elevate the interactive experience between AI and devices, we introduced multimodal AI interaction capabilities to the platform. This enables devices to understand and process various input formats, such as voice, images, video, and text, and generate corresponding multimodal outputs. This capability allows smart devices to understand user needs and environmental states more naturally. For instance, in scenarios like family companionship, pet interaction, and home management, devices can conduct comprehensive analyses using multimodal information to provide smarter and more personalized service experiences.
- **Long-Term Memory and Emotional Intelligence.** Tailored for long-term interaction and companion device scenarios, we built a genuine long-term memory capability within the platform that simulates human memory mechanisms. Our system simulates the human process of memory formation and updating through memory extraction, user persona knowledge graphs, dynamic confidence evaluation, and forgetting mechanisms. This enables AI Agents to gradually develop a more stable and personalized understanding of users over long-term interactions.

Concurrently, we integrated emotional recognition capabilities into the platform, allowing AI to identify emotional changes in user speech or behavior. This facilitates a more natural and emotionally resonant interactive experience in companionship, education, and other interactive scenarios.

AI Hardware Developer Components

To lower the barriers to AI hardware development, we launched a comprehensive suite of AI hardware panel components for developers. Developers can directly invoke various AI capabilities in a modular fashion, eliminating the need for complex development from the ground up.

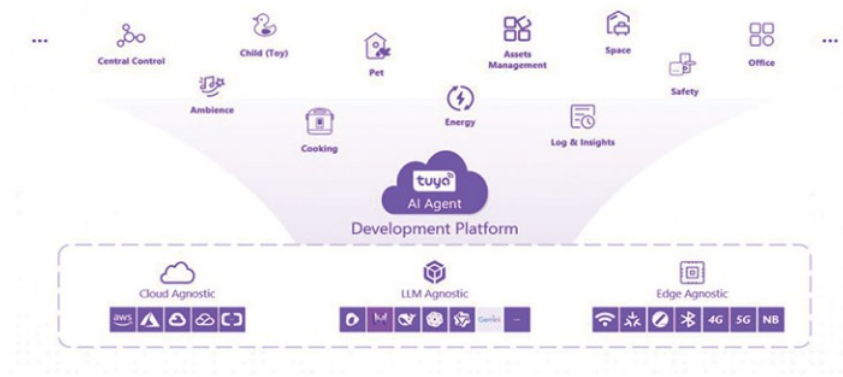
These components encompass functional modules such as voice cloning, character customization, dialogue record organization, memory management, voiceprint recognition, and emotional recognition. They empower developers to rapidly build AI-capable hardware products and interactive interfaces.

Through these modular components, developers can complete the functional design and user experience construction of AI hardware products in a significantly shorter timeframe, drastically reducing the complexity of AI product development.

AI Coding for Hardware Development

To further reduce the threshold for AI hardware development, we introduced the AI Coding development panel. Developers can describe their requirements using natural language, and the AI will automatically generate the relevant functional code and device logic.

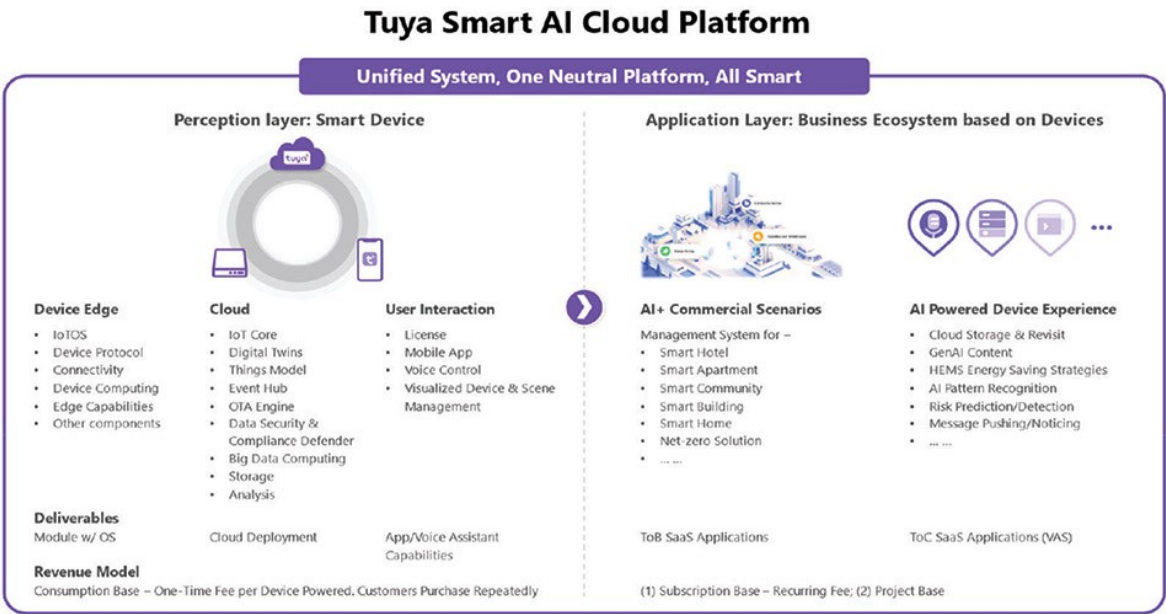
This capability currently supports multiple categories, including AI hardware devices, electrical, and lighting equipment. It enables developers to complete device functional development and product prototyping much faster, thereby significantly boosting development efficiency and shortening the product development cycle.



OVERVIEW

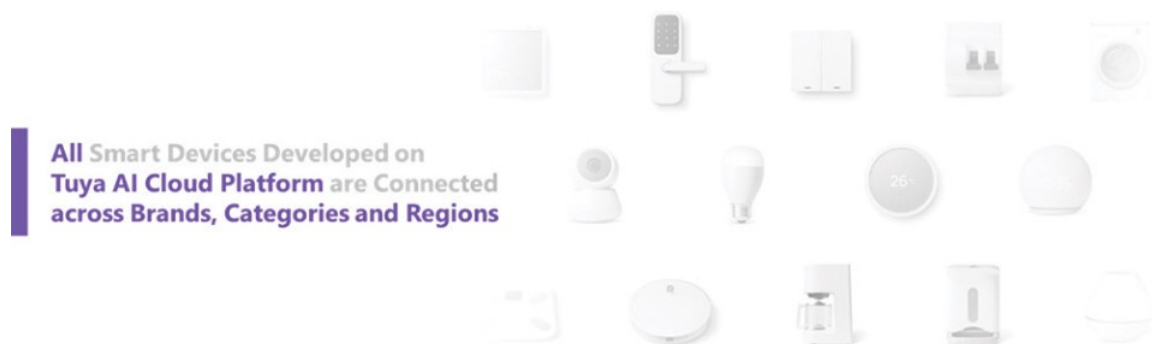
We are a global leading AI cloud platform service provider with a mission to build an AIoT developer ecosystem and enable everything to be smart. We have pioneered a purpose-built AI cloud developer platform that delivers a full suite of offerings, including Platform-as-a-Service (“PaaS”), Software-as-a-Service (“SaaS”) and Smart Solutions to developers of smart device, commercial applications, and industries. Through our AI cloud developer platform, we have 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. We are the largest third-party AI cloud platform offering PaaS in the global market of PaaS in terms of the volume of smart devices powered in 2025, according to CIC.

We deliver a variety of offerings. Our PaaS offering enables businesses, including original equipment manufacturers (“OEMs”) and brands, and developers to develop, launch, manage and monetize software-enabled smart devices and services. Our SaaS offering for those who use smart devices includes industry SaaS that enables businesses to deploy, connect, and manage large numbers and different types of smart devices in different vertical scenarios for spatial intelligence, cloud-based software value-added services that provide end users with additional smart scenario features such as cloud storage, AI audio and video interaction, and Cube Smart Private Cloud Solution that enables large-scale conglomerates to build their own autonomous and controllable smart business platforms. We also offer businesses, developers and end users a diverse range of other cloud-based value-added services to improve their ability to develop and manage IoT experiences. Additionally, we offer smart solutions for smart devices in which we provide customers with smart devices that integrated AI and intelligent software capabilities beyond IoT.



Our business model is both unique and innovative. First, we offer technology, products, and services to enterprises, positioning us as a typical enterprise service business. Second, we focus on the smart device sector, and the products we provide are essential components of our customers’ own businesses and products. Our goal is to empower customers—helping them build their own smart products and achieve success in their respective downstream end market. As a result, majority of our revenue reflects the cyclical nature of smart devices and follows the dynamics of the hardware supply chain. Lastly, like a brain for smart devices, our platform provides an “one-platform-all-smart” unified user experience, enabling end users to fully benefit from smart scenarios through a connected device ecosystem with an agnostic system—regardless of the underlying cloud service, IaaS provider, communication protocol, chip, or LLM, etc. These features collectively contribute to the network effects typical of internet-based business models, and together, they form our core competitive advantages and barriers to entry.

Our platform benefits from network effects driven by our ecosystem of developers, businesses, partners and end users. End users of smart devices demand a unified user experience to interact with various types of devices from different brands through one portal, such as a single interface—only achievable when all devices have the same “brain.” This is akin to using different apps on one smartphone. Our platform provides an open architecture to connect any device from any brand, while enabling users to manage all devices across brands through a single portal. As a result, we believe that as our platform continues to grow, more brands and OEMs want to join our platform to integrate their devices onto the single user interface using the same “brain”, through which devices from other brands are connected. These self-reinforcing network effects further increase our brand awareness and generate word-of-mouth referrals, helping us build an extensive, vibrant and increasingly interconnected AIoT ecosystem.



Our offerings enable customers across a broad range of industry verticals, such as smart home, smart business, renewable energy, education, agriculture, outdoors and sport, and entertainment. We have cultivated a large and diversified customer base, primarily including brands, OEMs, industry operators and system integrators. Starting from the end of 2021, we have been strategically optimizing our customer base to focus more on key account enterprises. In 2025, we served approximately 5,900 customers and our AI cloud platform empowered approximately 3,800 brands to develop their smart devices, including leading brands and enterprises such as Calex, Philips, Schneider Electric, Sharp, ABB, SCG, Panasonic, Changhong, TCL, Midea, etc. Our PaaS currently enables businesses and developers across over 200 countries and regions globally to develop smart devices in approximately 3,200 categories. We have established a large and active community of over 1.8 million registered AIoT device and software developers as of December 31, 2025.

In the past, our business has scaled rapidly by leveraging our strong software and robust platform-based delivery capabilities. However, prior to the second half of 2023, the global consumer electronics industry went through a headwind cycle, primarily due to global high inflation and supply-chain-wide destocking. Thanks to industry-wide efforts and moderately declining inflation, the downstream inventory level gradually returned to normal in the second half of 2023.

Throughout 2025, despite a complex and evolving operating environment, the industry sustained its growth trajectory, supported by normalized inventory levels and a strategic focus on high-value intelligent solutions. We believe the accelerated adoption of generative AI and LLMs in 2025 has moved beyond conceptual stages into deep, scenario-based integration, significantly increasing the penetration of smart devices and applications across both consumer and industrial sectors. With the effective execution of our customer and product strategies, coupled with the utilization and innovation of emerging technologies, our revenue increased by 7.8% to US\$321.8 million in 2025 from US\$298.6 million in 2024. Our net profit increased from US\$5.0 million in 2024 to US\$57.9 million in 2025. See “Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Discussion of Results of Operations.”

Challenges in the AIoT Era

By transforming the way people interact with the physical world, IoT and AI is also changing how brands and OEMs develop products and operate their business. With favorable technology drivers, consumers are increasingly demanding a software-like experience—in addition to the traditional physical interfaces—when interacting with devices, and are showing growing interest and high expectations for AI. As a result, brands and OEMs are seeking to build software capabilities in order to offer AIoT-enabled smart devices.

However, for brands and OEMs, building software and AI capabilities from scratch is both costly and time-consuming, causing many of their AIoT ventures to be unsuccessful. While a limited number of leading brands have built their own AIoT solutions, these solutions often are restricted to their own products, or products of their selected business partners, and the vast majority of brands and OEMs globally simply do not have the capital and technology expertise necessary to develop and deploy software across millions of devices, according to CIC. Brands, OEMs and developers face a number of challenges in delivering software-enabled AIoT offerings, such as (i) lack of development talent and capabilities, (ii) high cost and complexity to develop platforms, tools and applications, (iii) long development cycles, (iv) lack of standardized, easy-to-use software infrastructure and tools for developers and (v) inconsistent user experience caused by the fragmented market due to the variety of smart device categories and products across the brands and regions, which hinders the long-term potential of AIoT applications. These significant challenges can affect the end user experience and create the need for a third-party AI cloud platform that takes care of the complexities of developing, launching, supporting and growing AIoT software and unifying the IoT standards among fragmentation, so businesses and developers can leverage full-stack infrastructure and tools to develop devices and software applications with ease and cost-efficiency.

Tuya Solution—an AI Cloud Platform for Global Developers

We offer what we call an “AI cloud platform”—a platform that is open to all types of brands, OEMs and developers from across the world where they can access a common infrastructure and all the ready-to-use software, development tools and services needed to develop and manage smart devices with AI capabilities. According to CIC, we offered the world’s first IoT cloud development platform, giving us significant first-mover advantages in attracting and building long-term relationships with brands and OEMs globally.

Our platform is a one-stop AI cloud platform with an agnostic system across diverse cloud services, IaaS, device categories, edge capabilities and hardware architectures. It allows our brands and OEMs to digitalize their businesses and transform the experience of their end users across a diverse range of use cases.

We use “AI cloud platform” as a collective term to refer to a combination of the various IoT capabilities, AI capabilities, products and services that we offer to brands, OEMs, developers, partners and end users. As illustrated in the diagram below, our AI cloud platform encompasses the various AI and IoT developer kits and cloud infrastructure capabilities, and our products and services are built upon such capabilities. For more information, see “—Our Technologies.” Through our platform we have established an ecosystem of brands, OEMs, developers, partners and end users.



Based upon our Tuya AI cloud platform, we offer the following major cloud-based products and services:

- **PaaS.** PaaS provides brands and OEMs with a common software infrastructure and ready-to-use software and development tools that they need to develop, manage and upgrade smart devices. PaaS combines cloud-based connectivity and basic IoT services, edge capabilities, app development and device optimization solutions, which we believe are the most fundamental elements of enabling a product with IoT. Our platform allows customers to simultaneously work with multiple public cloud solutions, such as Amazon Web Services, Microsoft Azure, Alibaba Cloud and Tencent Cloud, as well as their private cloud infrastructures, with the flexibility to switch among them if needed. Our PaaS transforms traditional products into IoT-enabled products with computing, storage and networking capabilities on the “edge,” laying the foundation for a low code or no code development environment. We also provide a suite of developer tools and cloud-based services for customers to personalize or develop IoT applications that connect to our AI cloud platform and manage their smart devices for a variety of use cases. In addition, we are integrating more AI capabilities into our platform and offering them to developers in the form of PaaS, enabling more intelligent and versatile application development.

- **SaaS.** We offer industry SaaS, vertical-focused software solutions for spatial intelligence in different industry verticals. Businesses, such as hotel operators or property managers, leverage our SaaS solutions to intelligently manage their operations based on connected smart devices, thereby creating more smart scenes, improving user experiences and operating efficiency or optimizing costs by conducting better energy management. We also offer cloud-based software value-added services to business customers or end users that provide additional smart scenario features such as cloud storage, AI audio and video interaction. Our SaaS offerings are fully integrated with our IoT cloud infrastructure, device management apps and user apps, for customers to use in a plug-and-play manner. In addition, we will be continuously enriching our SaaS portfolio with more AI-powered services—such as energy management strategies, AI-driven interactive content—to further enhance the value and user experience for end users.

OUR PRODUCTS AND SERVICES

We offer our products and services to all key AIoT stakeholders. We set out to offer **PaaS** to customers developing smart devices, including brands and their contracted OEMs. Over time, we have extended our offerings to those who use smart devices. We offer **SaaS** including industry SaaS that enables businesses to deploy, connect, and manage large numbers and different types of smart devices in different vertical scenarios for spatial intelligence, cloud-based software value-added services that provide end users with additional smart scenario features, such as cloud storage, AI audio and video interaction, and Cube Smart Private Cloud Solution that enables large-scale enterprise customers to build their own autonomous and controllable smart business platforms. We also offer businesses, developers and end users a diverse range of other cloud-based value-added services to improve their ability to develop and manage IoT experiences. Additionally, we offer **Smart Solution** for smart devices in which we provide customers with smart devices that integrated AI and intelligent software capabilities beyond IoT.

For Business Customers Developing Smart Devices

PaaS

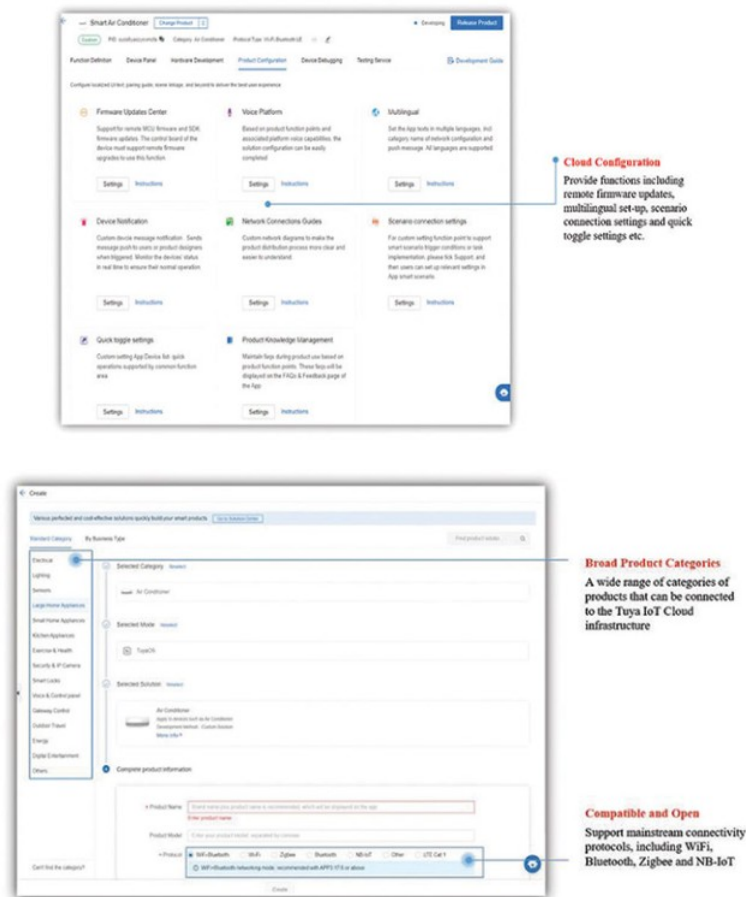
Our PaaS is an integrated, all-in-one product for brands and OEMs to build and manage smart devices.

Our PaaS combines cloud-based connectivity and basic IoT services, edge capabilities, app development, and device optimization solutions which we believe are the most fundamental elements of IoT capabilities. Customers can also leverage our developer toolkits, including SDKs and open APIs, to customize for desired use cases and functionalities.

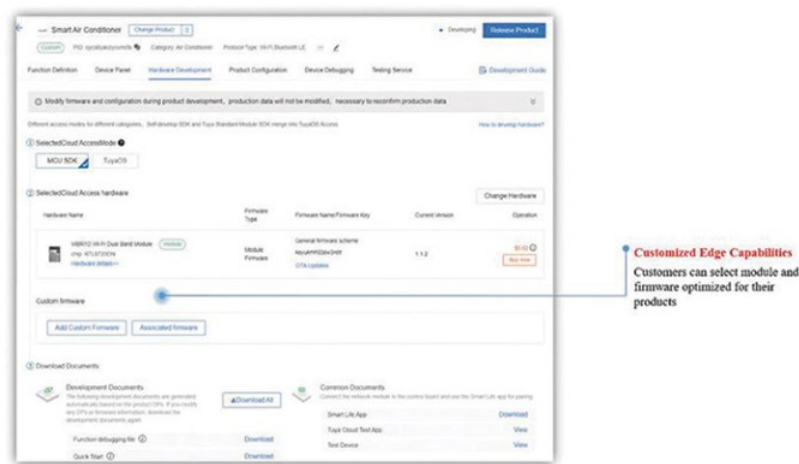
- **Cloud-based connectivity and basic IoT services.** Our AI cloud platform assigns a unique virtual ID to each device powered by Tuya and pairs it with a “digital twin.” A digital twin enables real-time, closed-loop interactions between the cloud and the physical smart device throughout its life cycle. As the status of the device changes, the digital twin synchronizes with it and “closes the loop” by interacting with the device to enable different functions and use cases.

Digital twin and the cloud-based connectivity it enables offer many features hard to imagine in the pre-IoT era, such as using a smartphone to control multiple devices remotely and predicting failure based on patterns learned from vast amounts of IoT data. It also brings convenience and safety to end users. For example, when smoke is detected while nobody is at home, it automatically turns off the gas and sends alerts. End users also benefit from basic IoT services such as automatic device scene switches based on real-time weather data obtained by the cloud through the internet. Digital twin also makes troubleshooting easier and less costly by providing developers with a virtual test environment to troubleshoot problems without making any changes to the physical device.

Our PaaS offers developers, many of whom work for brands and OEMs, a portal through which they can access a variety of software and development tools, as illustrated in the screenshots below.



- **IoT edge capabilities.** To become “smart,” a device must have key capabilities such as connectivity, storage and data processing, which we call “edge” capabilities, embedded in modules installed on the device. Our PaaS offers a library of edge capabilities for customers to choose from, as well as visualized, simple tools and dashboards for them to quickly find what they need. Our PaaS currently supports all mainstream wireless technologies, including Wi-Fi, Bluetooth, ZigBee, Thread, Matter and other IoT edge capabilities. The below screenshot illustrates the interface through which developers can leverage PaaS to embed edge capabilities.



The edge capabilities we offer are all pre-coded and ready-to-use, giving customers shorter time-to-market than writing the codes from scratch.

- **App development.** An easy-to-use app is key to a superior AIoT experience. We offer “white label” apps with minimal modification required to give customers the shortest time-to-market. This “one-app-for-all” approach enables end users to manage multiple devices, even those from different brands and categories, using one app only. Our customers may choose to engage us to design tailor-made apps or, in many more cases, customize the apps themselves or through third-party developers with development tools that we offer.

The below screenshot showcases our “one-app-for-all” approach that enables end users to manage various functions and different categories of devices using a single app, as well as our “Smart Scene” functions, which allow users to configure and manage present scenes and recommend smart scenes according to connected devices and user behaviors.



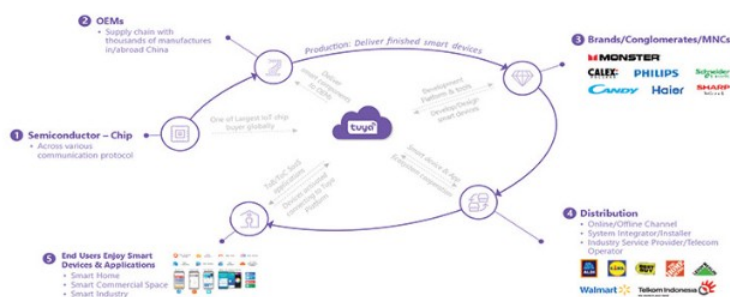
- **AI Capabilities:** AI agents are at the core of AI device, as they define the AI capabilities such device can deliver—such as interacting with devices through natural conversation, performing multimodal data analysis and processing, and executing AI control strategies. We are integrating these AI capabilities into our platform and offering them to developers in the form of PaaS, in order to support their needs in developing AI device and promote penetration of smart devices and scenarios, enabling more intelligent and versatile application development.
- **Device optimization solutions.** Even equipped with the edge capabilities, sometimes a device may not function well if the hardware is incompatible with the software. We bridge this gap for customers by helping them optimize the design, manufacturing and configuration of Tuya-powered devices to ensure that the hardware and software integrate to deliver the desired use cases and functionality. We also provide developers with a suite of analytics and debugging tools to help them independently identify root causes and troubleshoot problems.

Our PaaS also includes the following ancillary business related or technical related value-added services:

- **Tuya Mall.** It refers to the services that we offer to customers to help them build their own online marketplace to sell and distribute smart devices.
- **Ecosystem partnership with virtual assistant providers.** We enable our customers to add voice control powered by Amazon’s Alexa, Google Assistant and Samsung SmartThings and other voice-based capabilities to their devices.
- **Others.** In addition, we provide approximately dozens of ancillary value-added services, such as app function expansion service, device testing, “Work with Alexa” certification, “ZigBee Alliance” certification, and joint research and development of innovative smart applications, among other things. We also enable our customers to process and leverage device-level and app-level information to generate business insights to help improve their businesses.

Our PaaS offers an all-agnostic development environment across diverse cloud services, IaaS, device categories, edge capabilities and hardware architectures, allowing customers to simultaneously work with multiple public or private cloud infrastructure and with the flexibility to switch among them if needed, develop their product portfolios with different communication protocols and IoT chips, and leverage the differentiated capabilities and advantages of various LLMs to better suite their smart devices. This flexibility is valued by customers because it enables them to scale up their product portfolios as well as to cater to the broadest user bases across global markets, as different brands may have different preferences over cloud infrastructures, chips, and LLMs, etc., from commercial or compliance perspectives. In addition, according to CIC, we are the world’s first IoT cloud development platform at scale that is cloud-agnostic.

The following flow chart illustrates how we connect and empower key stakeholders surrounding our PaaS, i.e., chip vendors, brands (including retailers offering private-label smart devices) and their contracted OEMs, distribution channels, as well as end users. For more information about the value-added services we provide directly to end users, see “—For Business Customers and End Users Using Smart Devices.”



Smart Solution

In 2023, we upgraded our product strategy to further enhance our software-and-hardware integrated business model by expanding beyond PaaS into a more comprehensive hardware solution model. This strategic shift aims to provide developers and customers not only with advanced software capabilities, but also with competitive, ready-to-deploy smart hardware solutions. Under this strategy, we offer smart solutions for smart devices, which target selected sophisticated and high-value potential smart device categories, to our customers such as brands and telecom operators in the form of delivering finished smart devices that integrated AI and intelligent software capabilities beyond IoT. As this business has grown to represent a larger share of our overall smart device business, we officially renamed the business line from Smart Device Distribution to Smart Solution starting in 2024. Our Smart Solutions cover both our core smart home offerings and a broader range of commercial verticals—including hospitality, real estate, mobility, and renewable energy. In 2025, we continued to scale this business by targeting high-value product categories such as AI-powered emotional companionship products and residential energy management.

Our Smart Solution enables these customers to benefit from smart devices with more self-developed, integrated AI and smart software capabilities beyond IoT. These include advanced algorithms for multimodal interaction, mapping, streaming media, and software protocols for gateways, among others. Leveraging refined software and hardware integration, we empower our customers to expand their market share while continuing to optimize our revenue streams and overall business scale for Smart Solutions.

We also believe that the efficient distribution of Tuya-powered smart devices to target audiences benefits our long-term competitive edge and sustainability. To this end, we strategically offer some of our customers, mainly brands and system integrators, who prefer not to deal with a multiple OEMs option to purchase directly from us finished smart devices deployed with PaaS sourced from qualified OEMs. These customers typically place purchase orders directly with us by specifying the type of smart devices. We then source devices for these customers from qualified OEMs selected based on the type of products, hardware specifications and other metrics. We earn the difference between the prices at which the products are sourced and sold.

In addition, we provide customers with the access to Tuya Expo, a dedicated business-to-business (B2B) platform connecting brands globally with an extensive network of OEMs. Currently, only a de minimis portion of our revenue is derived from Tuya Expo.

For Business Customers and End Users Using Smart Devices

SaaS

Industry SaaS

We offer industry SaaS, vertical-focused software solutions that enable businesses to deploy, connect, and manage large numbers and different types of smart devices for spatial intelligence in different industry verticals. Just like how billions of people use apps to enjoy mobile technology, we design industry SaaS as plug-and-play everyday tools for people to interact with and harness the power of IoT. Industry SaaS makes life easier, healthier and more enjoyable, and drives efficiency, cost saving and productivity for businesses of all sizes across industries.

Our industry SaaS is built to be brand-agnostic and is compatible with Tuya-powered devices across brands and categories. We believe this is the key reason our customers choose us over other industry SaaS providers, especially those that only support certain brands exclusively, because our brand-agnostic industry SaaS enables customers to manage their diverse business needs and smart device products across different brands and categories. Industry SaaS customers have the flexibility in sourcing smart devices by themselves, from OEMs recommended by us or via other channels based on their own preferences.

We offer industry SaaS to select verticals with the potential of monetizing our IoT capabilities. We are also able to deliver the infrastructure and core capabilities of industry SaaS as a vertical-agnostic solution that they can use to create industry-specific applications and use cases.

Set out below are a few examples of our industry SaaS and the use cases they enable:

- **AI home energy management system (“AI HEMS”) SaaS solution** is a software-based home energy management solution featuring multiple AI capability innovations, including AI load identification, AI energy insights, AI energy scheduling, and AI energy returns. It is designed not only to help households and property managers gain deeper visibility and control over home electricity usage, but also to maximize energy efficiency through intelligent forecasting, automatic adjustment, and coordinated energy control. It enables smarter energy decisions, reduces unnecessary consumption, and supports the transition toward low-carbon, intelligent living environments.
 - For example, in power generation forecasting, AI HEMS SaaS solution can analyze future weather conditions to predict power generation with AI capabilities. Meanwhile, users can also leverage AI to analyze electricity market and core energy service provider pricing data for a dynamic pricing prediction. Powered by AI algorithms such as NILM (Non-Intrusive Load Monitoring), it can identify energy usage by individual appliances and estimate their respective shares of electricity usage. Combined with household electricity consumption profiles, it predicts future electricity demand with AI. By comprehensively considering parameters such as battery capacity and charge/discharge power, it ultimately formulates an AI HEMS operation strategy for optimal returns across solar energy generation, storage, charging, and consumption.
 - We also launched our plug-and-start micro solar-storage integrated solution. Driven by energy supply-demand tensions and favorable policies, plug-and-start micro solar-storage systems are experiencing rapid growth. The prominent advantage of this solution lies in its convenient plug-and-start installation by integrating the capabilities to convert, store, and maintain solar energy. Combined with our dynamic price analysis and AI energy scheduling capabilities, it enables smart charging and discharging, reducing electricity bills while decreasing reliance on traditional energy sources.
 - Furthermore, leveraging our unique open platform and rich partner ecosystem, we have achieved efficient interconnection among energy storage devices, metering devices, home appliance brands, and energy service platforms. This novel integration model of smart home and energy ecosystems endows the energy solution with unique value. It not only effectively alleviates grid loads and achieves peak shaving and valley filling, but also provides users with a more convenient and intelligent one-stop energy management experience, making green living truly accessible.
- **Smart hotel/apartment SaaS solution** offers a management solution for hotels and resorts, designed to not only provide convenience for hotel guests, but also drive automation, efficiency and responsiveness for the hospitality industry. For apartments, we also offer a toolkit for landlords and rental apartment operators to connect smart door locks, sockets and other smart devices to increase the value of their properties and make them easier to manage. It is compatible with all mainstream property management systems (“PMS”), as well as customers’ own systems purpose-built for a wide range of use cases, including campuses, offices and other commercial facilities.
 - Our Smart Hotel/Apartment SaaS solution allows the management to monitor different aspects of hotel services, such as housekeeping, guest traffic control, property surveillance and maintenance, from a single control point. In our Smart Hotel/Apartment SaaS solution, we have integrated both wired protocols (KNX, DALI, etc.) and wireless protocols (ZigBee, Bluetooth Mesh, WiFi, etc.), enabling more Tuya ecosystem products and third-party standard products to be incorporated into our system. This integration facilitates owners and integrators in transitioning from small-scale scenarios to medium-scale projects and even building system integration. Additionally, this SaaS capability acts as the foundational intelligence for Tuya spatial AI, achieving deep integration with various Tuya AI Solutions, including Tuya Energy Management System and Whole House SaaS Solutions
 - The hotel experience – guests staying at a hotel utilizing our smart hotel app can personalize their surroundings without having to adjust every individual device. Hotels are also able to save on utilities bills by taking advantage of human activity detection-based lighting and air conditioning in public areas and guest rooms.

- The resident experience – residents can monitor energy and utilities usage, create simple one-click actions to streamline routines or create access credentials for all guests. Apartment managers can monitor apartment maintenance more efficiently through our smart apartment software.

We primarily market our industry SaaS to system integrators. We also sell directly to individual industry operators, such as hotel or property managers. We mainly target large, established organizations with leading positions in their respective verticals and geographies, so that we can leverage their industry expertise and existing customer bases to quickly gain market shares and build brand awareness.

Cloud-based software value-added services

Since inception, we have allowed end users to connect to our platform to access a variety of basic cloud-based services, such as receiving app updates, for free. We also provide cloud-based value-added service technologies to our business customers, enabling them to serve end users while sharing revenue with us, or we offer end users the option to pay a fee to access a curated suite of cloud-based software value-added services with the resulting revenue shared with the business customers responsible for serving those end users:

- **Cloud Storage** – A cloud-based service that allows end users to revisit and replay content captured by their smart devices, such as pictures for memorable moments throughout the day or heartwarming interactions with pets.
- **AI audio and video** – AI-powered interactive experiences that support customized natural and emotional engagement. For example, an AI voice assistant for emotional companionship products (such as AI-powered interactive devices) can dynamically adjust its personality traits, voice, or accent to deliver emotional value or meet specific user interaction needs in various scenarios via LLM integration.
- **Push messaging** – sends users SMS text messages when a specific event (e.g., fire alarm going off) happens;
- **Content** – a library of digital content that enhances users' AIoT experience, such as music, podcasts and even a bedtime story that users can ask their Tuya-powered virtual assistant to tell for their kids; and
- **Others** – various other cloud-based value-added services, such as stream media, among others.

As we gain more insights about customer demands through their feedback, we will continue to roll out additional value-added services for business customers ultimately serving end users, aiming to provide an engaging and continuously improved customer experience.

Cube – The Smart Private Cloud Solution

We officially released Cube Smart Private Cloud (“Cube”) in early 2022, which complements our existing public platform and enables us to address the need for large-scale conglomerates, such as our Fortune 500 customers, for building their autonomous and controllable smart business platforms. Cube also allows customers to access the full range of capabilities of our platform to build out their own smart businesses faster with improved sustainability and value creation.

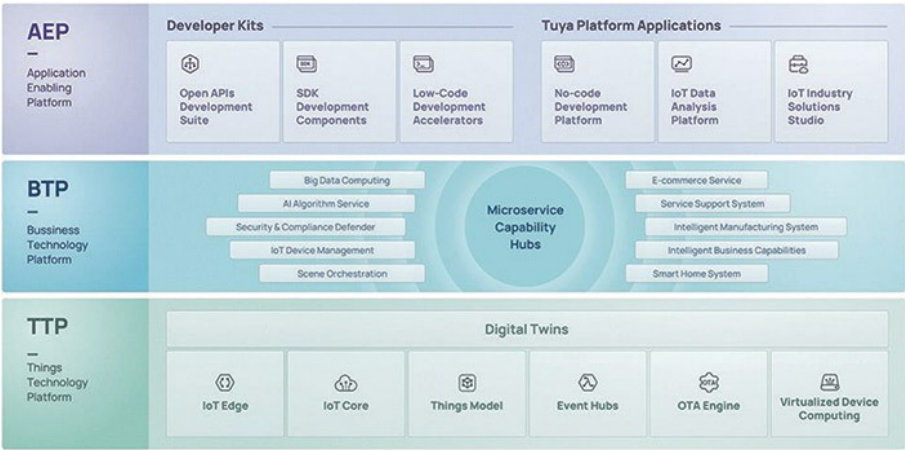
As one of our core long-term strategies, we will continue our innovation of Cube. For example, in 2023, we expanded and refined our product matrix, improved delivery efficiency, reduced operational costs for our clients and expanded AI capabilities while fostering deeper collaborations with global conglomerates. The introduction of the Cube, Cube Lite and Cube Edge product matrices in 2023 further diversified the applicability of Cube across different scenarios. These launches provided our customers with a wider range of choices, tailored to the specific requirements of vertical industries and enterprises of different sizes. In 2025, we further optimized Cube's modular architecture and product matrices, including Cube, Cube Lite, and Cube Edge, allowing enterprises to deploy SaaS-like vertical solutions with the security of a private cloud. By enhancing our AI capabilities within Cube, we provided

our clients with more intelligent and efficient vertical solutions to address complex business challenges. Cube remains our strategic engine for securing long-term collaboration opportunities with global key accounts.

OUR TECHNOLOGIES

Tuya IoT cloud infrastructure

Our AI cloud platform and product offerings are supported by Tuya IoT cloud infrastructure, our unified underlying infrastructure, as illustrated below.



Our IoT technologies consist mainly of a Things Technology Platform (“TTP”) and an Application Enabling Platform (“AEP”). TTP and AEP together serve as the bedrock of our AI cloud platform and product offerings. We also have Business Technology Platform (“BTP”), which is the competency center that provides the technology foundation to the upper layer of our Tuya IoT cloud infrastructure. With these technologies, developers can develop, manage, and upgrade smart devices and customize IoT capabilities for their specific user cases. We believe that these technological features are the foundation to our mission of enabling everything to be smart and integration of AI capabilities and services, empowering us to build a growing and dynamic network of developers and partners, and driving our long-term revenue growth.

- **Things Technology Platform (“TTP”)** is the technology that enables real-time, closed-loop data exchanges between the cloud and the physical smart devices throughout their life cycle, thus improving the efficiency of IoT deployment. By integrating all types of data points and functions from hundreds of thousands of consumer smart devices, TTP generates a consistent and standardized “Things Model,” which allows developers to further customize it based on specific use cases. Our platform provides customers with a suite of solutions so they can have all the necessary features in their product development without switching to a different platform. Furthermore, TTP connects, authorizes, authenticates and manages IoT devices, enabling stable and precise connections and interactions across various devices with different functions, attributes, models and manufacturers.

Our TTP consists of the following components:

- IoT Edge features edge computing capabilities that bring computation to the edge. IoT devices can spend less time communicating with the cloud, react more quickly to local changes and operate more securely and reliably;
- IoT Core is the core ability to connect, authorize, authenticate and manage digital twins devices;

- Things Model creates virtual representations of physical smart devices that enable analysis of data and monitoring of systems to prevent downtime, test new devices by using simulations and troubleshoot problems even before they occur;
- Event Hubs provides a unified streaming platform with time retention buffer, decoupling event producers from event consumers;
- Over-the-air Engine, or OTA Engine, provides unified OTA strategy and data analysis, predicts when devices need upgrades, reduces device OTA risks, and optimizes device usage activities; and
- Virtualized Device Computing enhances a smart device's hardware capabilities from the cloud platform by managing device access and scenes control through the edge of the network.
- **Application Enabling Platform ("AEP")** provides brands, OEMs and developers with a one-stop shop of AI and IoT cloud capabilities that they can use to add, customize or integrate functionality in a development environment that is "low-code" or even "no-code," meaning that those IoT cloud capabilities are ready-to-use by developers so that they do not have to write the codes from scratch. More specifically, AEP enables us to modularize the underlying functionalities and capabilities of its TTP, and visualize such functionalities and capabilities as icons and buttons on the development platform's operating interface. This allows customers to easily understand, select, drag and drop the desired functionalities for their smart devices in the development process even with little or no programming expertise. Leveraging our AEP, customers may reduce the time for developing devices or functionalities from months to days. In addition, our AEP is also equipped with device testing tools for manufacturing purposes, allowing customers to shorten the production-to-delivery cycle and achieve mass production for the smart devices within weeks. Our AEP delivers significant development efficiency.

AEP includes Tuya Platform Applications and Developer Kits that allow us to deliver PaaS, SaaS and other value-added services.

- *Developer Kits* allow developers to integrate tailored-made AI and IoT capabilities through a variety of APIs, SDKs and low-code development accelerators that allow developers to add, customize, or integrate systems and functionality based on specific requirements and needs.
- *Tuya Platform Applications* combine a no-code development platform, an IoT data analysis platform and an IoT industry solution studio to provide full platform-based business service capabilities.
- **Business Technology Platform (BTP)** is the competency center that provides the technology foundation to the upper layer of our Tuya IoT cloud infrastructure in the form of modular micro-services. It brings together a suite of service modules, such as big data computing, AI algorithm service and IoT device management, that work together to optimize customer experience.

We have deployed seven data centers hosted worldwide, including in China, the United States, Europe, India and Singapore.

Tuya AI Agent Development Platform

Our AI Agent development platform is a key pillar of our AI technology stack. It provides the foundational architecture for developing, deploying, and managing AI agents on smart hardware, enabling real-time interaction, multimodal understanding, and continuous intelligence at the device level.

- The platform is agnostic across cloud, LLMs, and edge environments, ensuring seamless compatibility with mainstream cloud infrastructures, a variety of large language models, and diverse connectivity and chip-level protocols. This flexibility enables AI capabilities to be deployed across a broad range of hardware and network configurations.

- Built on the Adaptive Expert System (AES) architecture, the platform allows for modular construction and orchestration of AI agents. These agents possess abilities such as intent recognition, contextual reasoning, memory persistence, and scenario-specific response generation—driving intelligent decision-making within devices.
- The system also includes a Multi-Agent Runtime (MAR) that enables multiple agents to work concurrently on a single device, coordinating tasks such as perception, inference, and control. This distributed runtime framework supports complex, multi-layered task flows while maintaining low-latency responsiveness.
- To ensure interoperability and openness, we developed the MCP protocol, which acts as a standardized interface layer between AI agents and external services. MCP allows agents to securely call third-party tools, data sources, or services in a structured, modular fashion—similar to a universal adapter for AI services.
- The AI Agent Development Suite provides a complete set of tools to support agent design and deployment, including prompt engineering, knowledge base configuration, scene orchestration, memory and dialogue management, debugging, and simulation tools. Developers can choose from template-based creation or fully customized agent pipelines to suit their application needs.
- Our platform also supports edge-cloud collaborative AI, optimizing model execution efficiency across a range of hardware capabilities, while enabling over-the-air (OTA) updates to continuously evolve device intelligence over time.
- Developers can choose from two modes of creation:
 - Template-based development, offering quick-start agent structures that are configurable and easy to extend;
 - Fully customized development, allowing precise control over memory loops, model selection, and toolchain design for advanced use cases.

RESEARCH & DEVELOPMENT

Our leadership is built by our teams who are passionate about IoT. As of December 31, 2025, we had 1,026 research and development employees, representing approximately 70% of total employees. Our research and development team primarily consists of technology and platform development engineers responsible for (i) developing and iterating proprietary IoT technologies (e.g., TTP and AEP) and implementing enhancements and upgrades to our AI cloud platform; (ii) building AI engineering capabilities by developing AI agents and integrating key AI functions into our platform; (iii) developing and upgrading our products, including PaaS, Cube and SaaS; and (iv) optimizing our internal operational systems and technologies. Our research and development team members have on average over ten years of experience across a significant number of different subject areas such as IoT, industry design, cloud computing, AI and machine learning.

In 2025, our research and development initiatives on AI yielded advancements in following technological innovation and product development:

- **AI Agent Development Platform:** we launched the Tuya AI Agent development platform, a significant enhancement to our AI capabilities. This platform is designed to be LLM-agnostic and currently supports integration with a broad range of mainstream LLMs, including ChatGPT, Qwen, DeepSeek, Doubao, Le Chat by Mistral, Gemini, Amazon Nova, and Claude, among others. By abstracting the complexities involved in building AI devices and applications from scratch, the platform serves as a critical middleware layer that connects LLM capabilities with practical, real-world use cases. Developers are empowered to select the most appropriate LLMs for their specific business and market requirements, and can accelerate product development through Tuya’s pre-built templates and customizable solutions.

- **Spatial LLM:** we introduced Spatial LLM, a generative AI solution that integrates large language models with real-time spatial data and smart device context within the Tuya ecosystem. Spatial LLM bridges the gap between applying general-purpose LLMs and specific AIoT business scenarios by enabling intelligent scene analysis, adaptive automation, and optimized decision-making. In energy management scenarios, Spatial LLM analyzes real-time consumption data across devices and environments to generate tailored energy-saving and emission-reduction strategies. The solution has been deployed across industrial, commercial, and residential settings, improving operational efficiency, reducing energy costs, and enhancing user experience through AI-driven scenario awareness and control.

Our AI cloud platform and proprietary cutting-edge IoT technologies have been developed in-house. We have invested substantially in research and development and we expect to continue to devote significant resources to research and development activities and incur a substantial amount of research and development expenses to enhance our competitive edge. In 2023, 2024 and 2025, we incurred research and development expenses of US\$102.3 million, US\$95.0 million and US\$89.7 million, representing 44.5%, 31.8% and 27.9% of our total revenue for the same years, respectively. These investments have continued to result in the launch of innovative products that have helped us attract new customers and increase sales to our existing customers.

BRANDS WE SERVE

Our growth strategies are tailored around the brands we serve and their contracted OEMs. For leading brands and their OEMs in target categories and those with large demands in our products, we are focused on providing bespoke support and services by, for example, offering free trials of product enhancements and new features and functionality. In 2025, our PaaS empowered a total of over 3,800 brands to develop smart devices.

Substantially all of the brands we serve relate to our PaaS business. We typically do not enter into agreements in relation to PaaS business directly with the brands and instead enter into agreements with their contracted OEMs. In these circumstances, we consider such OEMs to be our customers. In limited circumstances, we also enter into agreements directly with brands in relation to certain value-added services, in which case we also consider such brands to be our customers.

OUR CUSTOMERS

We define our customers as entities from whom we generate revenues for the products and services we provide. We had approximately 5,900 customers in 2025, primarily including brands, OEMs, industry operators and system integrators. Starting from the end of 2021, we have been strategically optimizing our customer base, to focus on key account enterprises. In 2025, our PaaS empowered over 3,800 brands to develop their smart devices, including leading brands and enterprises such as Calex, Philips, Schneider Electric, Sharp, ABB, SCG, Panasonic, Changhong, TCL, Midea, etc. As we have cultivated a large and diversified customer base across different industry verticals, we believe that none of our customers is material to our total revenue. We provide online customer support services and tools for our customers to submit customer complaints and service requests anytime and anywhere.

We use the dollar-based net expansion rate for PaaS as a useful indicator of our customers' loyalty and tendency to expand their usage of our platform over time. The dollar-based expansion rate for PaaS experienced a decline prior to early 2023 due to significant events that had adversely affected the global economy, including (i) shipping disruptions in late 2021 that delayed product deliveries and affected holiday sales; (ii) persistent inflation that dampened consumer sentiment; and (iii) supply-demand mismatch that led to an excess of inventory for downstream enterprises. As a result, our dollar-based net expansion rate of PaaS declined in early 2023. In the second half of 2023, with the easing of the downstream inventory backlog and the gradual recovery of the global economy, coupled with the effective customer-focus and product enhancement strategies we adopted to navigate through the macroeconomic headwinds, the dollar-based net expansion rate for PaaS rebounded and improved. Driven by increasing demand amid the global economic recovery and supply chain normalization in 2024, and our strategic focus on customer needs and product enhancements, the dollar-based net expansion rate for PaaS improved to 116% as of March 31, 2024, 127% as of June 30, 2024, 124% as of September 30, 2024, and 122% as of December 31, 2024, compared to the same period in 2023. The dollar-based net expansion rate for PaaS moderately declined to 102% as of December 31, 2025, reflecting the normalization of growth patterns among some of our customers with large revenue contribution following a period of rapid expansion in 2024, and our shifted strategic focus prioritizing new customers acquisition, who are currently in the initial ramp-up phase and expected to drive long-term expansion.

For more information about the mismatch between supply and demand in the global consumer electronics sector and the risks that it poses to us and our customers, see “Item 3. Key Information—3.D.Risk Factors—Risks Related to Our Business and Industry—We operate in an emerging and evolving market, which may develop differently from or more slowly than we expect. If our market does not grow as we expect, or if we cannot expand our products and services to meet the demands of this market, our revenue may decline, or fail to grow, and we may continue to incur operating losses.” For a detailed discussion of the dollar-based net expansion rate for PaaS and certain other key operating metrics, see “Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Key Operating Metrics.”

QUALITY CONTROL

We are committed to providing customers with our products and services of consistently high quality. We emphasize quality control in all aspects of our business, including, for example, design, research, production, sales and after-sales services. We strictly control the quality of our business and operations. In order to monitor the quality and ensure that our products and services meet all our internal benchmarks and specifications, we have implemented various quality-control checks into our business process. In addition, we provide after-sales services and support to our customers.

We have devoted significant resources to the quality control of our products and services. Our quality control is a cross-departmental responsibility shared by multiple teams across business functions, including supply chain management, quality assurance, safety and compliance, and after-sales and customer service. In particular, these teams are responsible for establishing quality control standards, procedures for inspection of our raw materials and products and review standards of our suppliers. They are also responsible for handling customer complaints and compliance with applicable laws and international and national standards.

SALES, MARKETING AND BRANDING

We generate sales primarily through our direct marketing efforts targeting brands and OEMs, with a focus on attracting new customers as well as expanding usage within our existing customer base. We also generate customer leads indirectly through offline retail channels and e-commerce platforms. We currently operate dedicated regional sales forces covering a number of our key overseas markets, such as the United States, Europe, India, Latin America and Asia Pacific. We also market our products and services through media, word of mouth, advertising and promotion to further enhance awareness of our brand as well as to increase our brand exposure across various customer bases.

As we expand our footprint globally, we have invested substantially in developing localized marketing strategies and employing sales and support staff. In particular, we focus on educating customers about the “Powered by Tuya” smart ecosystem.

We utilize a multitude of sales and marketing channels, including:

- online marketing channels such as search engine optimization, private domain operations and the online developer platform on our website;
- offline channels such as word-of-mouth referrals from brands owners, OEMs, retailers and other industry participants;
- brand marketing through industry conferences and events, including Mobile World Congress, International Consumer Electronics Show and Hong Kong Electronics Fair, where we demonstrate how we empower developers to push the boundary of IoT; and
- developer outreach via code sharing platforms and Q&A websites such as GitHub and Zhihu.

We are committed to nurturing our developer community and have taken initiatives to boost developer engagement. By the fourth quarter of 2025, our registered developer base had grown to over 1.8 million. Our TuyaOS low-code development framework currently supports over 2,300 types, covering all protocols and categories within the Tuya platform. Additionally, we have created over 1,200 development documents, and our developer forum has amassed more than 14,000 technical support posts. Our development tools have also evolved to support more self-service operations, further solidifying the foundation for expanding the developer community.

INTELLECTUAL PROPERTY

We rely on a combination of patent, copyright, trade secret and trademark laws as well as contractual restrictions such as confidentiality agreements, licenses and intellectual property assignment agreements. We also maintain a policy requiring our employees, contractors, consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our proprietary information. As of March 31, 2026, we had registered 742 patents, 1,611 trademarks, 203 copyrights and 134 domain names in China and overseas. We have registered “Tuya” and “Powered by Tuya” as trademarks.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. In addition, third parties may initiate lawsuits against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the infringed or similar technology on a timely basis, our business could be harmed. Even if we are able to license the infringed or similar technology, license fees could be substantial and may adversely affect our results of operations.

DATA SECURITY AND PRIVACY

When providing our products and services, we may have access to certain data of our customers and the end users, primarily certain machine-generated data produced by the smart devices powered by us. Such data consist primarily of the following types of device- and app-level information:

- data collected when a user registers in the mobile app that connects and controls smart devices powered by Tuya, or the App, such as basic account information (e.g., email address used to create an account);
- data collected through the App, such as App usage data and log information, mobile phone information (i.e., types and models of the mobile phones on which the App is installed), and feedback that users submit via the App; and
- data collected from smart devices, such as basic device data (e.g., on or off status and color) and data reported by the devices (e.g., humidity).

Collection of such data is based on users’ proactive consent to the in-App privacy policy prior to their use of the App. Such data will be collected, based on the type of data, either by the user’s active submission or our automatic collection, both of which are accomplished through the execution of predefined program logics embedded in the code of the App or the device’s firmware. The data are then transmitted to our cloud platform from the App or the device for processing. The data collected will be stored on specific data services as part of our cloud platform. Based on the user’s request, our cloud platform, also through the execution of predefined codes, will process the data and send feedback back to the App or the device. The primary purpose of the processing of the data is to facilitate the provision of our products and services to the users so that the devices may function properly.

As described above, the collection, processing and storage of the data that we may have access to are predominantly accomplished through the execution of predefined codes at the App or device level or embedded in our cloud platform. While we have the right to access and process such data to the extent proactively consented to by our customers or users, we do not have control over such data, except in very limited circumstances where we are by contract explicitly authorized by the users to do so. In any event, it is the users who retain the ownership of the personal information contained in the data.

We have designed strict data protection policies to ensure that the collection, use, storage, transmission and dissemination of such data are in compliance with applicable laws and with prevalent industry practice. Specifically, our policies cover three main areas: data security, cloud service security and access control management.

- **Data Security Policies:** we have published the Information Security Management Manual based on an industry-recognized information security management framework. Our Policy of Handling Individual Privacy Rights aims to address privacy-related requirements outlined by multiple data privacy laws and regulations about individual privacy requests, the internal process and responsible departments for responding to different types of data requests. Our Information Classification & Handling Policy has been developed to classify all information created, collected, processed and/or disseminated within the organization into different levels of sensitivity and criticality. Our Data Backup Policy requires mandatory electronic backup, so that data and application programs can be restored when an incident impacting the integrity of such data occurs. In addition, we have adopted the Tuya Incident and Data Breach Response Plan, which provides a well-defined, organized approach for handling any potential threat to servers and data, as well as taking appropriate action when the data breach concerns personal information.
- **Cloud Service Security Policies:** we have published the Management Process of Access to Information Systems and Surveillance of Use with the goal of strengthening the surveillance and control of access to our cloud information systems and to manage the security monitoring and log reviews within the infrastructure. Our Change Management Security Policy sets forth necessary processes to internally review and approve of potential changes before execution. Our Data Retention Policy aims to provide clear understandings of our roles and responsibilities for data retention and processing, and to regulate such retention, use and deletion of data collected and processed by us.
- **Access Control Management Policies:** we have designed Access Control Policies, which outline the categories of access to system platforms, application, machines and the alignment of personnel functionality accordingly, in an effort to achieve effective access control and to ensure information security integrity and confidentiality. We have also developed Management Process of Secure Areas to help us maintain the security of physical access to our facilities and offices by establishing effective perimeters and safeguard measures, which is an integral part of ensuring the integrity, security and confidentiality of data.

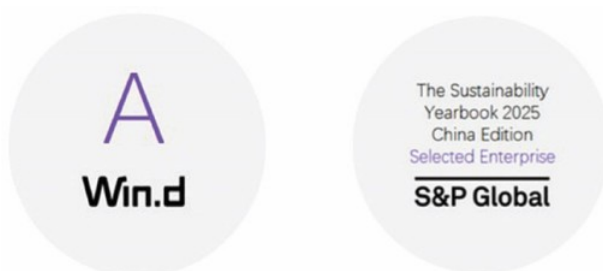
We have established an all-round information system in reference to data security requirements and best practices and intend to continually invest heavily in data security and privacy protection. Our information system applies multiple layers of safeguards, including internal and external firewalls, enterprise-standard web application firewalls, risk management platform, and runtime application self-protection, or RASP, a security technology that detects and blocks computer attacks using information from inside the running software. We encrypt data throughout its life cycle to safeguard privacy and enhance data security. We implement a robust internal authentication and authorization system to ensure confidential and important data can only be accessed through computers for authorized use and only authorized staff can access those computers. We have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorization upon every access attempt. We have also implemented robust internal rules and procedures, including security assessment in the design and implementation of R&D projects and code auditing, to ensure that the designed security requirements are met in our R&D activities and code quality and security. Furthermore, we have established an incident response team that consists of a Chief Information Security Officer (CISO), a Data Protection Officer (DPO) and a Chief Privacy Officer (CPO) to provide a quick, effective and orderly response to servers and personal information related to potential or actual incidents such as virus infections, hacker attempts and break-ins, improper disclosure of confidential information, system service interruptions, breach of personal information, and other events with serious information security implications.

We have completed information security, privacy and compliance certifications/validations with the consultation of various global agencies, and now serve as a reliable AIoT platform with comprehensive certificates. We have obtained the ISO 27001 Information Security Management System Certificate, ISO 27017 Certificate for Information Security of Cloud Services and ISO 27701 Certificate for Protection of Personally Identifiable Information, and the recently established ISO/IEC 42001 Artificial Intelligence Management System Certificate, demonstrating our proactive commitment to responsible and ethical AI governance. Furthermore, we are fully committed to complying with the GDPR and CCPA. We have also worked with top privacy compliance and cybersecurity firms, such as TrustArc, ioXt Alliance and Palo Alto Networks, for privacy management and penetration testing.

As of the date of this annual report, we have not received any material claim from any third party against us on the ground of infringement of such party's right to data protection as provided by the Civil Code of the PRC or any applicable laws and regulations in other jurisdictions, and we have not experienced any material data loss or breach incidents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to promoting corporate social responsibility and sustainable development and integrating these principles into all major aspects of our business operations. Corporate social responsibility is regarded as a core component of our growth philosophy and is pivotal to our ability to create sustainable value for our shareholders, partners, customers and employees, while embracing diversity and serving the broader public interest. In 2025, we received an A rating from Wind, and were also included in the S&P Global Sustainability Yearbook (China Edition) 2025, recognizing our continued efforts and achievements in ESG.



Tuya 2025 ESG Ratings

Our board of directors has adopted a comprehensive policy on environmental, social and corporate governance responsibilities, or the ESG Policy, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations. Under our ESG Policy, one of our main ESG objectives is to reduce any negative impacts on the environment through our commitment to energy savings and sustainable development. In addition, we endeavor to support and have a lasting positive impact on the local community through various initiatives, including corporate philanthropy, establishing community partnerships and mobilizing our employees to participate in volunteer work. Under our ESG Policy, we will also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development.

Our board of directors has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target, and evaluating, determining and addressing our ESG-related risks. We have continued to improve the oversight by our board of directors of ESG matters through a series of measures, including taking into account ESG matters in board room discussions and strategic planning, conducting and regularly refreshing a materiality assessment to identify and assess all material ESG issues, developing and regularly reviewing ESG policies, and regularly monitoring ESG performance against our goals.

Commitment to Sustainable Development through Products and Services

As a global company deeply committed to environment and social responsibility, we always strive to make society a better place with our IoT technologies and products. We target to achieve sustainability which constitutes a fundamental strategy for us as we expand and diversify our offerings. In particular, we endeavor to incorporate environmental and ESG-related considerations into our product development process and have been actively exploring ways to achieve environmental protection and realize carbon neutrality. Many of our offerings of key products and services, such as our energy-efficient algorithms that aim to decrease energy usage of smart devices as much as possible, help customers optimize their business processes, reduce costs and improve operational efficiency.

In the mid-term, we will continue to monitor our carbon emissions, which we expect to mainly come from office premises, and continue to implement sustainable and environmentally friendly practices to reduce our carbon emissions. We also intend to leverage our IoT technologies and products to help customers further achieve energy savings while optimizing device functionalities, and explore new, innovative designs for smart device energy storage and usage. In the long term, we intend to use our technological capabilities to enable greater sustainability across different industry verticals, enhance energy usage efficiency and optimize environmental and waste management through the implementation of various carbon neutral practices.

Embracing Diversity and Building a Healthy Workplace

We will continue to prioritize achieving diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. In particular, we recognize and embrace the benefits of having a gender-diverse board as an essential element in maintaining our company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. We are committed to taking a proactive approach in recruiting female directors and aligning directors' diverse competencies and perspectives with the company's strategy. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a happy culture in our workplace for all of our employees.

As we do not operate any production facilities, we are not subject to material health, work safety, social or environmental risks. To ensure compliance with applicable laws and regulations, our human resources department will, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. In 2025 and up to the date of this annual report, we have not been subject to any fines or other penalties due to non-compliance in relation to health, workplace safety or environmental regulations, and have not had any accident or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

Supporting the Community

As a company with a strong sense of and commitment to social responsibility, we have in recent years launched a series of non-profit events and campaigns as part of our corporate social responsibility efforts.

- In September 2023, we donated smart devices with a total value of RMB0.4 million to Dashu Town, Chun'an District, Hangzhou, to promote rural revitalization and poverty alleviation.
- In November 2023, we donated smart devices with a total value of RMB0.5 million to Seda County in Sichuan, aiming to drive the infrastructure development in disadvantaged regions.
- In December 2024, we donated supplies with a total value of around RMB0.4 million to Derong County in Ganzi, Sichuan, to support underprivileged areas and contribute to regional development.
- In December 2024, we donated supplies with a total value of around RMB35.2 thousand to Luniu Town in Hangzhou, through the Zhejiang Association for Science Popularization to support rural revitalization.
- In December 2024, we donated products with a total value of around RMB0.1 million to Zhejiang International Studies University to support the enhancement of its smart infrastructure.
- In December 2024, we donated smart devices with a total value of around RMB25.9 thousand to the migrant workers' school in Hongtang Street, Ningbo, to help create a better learning environment for the children.
- In December 2025, we donated smart devices with a total value of around RMB74.3 thousand to Zhejiang International Studies University, to support the enhancement of its smart infrastructure.
- In December 2025, we donated smart devices with a total value of around RMB107.8 thousand to The Hong Kong University of Science and Technology (Guangzhou), to support the enhancement of its smart infrastructure.

Integrating Sustainable and Environmentally Friendly Practices into Our Business Operations

Although our business operations do not directly produce pollutants that directly affect the environment, we endeavor to implement sustainable and economically friendly practices in our own operations to reduce our carbon footprint such as reducing the energy consumption through, for example:

- Installing energy-efficient lighting and ensuring lights are switched off when out of use either manually or through automatic sensors;
- Requiring double-sided printing of documents throughout our offices;
- Actively driving reductions in the use of paper, water and electricity throughout our offices;
- Switching off certain IT equipment or automatic power shutdown for certain systems and devices; and
- Air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air cooling technologies and optimal timing controls.

We believe that our policies can help us meet our environmental sustainability goals by reducing energy consumption in our operations.

Managing ESG Risks

We are committed to a thorough analysis and assessment process that will enable us to identify any material ESG risks and take actions to address these risks timely and effectively. We identify, assess, manage and mitigate environmental, social and climate-related risks by having dedicated teams to take care of the life-cycle management of the corresponding project. For example, personnel from our human resources and government-related affairs departments are responsible for overseeing the management and monitoring of our waste management system and our energy savings and consumption control program to ensure that we achieve the goals of energy savings and consumption reduction. Our management also actively oversees the identification and monitoring of the actual and potential environmental, social and climate-related risks on our business, strategy and financial performance, and take these issues into account during the course of our business, strategic and financial planning. Our management will assess the likelihood of such risks occurring and the estimated magnitude of any potential impact. We may also engage independent third parties to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate any major ESG risks identified.

As a technology company, we do not currently have any material liabilities relating to health, work safety and environment, and do not expect that we will incur any material liabilities in this regard which could have any material adverse impact on our business and operating results. However, potential risks associated with climate change or other climate-related issues may have financial implications for us. For instance, extreme weather conditions may cause suspension or disruption to our business operations and have an impact on our financial condition. Extreme weather may also cause disruptions for our suppliers, which may in turn adversely impact our ability to serve our customers and end users. In 2025 and up to the date of this annual report, our business, results of operations and financial condition have not been materially and adversely impacted by any climate-related incidents.

SEASONALITY

We have in the past experienced, and expect in the future to continue to experience, seasonal fluctuations in our revenue and sales from time to time, as a result of the holiday season, customers' buying patterns, and changes in the business and economic environment that are outside our and our customers' control. We typically experience lower growth in revenues in the first quarter as a result the reduced production capacities of OEMs located in China due to the annual Lunar New Year holidays. We expect the historical seasonality trends to continue to have a material impact on our results of operations and financial condition. However, certain unique events may cause the historical seasonal trends and patterns to temporarily no longer apply, such as high global inflation weakening consumption sentiment and dampening enterprises' confidence in doing business, downstream inventory backlog disrupting enterprises' business and operating plans, supply chain disruption interfering with delivery of goods, and the imposition of new tariffs or adjustments in existing tariffs or trade barriers. See "Item 3. Key Information—3.D.Risk Factors—Risks Related to Our Business and Industry—Seasonality may cause fluctuations in our sales and operating results."

COMPETITION

The global AIoT platform market is rapidly evolving. We compete in the ordinary course of business with technology companies providing AIoT services and solutions, internet-related services and products for AIoT, and AIoT-enabling platforms, and e-commerce companies offering AIoT-related cloud products and services.

We may, from time to time, face competition from both large, well-established IoT service providers, and less-established IoT companies or companies that offer capabilities that compete with some of our offerings. However, the global IoT and AIoT platform market has also been facing headwind in 2023, with certain players in the IoT field who are engaged in business similar to our PaaS business announcing the termination of their IoT platform services. The global AIoT platform market is rapidly evolving. Following significant industry consolidation, the 2025 landscape now prioritizes fully integrated architecture and spatial intelligence. According to CIC, we are the world's largest independent and cloud-agnostic AIoT platform by device volume in 2025, supported by our comprehensive full-stack capabilities across cloud, edge, and device.

We believe that none of our competitors currently competes directly with us across all of our offerings, and we compete favorably on the basis of the factors below:

- ability to support multiple use cases on a single platform;
- ease of deployment, implementation and use;
- platform performance, interoperability, scalability and reliability;
- ability to help customers achieve global IoT deployment;
- ability to build a supply chain ecosystem;
- customer support and platform maintenance;
- brand awareness and reputation;
- sales and marketing efforts; and
- ability to ensure data security and privacy.

INSURANCE

We maintain the statutory social insurance as required by the relevant local laws and regulations. In addition, we maintain a supplemental employee commercial healthcare insurance program aiming to promote the work safety, health and well-being of our employees. We maintain liability insurance policies to cover potential product liability claims, cybersecurity insurance policies to cover the costs associated with a breach of third-party data in the event that the data is lost or stolen, and technical errors and omissions policies for liabilities in connection with failures of a service or software. Consistent with customary industry practice in the PRC and the other markets in which we operate, we do not maintain key-man life insurance.

LICENSES, PERMISSIONS AND APPROVALS

As of the date of this annual report, all requisite licenses, permissions and approvals have been obtained from relevant regulatory authorities that are material to our operations. None of such licenses, permissions or approvals have been denied or rescinded.

The following table sets forth details of licenses, permissions and approvals held by our PRC subsidiaries that are material to current business operations in China, and the former VIE did not hold any such material licenses, permissions or approvals.

License	Holder	Issuing Authority	Grant Dates	Expiration Date
Registration and Filing of Foreign Trade Operator	Tuya Information	Hangzhou City Xihu District Commission of Commerce	February 15, 2022	N/A
Registration of Consignee or Consignor of Imported or Exported Goods	Tuya Information	Hangzhou Customs	May 11, 2018	Long-term
Registration and Filing of Foreign Trade Operator	Zhejiang Tuya	Hangzhou City Xihu District Commission of Commerce	November 12, 2021	N/A
Registration of Consignee or Consignor of Imported or Exported Goods	Zhejiang Tuya	Qianjiang Customs	May 27, 2020	Long-term

In the view of Jia Yuan Law Offices, our PRC legal counsel, we had complied with the relevant applicable PRC laws relating to the required licenses, permissions and approvals to business operations in China in all material respects in 2025 and up to the date of this annual report. Based on its understanding of the relevant PRC laws and regulations, our PRC legal counsel has also advised us that, to the best of their knowledge, there should be no material legal impediment for us to renew these licenses, permissions and approvals as long as we comply with the relevant legal requirements and we take all necessary steps and submit the relevant applications in accordance with the requirements and schedules prescribed by the applicable PRC laws and regulations.

For the consequences to us and investors if we do not receive or maintain requisite licenses, permissions and approvals necessary to conduct operations in China, or if applicable laws, regulations or interpretations change and we are required to obtain additional permissions or approvals in the future, see Item 3. Key Information—3.D. Risk Factors—Risk Related to Our Business and Industry—Any failure to maintain necessary permits and licenses to operate our business operations under applicable laws and regulations could materially and adversely affect our business and results of operations.”

In recent years, the PRC government has increasingly tightened the regulation of cybersecurity, and indicated an intent to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. See “Item 3. Key Information—Recent PRC Regulatory Developments.” As of the date of this annual report, we have not been required to go through a cybersecurity review by the CAC, or required to obtain any permission from, or complete any filing with, the CSRC in connection with our prior public offerings or maintaining the listing status on applicable stock exchanges. Nor have we received any formal inquiry, notice, warning, sanction, or any regulatory objection in relation to cybersecurity review from the CSRC, the CAC or any other PRC regulatory agencies that have jurisdiction over our operations. There remains substantial uncertainty as to how PRC legislative, administrative and regulatory authorities will interpret, implement and enforce existing laws and regulations in this area, and whether existing requirements will be further refined or new laws, regulations, rules, implementing measures or interpretations will be promulgated. As a result, the potential impact of such laws, regulations and regulatory developments on our business operations, our ability to accept foreign investments and conduct follow-on offerings, and our listing status on, or ability to remain listed on, applicable stock exchanges remains uncertain. For details of related risks, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—The filing, approval or other administration requirements of the CSRC, the CAC or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings.”

REGULATIONS

Regulation Relating to Foreign Investment

Investments activities in China by foreign investors are principally governed by the Encouraged Industries Catalog for Foreign Investment (2025 version) (the “Catalog”), which was promulgated by the Ministry of Commerce (“MOFCOM”) and the National Development and Reform Commission (the “NDRC”) on December 15, 2025 and became effective on February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List 2024) (the “Negative List (2024)”), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and became effective on November 1, 2024. The Catalog and the Negative List (2024) set forth the industries in which foreign investments are encouraged, restricted and prohibited. Industries that are not listed in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations. Article 6 of the Interpretation Note of the Negative List (2024), which is consistent with Article 6 of the Interpretation Note of the Negative List 2021, provides that, where a domestic enterprise engaged in the business in the prohibited areas of the Negative List (2024) seeks to issue and list its shares overseas, it shall complete the examination process and obtain approval of the relevant competent authorities of the State, the foreign investor shall not participate in the operation and management of the enterprise, and its shareholding percentage shall be subject to the relevant provisions on the administration of domestic securities investment by foreign investors. On January 18, 2022, the NDRC held a press conference to further clarify the position of Article 6 above, during which the spokesman made it clear that Article 6 shall only be applicable to the situations where domestic enterprises were seeking a direct overseas issuance and listing (i.e., H-shares listing).

According to the Negative List (2024), the foreign equity interest ownership of entities that engage in value-added telecommunications business (except for e-commerce, domestic multiparty communication, storage and forwarding and call center) must not exceed 50%.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of the PRC (the "Foreign Investment Law"), which took effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC, the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC and the Wholly Foreign-Invested Enterprise Law of the PRC and became the legal foundation for foreign investment in the PRC. On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC, or the Implementation Rules, which took effect on January 1, 2020 and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC, Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law, the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law of the PRC and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC. Pursuant to the Foreign Investment Law and the Implementation Rules, the existing foreign-invested enterprises established prior to the effective date of the Foreign Investment Law are allowed to keep their corporate organization forms for five years from the effectiveness of the Foreign Investment Law before such existing foreign-invested enterprises change their organization forms and organization structures in accordance with the Company Law of the PRC, which was last amended in December 2023 and came into effect on July 1, 2024, the Partnership Enterprise Law of the PRC and other applicable laws. Pursuant to the Company Law, shareholders of a limited liability company must pay in their subscribed registered capital in full within five years from the date of establishment of the company or the date of its capital increase, and companies established before July 1, 2024 should gradually adjust their capital contributions to meet this new requirement. The Company Law also involves aspects of the company's organizational structure, corporate governance, and the rights and obligations of shareholders, which also apply to foreign investment enterprises in the PRC.

Pursuant to the Foreign Investment Law, foreign investment means the investment activities within the PRC directly or indirectly conducted by foreign natural persons, enterprises and other organizations (the "foreign investor"), including the following circumstances: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within the PRC; (ii) a foreign investor acquires any shares, equities, portion of property or other similar interest in an enterprise within the PRC; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within the PRC; and (iv) foreign investors invest in the PRC through any other methods under laws, administrative regulations or provisions prescribed by the State Council of the PRC. The PRC applies the administrative system of pre-establishment national treatment plus negative list to foreign investment.

On December 30, 2019, MOFCOM and the State Administration for Market Regulation (the "SAMR") issued the Measures for the Reporting of Foreign Investment Information, which took effect on January 1, 2020 and replaced the Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-Funded Enterprises, and thus foreign investors carrying out investment activities directly or indirectly in China, instead of filing formalities, must report their foreign investment information to the commerce authorities.

Regulation Relating to Value-Added Telecommunication Services

The Telecommunications Regulations of the People's Republic of China (the "Telecommunications Regulations") promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, provide a regulatory framework for telecommunication services providers in mainland China. The Telecommunications Regulations require telecommunication services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorize telecommunications businesses into basic telecommunications businesses and value-added telecommunications businesses, according to the Catalog of Telecommunications Business, attached to the Telecommunications Regulations and last amended by the Ministry of Industry and Information Technology (the "MIIT") on June 6, 2019.

Regulation Relating to Cybersecurity, Data Security and Privacy Protection

PRC

Cybersecurity

On December 28, 2000, the SCNPC enacted the Decision on the Protection of Internet Security, as amended on August 27, 2009, which provides that the following activities conducted through the internet are subject to criminal liabilities: (i) gaining improper entry into any of the computer information networks relating to state affairs, national defensive affairs, or cutting-edge science and technology; (ii) violation of relevant provisions of the state in the form of unauthorized interruption of any computer network or communication service, as a result of which the computer network or communication system cannot function normally; (iii) spreading rumor, slander or other harmful information via the internet for the purpose of inciting subversion of the state political power; (iv) stealing or divulging state secrets, intelligence or military secrets via internet; (v) spreading false or inappropriate commercial information; or (vi) infringing on the intellectual property.

On December 13, 2005, the Ministry of Public Security issued the Provisions on the Technical Measures for Internet Security Protection, which took effect on March 1, 2006. These regulations require internet service providers to take proper measures including anti-virus, data backup, keeping records of certain information such as the log-in and exit time of users, and other related measures, and to keep records of certain information about their users for at least 60 days. On June 22, 2007, the Ministry of Public Security, the State Secrecy Bureau, the State Cryptography Administration and the Information Office of the State Council jointly promulgated the Administrative Measures for the Multi-level Protection of Information Security, under which the security protection grade of an information system may be classified into five grades. Companies operating and using information systems shall protect the information systems and any system equal to or above Level II as determined in accordance with these measures, a record-filing with the competent authority is required.

The Cybersecurity Law of the PRC, or the Cybersecurity Law, was initially adopted by the SCNPC on November 7, 2016, and most recently amended on October 28, 2025, with such amendments taking effect on January 1, 2026. Regarded as the fundamental law in the area of cybersecurity in China, the amended Cybersecurity Law regulates network operators and others from the following perspectives: the principle of cyberspace sovereignty, security obligations of network operators and providers of network products and services, protection of personal information, protection of critical information infrastructure, data use and cross-border transfer, network interoperability and standardization. Notably, the recent amendments substantially increase the maximum financial penalties for cybersecurity violations (up to RMB 10 million), expand extraterritorial jurisdiction over overseas entities endangering China's cybersecurity, and introduce new statutory requirements for artificial intelligence ethics, risk monitoring, and safety oversight. Network operators shall, according to the requirements of the rules for graded protection of cybersecurity, fulfill security protection obligations, so as to ensure that the network is free from interference, damage or unauthorized access, and prevent network data from being divulged, stolen or falsified. In addition, network operators that collect personal information shall follow the principles of legitimacy, rationality and necessity and shall not collect or use any personal information without due authorization of the person whose personal information is collected. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such network operator and such individual, and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such network operator. Such network operator shall take measures to delete the information or correct the error.

On December 28, 2021, the CAC and certain other PRC regulatory authorities promulgated the Measures for Cybersecurity Review (the “Cybersecurity Review Measures”), which provide that (i) network platform operators holding over one million users’ personal information shall apply with the Cybersecurity Review Office for a cybersecurity review when listing in a foreign country, and (ii) operators of “critical information infrastructure” that intend to purchase network products and services that will or may affect national security shall apply for a cybersecurity review and (iii) network platform operators carrying out data processing that will affect or may affect national security shall apply for a cybersecurity review. The Cybersecurity Review Measures took effect on February 15, 2022 and replaced the Measures for Cybersecurity Review promulgated in April 2020. For a detailed discussion of the risks and uncertainties related to our compliance with regulations on cyber security, please see “Item 3. Key Information—3.D.Risk Factors—Risks Related to our Business and Industry—Compliance with the rapidly evolving landscape of global data privacy and data security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of personal information, could damage our reputation and deter current and potential customers and end users from using our platform and products and services or subject us to significant compliance costs or penalties, which could materially and adversely affect our business, financial condition and results of operations.”

Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC, or the Data Security Law, which took effect on September 1, 2021. According to the Data Security Law, the enterprises conducting data processing activities shall establish and improve their data security management systems, organize data security trainings and adopt corresponding technical measures and other necessary measures, with a view to guaranteeing the data security. Chapter 4 of the Data Security Law provides for the obligations of general data processing and data security protection, including (i) establishing and improving the whole-process data security management system; (ii) strengthening risk monitoring and properly handling data security incidents; and (iii) legally and properly collecting and using data. Our company has established a relatively complete data security management system, organized and carried out data security education and training, adopted corresponding technical measures and organizations to protect data security, formulated a data security incident management system, carried out risk monitoring and assessment, handled information security level protection filing and assessment for call center service platforms, and performed corresponding network security level protection obligations. In addition, pursuant to the Data Security Law, a data security system should be established to administer data at different levels and by different categories, and impose specific compliance obligations on processors of important data, including (i) specifying the person and institution responsible for data security and implementing data security protection responsibilities; (ii) conducting regular risk assessment of its data processing activities; and (iii) fulfilling the regulatory requirements for transmitting important data overseas. Further, remedial measures shall be taken immediately upon discovery of any data security defects or bugs, and users shall be timely notified and competent authorities shall be informed in accordance with relevant provisions if any data security incident occurs. If an enterprise conducting data processing activities fails to meet such requirements, it would be subject to regulatory penalties, including fine, suspension of the relevant business, close of business for rectification and revocation of the relevant business permit or business license.

On July 7, 2022, the CAC published Measures on Security Assessments for the Cross-border Transfer of Data which took effect on September 1, 2022. It is applicable to cross-border transfers of personal information and important data collected and generated in China under certain circumstances. Apart from that, the measures provides detailed requirements for contracts concluded between data processors and overseas recipients, including but not limited to the purpose of cross-border data transfer, the overseas storage site, the restrictions concerning the transfer of cross-border data from overseas recipients to other organizations and individuals, the security measures to be taken by the overseas recipients when there is a material change in the actual control or scope of business, liability for breach of data security obligations and binding and enforceable dispute resolution provisions and the proper emergency disposal to be taken in the event of risks such as data breaches.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows, effective on the date of promulgation. The provisions provide several exemptions to processors of data which exempt them from undergoing data security assessment, obtaining personal information protection certification, or entering into standard contracts for outbound transfer of personal information for businesses. These exemptions include, among others, scenarios where a data processor, other than a CIIO, has cumulatively transferred personal information (excluding sensitive personal information) of fewer than 100,000 individuals to overseas recipients since January 1 of the current year. In addition, a data processor, other than a CIIO, shall enter into a standard contract with overseas recipients for the cross-border transfer of personal information, or obtain certification for personal information protection if, since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1,000,000 individuals, or sensitive personal information of fewer than 10,000 individuals. The provisions also explicitly state that data processors are not required to apply for security assessment on cross-border transfer of important data, provided that the relevant data has not been notified or published as important data by relevant departments or regions.

In order to guide and assist data processors in submitting data export security assessments in a standardized and orderly manner, the CAC prepared the Guidelines for Data Export Security Assessment Application (Version 3.0) in June 2025, which provide specific requirements for the method, process, and materials required for submitting a data export security assessment application and simplify the materials required to be submitted by the data processors.

On November 14, 2021, the CAC released the Regulations on the Administration of Cyber Data Security (Draft for Comments) (the “Draft Cyber Data Security Regulation”). On September 24, 2024, the CAC promulgated the Regulations on the Administration of Cyber Data Security (the “Regulation on Cyber Data Security”), which became effective on January 1, 2025. The Regulation on Cyber Data Security reiterate the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, network data cross-border transfer management, and the responsibilities of internet platform service providers. In addition, unlike the Draft Cyber Data Security Regulation, the officially promulgated Regulation on Cyber Data Security does not specifically include the requirement that cyber data processing entities seeking a Hong Kong listing that affects or may affect national security, or data processors that handle personal information of more than one million people contemplating to list its securities on a “foreign” stock exchange, or the merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affect or may affect national security should apply for a cybersecurity review. Instead, the Regulation on Cyber Data Security generally provides that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. According to the PRC National Security Law, “national security” refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state are relatively not in danger and not threatened internally or externally and the ability to maintain a sustained security status. However, the criteria for determining the circumstances that “affect or may affect national security” for the purpose of the Regulation on Cyber Data Security remain unclear and are subject to further clarification by the CAC.

Privacy Protection

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of such rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. On May 28, 2020, the National People’s Congress of the PRC approved the Civil Code of the PRC, which took effect on January 1, 2021. Pursuant to the Civil Code of the PRC, the personal information of a natural person shall be protected by the laws. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others. The Administrative Measures on Internet Information Services, issued by the State Council on September 25, 2000 and last amended on December 6, 2024, prohibit ICP service operators from insulting or slandering a third party or infringing the lawful rights and interests of a third-party.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Services, which became effective on March 15, 2012. On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection to enhance the legal protection of information security and privacy on the internet. The Provisions on Protection of Personal Information of Telecommunications and Internet Users promulgated by the MIIT on July 16, 2013 contains detailed requirements on the use and collection of personal information as well as the security measures to be taken by internet service providers. Specifically, (i) the users' personal information shall not be collected without prior consent; (ii) the personal information shall not be collected other than those necessary for internet service providers to provide services; (iii) the personal information shall be kept strictly confidential; and (iv) a series of detailed measures shall be taken to prevent any divulgence, damage, tampering or loss of personal information of users.

The Administrative Provisions on Security Vulnerability of Network Products, or Provisions, were jointly promulgated by the MIIT, the CAC and the MPS on July 12, 2021 and took effect on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law. Since the Provisions are relatively new, uncertainties still exist in relation to its interpretation and implementation.

Pursuant to the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens, which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. Pursuant to the Civil Code of the PRC, the collection, storage, use, process, transmission, provision and disclosure of personal information shall follow the principles of legitimacy, properness and necessity.

The Cybersecurity Law provides that network operators shall obtain the individual's prior consent before collecting the personal information of such individual and take necessary technical measures or other appropriate measures to protect the personal information, and shall not provide the personal information to any third party without the individual's prior consent unless such personal information has been processed in a proper way that a specific person will not be identified. For the operators of crucial information infrastructure, the personal information and crucial data must be stored within the territory of the People's Republic of China. Where such data need to be provided to overseas parties due to business requirements, a security assessment shall be conducted before the transmission of the data.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (the "Personal Information Protection Law"), which took effect on November 1, 2021. The law aims to protect the rights and interests of personal information and regulate the processing of personal information. The Personal Information Protection Law stipulates certain important concepts with respect to personal information processing: (i) "personal information" refers to all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding the information processed anonymously; (ii) "processing of personal information" includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information, among others; and (iii) "personal information processor" refers to an organization or individual that independently determines the purpose and method of the processing in the processing of personal information.

The Personal Information Protection Law also stipulates the obligations in the circumstance of entrusted processing. Where a personal information processor entrusts others with the processing of personal information, (i) the personal information processor shall agree with the agent on substantial matters like purpose, term, method of entrusted processing, type of information and protection measures, as well as supervise the processing activities of the agent; and (ii) the agent shall process personal information strictly within the scope as agreed, and ensure the security of the personal information processed and assist the personal information processor to perform his legal obligations.

On August 22, 2019, the CAC issued the Regulation on Cyber Protection of Children’s Personal Information, effective on October 1, 2019. Network operators are required to establish special policies and user agreements to protect children’s personal information, and to appoint special personnel in charge of protecting children’s personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a prominent and clear way, notify and obtain consent from children’s guardians.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR promulgated the Method for Identifying the Illegal Collection and Use of Personal Information by Apps, which took effect on November 28, 2019 (the “Method”). The Method provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance. The Method lists six types of illegal collection and usage of personal information, including “failure to publish rules on the collection and usage of personal information,” “failure to expressly state the purpose, manner and scope of the collection and usage of personal information,” “collecting and using personal information without obtaining consents from users,” “collecting personal information irrelevant to the services provided,” “providing personal information to other parties without obtaining consent” and “failure to provide the function of deleting or correcting personal information as required by law or failure to publish the methods for complaints and reports or other information”. For a detailed discussion of the risks and uncertainties related to our compliance with regulations on privacy protection, please see “Item 3. Key Information—3.D.Risk Factors—Risks Related to our Business and Industry—Compliance with the rapidly evolving landscape of global data privacy and data security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of personal information, could damage our reputation and deter current and potential customers and end users from using our platform and products and services or subject us to significant compliance costs or penalties, which could materially and adversely affect our business, financial condition and results of operations.”

EU, U.K.

The following is a summary of selected data security and privacy laws of the EU and the U.S. We believe that these laws and regulations are relevant to our business operations because certain of our data centers, as well as many of the brands we serve, are located in the EU or the U.S. We believe many of these laws and regulations, such as the General Data Protection Regulation (EU) 2016/679 (the “GDPR”), represent leading standards of data security and privacy in the world, and we have adopted internal controls, policies and procedures that we believe are consistent with the applicable standards under such laws and regulations. We have also completed information security, privacy and compliance certifications and validations from top privacy compliance and cybersecurity firms, such as TrustArc. For more information, see “Item 4. Information on the Company—4.B. Business Overview—Data Security and Privacy.”

The GDPR, which applies to the collection, use, storage, retention, transfer, disclosure and other processing of personal data obtained from individuals located in the EU or by businesses operating within the EU, became effective on May 25, 2018 and has resulted, and will continue to result, in significantly greater compliance burdens and costs for companies with customers, end users, or operations in the EU. The GDPR places stringent obligations and operational requirements on us as both a processor and controller of personal data and could make it more difficult or more costly for us to use and share personal data. For example, requirements placed on data controllers include, among other things, transparent and expanded disclosure to data subjects about how their personal data is to be used, limitations on retention of information, mandatory data breach notification requirements, record keeping and documentation requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. Under the GDPR, data protection supervisory authorities are given various enforcement powers, including levying fines of up to 20 million Euros or up to 4% of an organization's annual worldwide turnover, whichever is greater, for the preceding financial year, for non-compliance. Data subjects also have the right to be compensated for damages suffered as a result of a controller or processor's non-compliance with the GDPR. While the GDPR provides a more harmonized approach to data protection regulation across the EU member states, it also gives EU member states certain areas of discretion; and therefore, laws and regulations in relation to certain data processing activities may differ on a member state by member state basis, which could further limit our ability to use and share personal data and could require localized changes to our operating model. In addition to the GDPR, the EU also has released a proposed Regulation on Privacy and Electronic Communications, or the ePrivacy Regulation, to replace the EU's current Privacy and Electronic Communications Directive, or the ePrivacy Directive, to, among other things, better align EU member states and the rules governing online tracking technologies and electronic communications, such as unsolicited marketing and cookies, with the requirements of the GDPR. While the ePrivacy Regulation was originally intended to be adopted on May 25, 2018 (alongside the GDPR), on February 11, 2025, the European Commission announced the end of the legislative procedure for the ePrivacy Regulation. As the legislative proposal has been formally withdrawn without being reintroduced, we will continue to be subject to the existing ePrivacy Directive and its implementation into national laws across EU member states, mitigating the immediate risk of a sweeping, GDPR-level fining regime specific to electronic communications.

Under the GDPR, restrictions are placed on transfers of personal data outside of the European Economic Area to countries which have not been deemed "adequate" by the European Commission (including the PRC). The Court of Justice of the European Union (the "CJEU") issued a decision on July 16, 2020, invalidating the EU-US Privacy Shield Framework, which provided one mechanism for lawful cross-border transfers of personal data between the EU and the United States. While the decision did not invalidate the use of the European Commission's approved standard contractual clauses, another mechanism for making lawful cross-border transfers, the decision has called the validity of standard contractual clauses into question under certain circumstances, and has made the legality of transferring personal data from the EU to the U.S. or various other jurisdictions outside of the EU more uncertain. Specifically, the CJEU stated that companies must now assess the validity of standard contractual clauses on a case-by-case basis, taking into consideration whether the standard contractual clauses provide sufficient protection in light of any access by the public authorities of the third country to where the personal data is transferred, and the relevant aspects of the legal system of such third country. Additionally, in October 2022, President Biden signed an executive order to implement the EU-U.S. Data privacy Framework, which serves as a replacement to the EU-US Privacy Shield. Moreover, on July 10, 2023 the European Commission adopted an adequacy decision concluding that the United States ensures an adequate level of protection for personal data transferred from the EEA to the United States under the EU-U.S. Data Privacy Framework (followed on October 12, 2023 with the adoption of an adequacy decision in the U.K. for the U.K.-US Data Bridge). In September 2025, the EU General Court dismissed an initial legal challenge against the EU-U.S. Data Privacy Framework. However, the adequacy decision remains subject to potential future appeals to the CJEU or challenges by privacy activists, and any resulting legal uncertainty could increase our costs and affect our ability to efficiently process personal data from the EEA. While the European Commission published revised standard contractual clauses for transferring personal data from the EU to third countries, and the European Data Protection Board issued certain recommendations relating to measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data, the CJEU's decision has increased uncertainty surrounding data transfers from the EU to third countries that may not offer the same level of protection for data subjects' rights as the EU. Due to these recent regulatory changes and guidance, we may need to invest in additional technical, legal and organization safeguards in the future to avoid disruptions to data flows within our business and to and from our customers and service providers. Furthermore, this uncertainty, and its eventual resolution, may increase our costs of compliance, impede our ability to transfer data and conduct our business, and harm our business or results of operations.

Additionally, the withdrawal of the United Kingdom (“U.K.”) from the EU (commonly known as “Brexit”) has created uncertainty with regard to the regulation of privacy and data protection in the U.K. Since January 1, 2021, when the transitional period following Brexit expired, the so-called U.K. GDPR (combining the GDPR and the U.K.’s Data Protection Act of 2018) has been in effect in the U.K. Although the U.K. GDPR currently imposes substantially the same obligations as the GDPR, and currently authorizes similar fines, the U.K. GDPR will not automatically incorporate changes to the GDPR going forward (which would need to be specifically incorporated by the U.K. government). Recently, the U.K. enacted the Data (Use and Access) Act 2025 (the “DUA Act”), which introduces sweeping reforms to the U.K.’s data laws and deviates in certain respects from the EU GDPR. The European Commission has renewed its “adequacy” decision to the U.K., which facilitates the sharing of personal data between the EU and the U.K. until December 2031. However, if not extended after sunset, it may be revoked in the future by the European Commission if the U.K. data protection regime is reformed in ways that deviate substantially from the level of protection currently in place. Adding further complexity for international data flows, in March 2022, the U.K. adopted its own International Data Transfer Agreement for transfers of personal data out of the U.K. to so-called third countries, as well as an international data transfer addendum that can be used with GDPR’s standard contractual clauses for the same purpose. All of this creates a risk of divergent parallel regimes and related uncertainty, along with the potential for increased compliance costs and risks for affected businesses based on differing interpretation and enforcement by regulators and authorities.

United States

In the United States, various federal regulators, including governmental agencies like the Federal Trade Commission, and states and state regulators have adopted, or are considering adopting, laws and regulations concerning personal data and data security, such as the California Consumer Privacy Act, of 2018 (as modified by the California Privacy Rights Act, collectively “CCPA”). This patchwork of legislation and regulation may give rise to conflicts or differing views of personal privacy rights. For example, certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal data than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. One such comprehensive privacy law in the United States is the CCPA, which came into effect on January 1, 2020 and was significantly amended as of January 1, 2023. Among other things, the CCPA requires companies that process personal information of California residents to make detailed disclosures to consumers about such companies’ data collection, use and sharing practices, gives California residents expanded rights to access and delete their personal information and to opt out of certain personal information sharing with (and sales of personal information to) third parties. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal data that may increase the likelihood of, and risks associated with, data breach litigation. Additionally, the CCPA expands consumers’ rights with respect to certain sensitive personal information, further restricts the use of cross-context behavioral advertising and creates a state agency, the California Privacy Protection Agency, to oversee implementation and enforcement efforts. Amendments have been made to the CCPA, and the California Privacy Protection Agency continues to promulgate complex new regulations, including stringent rules effective in 2026 governing cybersecurity audits, privacy risk assessments, and consumers’ rights regarding Automated Decision-Making Technology (ADMT). As we integrate AI capabilities into our platform, it remains unclear how these evolving provisions will be interpreted and enforced, potentially resulting in further uncertainty and requiring us to continually adapt our data processing practices and incur additional compliance costs. In addition, all 50 states have laws that require the provision of notification for security breaches of personal information to affected individuals, state officers or others. Possible consequences for non-compliance with these various state laws include enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. State laws are changing rapidly and there have been ongoing discussions and proposals in the U.S. Congress with respect to new federal data privacy and security laws to which we would become subject if enacted. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time, may require us to modify our data processing practices and policies, divert resources from other initiatives and projects, and could restrict the way products and services involving data are offered, all of which may have a material and adverse impact on our business, financial condition and results of operations.

Registration for Import and Export Goods

Pursuant to the Customs Law of the People’s Republic of China promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have filed with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the People's Republic of China on the Record Filings of Customs Declaration Entities promulgated by the General Administration of Customs on November 19, 2021, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise has undergone the formalities of recordation for customs declaration entities, branches that meet the requirements of the preceding paragraph may also apply for recordation for customs declaration entities.

In addition, the Measures for the Record Filing and Registration of Foreign Trade Business Operators, which was promulgated by MOFCOM on June 25, 2004 and last amended on May 10, 2021, require any foreign trade business operator that is engaged in the import and export of goods or technology shall be registered for archival purposes with the administrative department of foreign trade of the State Council or the institution entrusted thereby, unless it is otherwise provided for by any law, administrative regulation or the foreign trade department of the State Council. The specific measures for archival registration shall be formulated by the foreign trade department of the State Council. Where any foreign trade business operator that fails to file for record and registration according to relevant provisions, the customs may not handle the procedures of customs declarations and release of the import or export goods. On December 30, 2022, the SCNPC promulgated the Decision on Amending the Foreign Trade Law of the PRC, and accordingly foreign trade operators engaged in the import and export of goods or technologies are not required to go through the filing and registration procedures from December 30, 2022.

Regulations Relating to Product Quality

Products made in mainland China are subject to the Product Quality Law of the People's Republic of China, which was promulgated on February 22, 1993, last amended on December 29, 2018. According to the Product Quality Law, a manufacturer of a product is responsible to compensate for the damages to any person or property caused by the defect of such a product, unless the manufacturer is able to prove that (i) it has not circulated the product; (ii) the defect did not exist at the time when the product was circulated; or (iii) scientific or technological knowledge at the time when the product was circulated was not such that it allowed the defect to be discovered.

The Consumer Rights and Interests Protection Law of the People's Republic of China (the "Consumers Protection Law") was promulgated on October 31, 1993 and became effective on January 1, 1994. The Consumers Protection Law has been further revised on August 27, 2009 and October 25, 2013. According to the Consumers Protection Law, unless otherwise provided by this law, an operator that provides products or services may bear civil liability in accordance with the Product Quality Law and other relevant laws and regulations.

According to the Administrative Regulations for Compulsory Product Certification, which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine P.R.C. (the "AQSIQ") (which has merged into the State Administration for Market Regulation) on July 3, 2009 and last amended on September 29, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they are certified, or the Compulsory Product Certification, and labeled with China Compulsory Certification mark. For products that are subject to Compulsory Product Certification, the state implements unified product catalogs, or the 3C Catalog, unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards.

Regulation Relating to Intellectual Property Rights

Regulation on Patents

The SCNPC adopted the Patent Law of the PRC in 1984 and amended it in 1992, 2000, 2008 and 2020, respectively. A patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeding methods of nuclear transformation or substances obtained by means of nuclear transformation. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a 20-year term for an invention and a 10-year term for a utility model and a 15-year term for a design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Regulation on Copyright

In accordance with the Copyright Law of the PRC which was promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, and took effect on June 1, 2021. Chinese citizens, legal persons or other entities own the copyright in their works whether published or not, including written works; oral works; music, comedy arts of talking and singing, dance and acrobatics; work of art and architecture work; photographic works; cinematographic work and work created by the method similar to the film production method; engineering design drawing, product design drawing, map, sketch and other graphic works and model works; computer software and other works specified by laws and administrative regulations. The rights a copyright owner has include but are not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of network communication, translation right and right of compilation.

In accordance with the Regulations on the Protection of Computer Software promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, Chinese citizens, legal persons or other entities own the copyright, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other right software copyright owners shall have in software developed by them, regard less of whether it has been published. In accordance with the Measures for the Registration of Computer Software Copyright promulgated by the National Copyright Administration on February 20, 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certificate to a computer software copyright applicant who complies with regulations.

Regulation on Trademark

Trademarks are protected by the Trademark Law of the PRC (Revised in 2019), or the Trademark Law, which was promulgated on August 23, 1982 and last amended on April 23, 2019 and come into effect on November 1, 2019, respectively, as well as the Implementation Regulation of Trademark Law of the PRC adopted by the State Council on August 3, 2002 (Revised in 2014). In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants a term of 10 years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within six months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. The Trademark Law has adopted a “first come, first file” principle with respect to trademark registration. Where a trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use. Trademarks are granted for a term of 10 years. Twelve months prior to the expiration of the ten-year term, the trademark registrant shall apply for the renewal of registration; if the trademark registrant does not make the renewal during the foregoing period, another six-month extension can be granted.

Regulation on Domain Name

In accordance with the Measures for the Administration of Internet Domain Names, which was promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017, whoever engages in internet domain name services and its operation and maintenance, supervision and administration and other related activities within the territory of the People’s Republic of China shall abide by these Measures.

In accordance with the Notice of the MIIT on Regulating the Use of Domain Names in Internet Information Services, which was promulgated by the MIIT of the PRC on November 27, 2017 and took effect on January 1, 2018, internet access service providers shall verify the identity of each internet information service provider, and shall not provide services to any internet information service provider who fails to provide real identity information.

Regulation Relating to Employment and Social Welfare

Regulation on Labor

Pursuant to the Labor Contract Law of the PRC, which was issued on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner.

According to the Labor Law of the PRC, which was promulgated on July 5, 1994, last amended and became effective on December 29, 2018, enterprises and institutions shall establish and improve their system of work place safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards.

Enterprises and institutions shall provide laborers with a safe workplace and sanitary conditions that comply with state stipulations and the relevant articles of labor protection.

Regulation on Social Insurance and Housing Fund

In accordance with the Regulation of Insurance for Labor Injury, implemented on January 1, 2004, amended on December 20, 2010 and effective on January 1, 2011, the Provisional Measures for Maternity Insurance of Employees of Corporation, implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council, issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, the Unemployment Insurance Measures, promulgated on January 22, 1999, the Social Insurance Law of the PRC, implemented on July 1, 2011 and amended on December 29, 2018, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums, promulgated on January 22, 1999 and amended on March 24, 2019, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds, which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

Regulation Relating to Tax

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC, or the EIT Law, and its relevant implementation regulations, taxpayers consist of resident enterprises and non-resident enterprises.

Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at a rate of 10% for their income sourced from inside the PRC.

According to the EIT Law and relevant implementation regulations, the EIT tax rate of a high and new technology enterprise is 15%. Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises, which became effective on January 1, 2008 and amended on January 29, 2016, the certificate of a high and new technology enterprise is valid for three years. An enterprise shall, after being accredited as a high-tech enterprise, fill out and submit the statements on annual conditions concerning the intellectual property rights, scientific and technical personnel, expenses on research and development and operating income for the previous year on the “website for the administration of accreditation of high-tech enterprises.”

The Notice on Taxation Policies for Further Encouraging the Development of the Software and Integrated Circuit Industries, which was promulgated by the Ministry of Finance (the “MOF”) and the State Administration of Taxation (the “SAT”) on April 20, 2012 and became effective on January 1, 2011, and the Notice on Issues Relating to the Preferential Policies for Enterprise Income Tax in Software and Integrated Circuits Industry promulgated by MOF, the SAT, the NDRC and the MIIT on May 4, 2016, provide that, upon certification, newly established integrated circuit design enterprises and eligible software enterprises shall be exempt from the enterprise income tax for the first two years of the preferential period, and shall be levied thereon at half of the statutory rate of 25% for the next three years until the expiration of the preferential period.

Value-Added Tax

The Provisional Regulations of the PRC on Value-added Tax were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994, which were subsequently amended on November 10, 2008, February 6, 2016 and November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) was promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. These rules and regulations are collectively referred to as the VAT Law. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax, or the Order 691. On January 1, 2026, the Order 691 was repealed by the Value-added Tax Law of the PRC (the “VAT Law”), which was promulgated by the National People’s Congress Standing Committee (the “NPCSC”) on December 25, 2024. Under the VAT Law, the VAT rate, for selling goods, providing processing, repair and replacement services and tangible movables leasing services or importing goods will be 13%, for selling transport services, postal services, basic telecommunications, buildings, real property, or real property leasing services, transferring land use rights, or selling or importing certain goods specified in the VAT Law will be 9%, for selling services or intangible assets will be 6%, and for exporting goods will be 0%, and the levy rate of VAT to which the simple tax computation method applies is 3%.

Dividend Withholding Tax

Furthermore, pursuant to the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements, which was promulgated and effective on February 20, 2009, all of the following requirements should be satisfied where a fiscal resident of the other party to the tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a PRC resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the PRC resident company directly owned by such a fiscal resident, at any time during the 12 months prior to the acquisition of the dividends, reaches a percentage specified in the tax agreement.

In addition, according to the Announcement of the State Taxation Administration on Issuing the Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits, promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, where a non-resident enterprise that receives dividends from a PRC resident enterprise wishes to enjoy the favorable tax benefits under the convention treatment, it may be entitled to the convention treatment itself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

Regulation Relating to Foreign Exchange

Pursuant to the Foreign Exchange Administration Regulations of the PRC, as amended in August 5, 2008, RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside China, unless the prior approval of SAFE is obtained and prior registration with SAFE is made. On May 10, 2013, SAFE promulgated the Notice of the SAFE on Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents, or the SAFE Circular No. 21, which was amended on October 10, 2018 and December 30, 2019. SAFE Circular No. 21 provided and simplified the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including foreign exchange registration, account opening and use, receipt and payment of funds, and settlement and sales of foreign exchange.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment, or the SAFE Circular No. 59, which was promulgated by SAFE on November 19, 2012, became effective on December 17, 2012 and was further amended on May 4, 2015, October 10, 2018, December 30, 2019, and December 4, 2023, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. SAFE Notice No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from a Chinese party, and further improved the administration on exchange settlement of foreign exchange capital of foreign invested entities.

Pursuant to the Notice of the SAFE on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies, or the SAFE Circular No. 37, which was promulgated by SAFE and became effective on July 4, 2014, (i) a PRC resident shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas SPV that is directly established or controlled by such PRC resident for the purpose of conducting investment or financing; and (ii) following the initial registration, such PRC resident is also required to register with the local SAFE branch for any major change, in respect of the overseas SPV, including, among other things, a change of the overseas SPV's PRC resident shareholder(s), name of the overseas SPV, term of operation, or any increase or reduction of the overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No.37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, or the SAFE Circular 13, which was promulgated on February 13, 2015, became effective on June 1, 2015 and was further amended on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment is directly reviewed and handled by banks in accordance with the SAFE Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

Regulation Relating to Dividend Distribution

The Company Law is the principal law that governs the dividends distribution by companies in the PRC and it applies to both PRC domestic companies and foreign-invested companies. Foreign-invested companies are also subject to the relevant requirements under the Foreign Investment Law and its implementing rules. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Relating to Employee Equity Incentive Plan

Pursuant to the SAFE Circular 37, PRC residents who participate in equity incentive plan in overseas non-publicly listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In addition, pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or the SAFE Circular 7, which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management participating in any equity incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency as regulated in SAFE Circular 7.

In addition, the SAT has issued certain circulars concerning employee stock options and restricted shares, including the Circular on Issues Concerning the Individual Income Tax on Share-option Incentives, or the SAT Circular 461, which was promulgated and took effect on August 24, 2009, and the Notice on Measures Enhancing the Reform in Taxation and Stimulating the Vitality of Market Players which was promulgated and took effect on October 12, 2021. Under the SAT Circular 461 and other relevant laws and regulations, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock option or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiary may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulation Relating to M&A and Overseas Listing

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “M&A Rules”) was promulgated by six PRC ministries, including MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAMR, the CSRC, and the SAFE, on August 8, 2006, and was amended and became effective on June 22, 2009. The M&A Rules stipulate that a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of any domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further prescribed that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals, shall be approved by MOFCOM prior to its establishment and obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

Pursuant to the Notice of the Foreign Investment Administration of the MOFCOM on Distributing the Manual of Guidance on Administration for Foreign Investment Access, which was issued and became effective on December 18, 2008 by MOFCOM, notwithstanding the fact that (i) the domestic shareholder is connected with the foreign investor or not, or (ii) the foreign investor is the existing shareholder or the new investor, the M&A Rules shall not apply to the transfer of an equity interest in an incorporated foreign-invested enterprise from the domestic shareholder to the foreign investor.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, and relevant supporting guidelines, collectively, the New Overseas Listing Rules, setting out new filing procedures for China-based companies seeking direct or indirect listings and offerings in overseas markets, which came into force since March 31, 2023. The New Overseas Listing Rules are applicable to PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means. If an issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer shall be deemed to be an indirect overseas offering subject to the filing procedures set forth under the New Overseas Listing Rules: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are derived from PRC domestic companies; and (ii) the issuer's business activities are substantially conducted in mainland China, or its principal place(s) of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in mainland China. Pursuant to the New Overseas Listing Rules, an issuer listed in an overseas market that intends to effect any follow-on offering in the same overseas market where it has previously offered and listed securities should, through its major operating entity incorporated in the PRC, file relevant materials with the CSRC within three business days after the completion of any such follow-on offering.

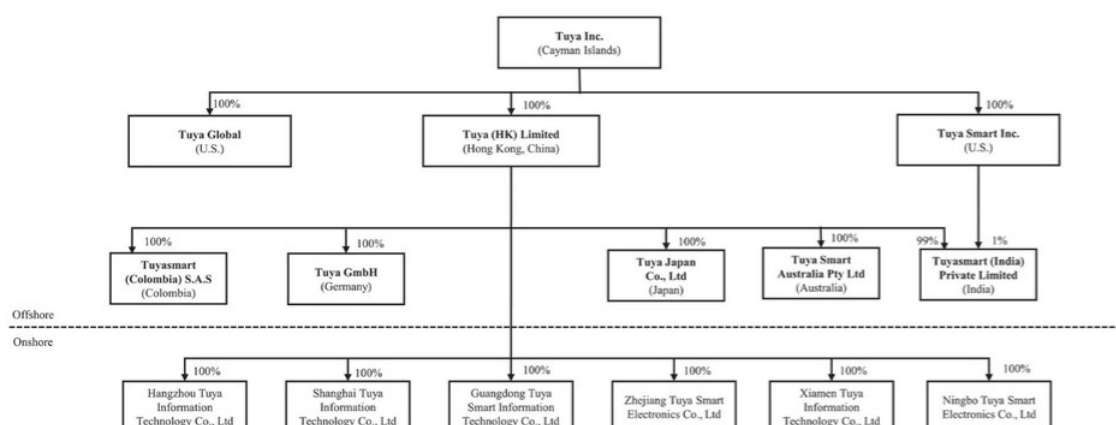
Furthermore, according to New Overseas Listing Rules, after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report to the CSRC within three business days after the occurrence and public disclosure of any material events, including: (i) a change of control; (ii) investigations of or sanctions imposed on the issuer by overseas securities regulatory agencies or other relevant competent authorities; (iii) changes of listing status or transfers of the listing segment; and (iv) a voluntary or mandatory delisting.

The New Overseas Listing Rules provide that in the event of any breach, including any failure to fulfill the filing procedure, or any offering and listing of securities in an overseas market in violation of the measures, the CSRC will order such domestic company to rectify, issue warnings to such domestic company, and impose a fine between RMB1 million and RMB10 million. Fines and warnings will be imposed on persons-in-charge and other persons who are directly liable. In addition, fines will also be imposed on controlling shareholders and actual controllers of the domestic company who initiate or cause the noncompliance activities described above.

In addition, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Provision on Confidentiality") on February 24, 2023, which implemented on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such the documents and materials through its overseas listing subjects, it shall report to the competent authority with the examination and approval authority for approval, and file with the same level secrecy administration department in accordance with the law. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures according to relevant national regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related securities services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant national regulations.

4.C.Organizational Structure

The following chart illustrates our corporate structure, including our significant subsidiaries as that term is defined under Section 1-02 of Regulation S-X under the Securities Act and certain other subsidiaries, as of the date of this annual report.



Historical Contractual Arrangements with the Former VIE and the Former VIE's Registered Shareholders

Tuya Inc. is a Cayman Islands holding company and conducts its operations in China mainly through its PRC subsidiaries.

Investment in certain areas of the industries in which we currently operate and may operate are subject to restrictions under current PRC laws and regulations. After consultation with Jia Yuan Law Offices, our PRC legal counsel, we determined that it was not viable for us to hold Hangzhou Tuya Technology, the former VIE, directly through equity ownership. Instead, we decided that, in line with common practice in the PRC for industries subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by the former VIE through the historical contractual arrangements between Tuya Information, on the one hand, and the former VIE and the registered shareholders, on the other hand. As a result of these historical contractual arrangements, we exerted effective control over the former VIE, and were considered the primary beneficiary of the former VIE for accounting purposes and consolidated its operating results in our financial statements under the U.S. GAAP.

The former VIE did not contribute any revenue in 2023, 2024 or 2025. As of December 31, 2024 and its deregistration in November 2025 the assets of the former VIE, excluding amounts due from other companies in our group, represented less than 0.01% of our consolidated total assets on both dates. Additionally, the former VIE did not hold any licenses or permits that were material to our current business operations.

The historical contractual arrangements between Tuya Information, on the one hand, and the former VIE and its registered shareholders, on the other hand, were initially entered into in December 2014 and were amended and restated in January 2022. The following is a summary of these historical contractual arrangements. For the complete text of these historical contractual arrangements, please see the copies filed as exhibits to this annual report.

In the opinion of Jia Yuan Law Offices, our PRC legal counsel, the execution and performance of the historical contractual arrangements did not violate the provisions of the Civil Code of the PRC which might have led to their invalidity, and were binding on the parties thereto. The historical contractual arrangements could be enforced in accordance with PRC laws, except that the following arrangement might not have been enforceable under PRC laws: (i) the historical contractual arrangements provided that the arbitrator might impose restrictions on and/or dispose of the former VIE's equity interests or land and other assets (such as for award of remedies), grant injunction (such as for the conduct of business or compelling the transfer of assets), or grant other interim relief, or order winding up of our consolidated affiliated entity through arbitration, and that the courts with jurisdiction (including the courts in Hong Kong, the place of incorporation of the Company, the place of incorporation of the former VIE, and the place where the principal assets of our company or the former VIE were located) had the right to grant interim relief in support of the arbitration, while under PRC laws, an arbitral body had no power to grant injunctive relief and might not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the former VIE in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China, and (ii) the historical contractual arrangements provided that when the former VIE was liquidated or dissolved, persons recommended by Tuya Information were to be appointed as permitted by the PRC laws to establish a liquidation team to manage the assets of the former VIE.

In order to streamline our corporate structure and considering the changing regulatory environment, we had deregistered the former VIE in November 2025. Despite such deregistration, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. We have been further advised by our PRC legal counsel that if the PRC government were to find that the agreements that established the historical VIE structure did not comply with applicable PRC laws and regulations, we could be subject to penalties. For a detailed discussion of the risks and uncertainties related to these historical contractual arrangements and our corporate structure, please see "Item 3. Key Information – 3.D. Risk Factors—Risks Related to Our Corporate Structure."

Exclusive Business Cooperation Agreement

Under this exclusive business cooperation agreement, Tuya Information agreed to provide the following services to Hangzhou Tuya Technology:

- the licensing of software legally owned by Tuya Information;
- the development, maintenance and update of software involved in Hangzhou Tuya Technology's business;
- the design, installation, daily management, maintenance and updating of network system, hardware and database design;
- the technical support and training for employees of Hangzhou Tuya Technology;
- the assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC law);
- the provision of business management consultation;
- the provision of marketing and promotion services;

- the leasing of equipment or properties; and
- other services requested by Hangzhou Tuya Technology from time to time to the extent permitted under PRC law.

Hangzhou Tuya Technology agreed to pay services fees to Tuya Information on a regular basis in discretion of Hangzhou Tuya Technology after considering certain factors as specified in the exclusive business cooperation agreement. The service fee were to be equivalent to the total income of Hangzhou Tuya Technology of each financial year, deducting the costs, expenses, taxes (excluding corporate income tax) and other statutory fees reserved or withdrawn. Hangzhou Tuya Technology were to pay the service fee to the bank account designated by Tuya Information within 10 days after receiving notice and bill from Tuya Information. This agreement was effective from December 23, 2014 and was to remain to be effective unless terminated by written notice of Tuya Information or according to the provisions in the agreement. Unless otherwise required by applicable laws, Hangzhou Tuya Technology did not have any right to terminate this exclusive business cooperation agreement in any event.

Equity Interest Pledge Agreement

Xueji (Jerry) Wang, one of the shareholders of Hangzhou Tuya Technology, entered into an equity pledge agreement with Tuya Information and Hangzhou Tuya Technology, originally dated December 23, 2014 and amended and restated on August 23, 2019 and January 19, 2022, respectively. Each of Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen, the shareholders of Hangzhou Tuya Technology, entered into an equity pledge agreement with Tuya Information and Hangzhou Tuya Technology, each originally dated December 23, 2014, amended on August 23, 2019 and amended and restated on January 19, 2022. Under such equity interest pledge agreements, each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen pledged his or her respective equity interest in Hangzhou Tuya Technology to Tuya Information to secure his or her obligations under the applicable exclusive business cooperation agreement, exclusive option agreement, and powers of attorney. Each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen further agreed to not transfer or pledge his or her respective equity interest in Hangzhou Tuya Technology without the prior written consent of Tuya Information. As the date of this annual report, the equity pledges under the equity interest pledge agreement had been terminated due to the deregistration of Hangzhou Tuya Technology in November 2025.

Exclusive Option Agreement

Under the exclusive option agreement entered into by Tuya Information, Hangzhou Tuya Technology and Xueji (Jerry) Wang, originally dated December 23, 2014 and amended and restated on August 23, 2019 and January 19, 2022, respectively, and the exclusive option agreements entered into by Tuya Information, Hangzhou Tuya Technology and each of Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen, each originally dated December 23, 2014 and amended and restated on January 19, 2022, each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen granted Tuya Information an option to purchase all or a portion of his or her respective equity interest in Hangzhou Tuya Technology at a price equal to the higher of RMB1.0 and the minimum amount of consideration permitted by PRC law. In addition, under each exclusive purchase option agreement, Hangzhou Tuya Technology has granted Tuya Information an option to purchase all or a portion of the assets held by Hangzhou Tuya Technology or its subsidiaries for the minimum amount of consideration permitted by PRC law. Each of Hangzhou Tuya Technology, Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen agrees that, in the event that Tuya Information exercises the equity interest purchase option or the asset purchase option, all the consideration received by them for this purpose will be fully returned to Tuya Information upon the request of Tuya Information, as long as in compliance with the PRC laws and regulations. Each of Hangzhou Tuya Technology, Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen agreed not to transfer, mortgage or permit any security interest to be created on any equity interest in or material assets of Hangzhou Tuya Technology without the prior written consent of Tuya Information. Each exclusive purchase option agreement shall remain in effect until all of the equity interests in Hangzhou Tuya Technology have been acquired by Tuya Information.

Power of Attorney

Pursuant to a series of powers of attorney issued by each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen and accepted by Tuya Information on January 19, 2022, each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen irrevocably appointed Tuya Information or any designated person as their exclusive agent and attorney to act on their behalf on all shareholder matters of Hangzhou Tuya Technology and exercise all rights as shareholders of Hangzhou Tuya Technology. Each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen will provide full assistance to Tuya Information with respect to the exercise of such rights. Each of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen has undertaken that he or she will refrain from any action or omission that may cause any conflict of interest between himself and Tuya Information. These powers of attorney shall remain valid during the period that each of them is a shareholder of Hangzhou Tuya Technology.

Spousal Consent

Each spouse of Xueji (Jerry) Wang, Liaohan (Leo) Chen, Yaona Lin, Ruixin Zhou and Peihong Chen has signed a spousal consent. Under each spousal consent, the signing spouse agreed that the equity interests of Hangzhou Tuya Technology held and to be held by his/her spouse are his/her spouse's personal property and do not constitute the communal estate marital assets of the signing spouse. The signing spouse unconditionally and irrevocably undertook to waive any rights or interests in such assets and not to make any assertions in connection with the equity interests in Hangzhou Tuya Technology held by his/her spouse. Moreover, each spouse agreed that the disposition of the equity interest in Hangzhou Tuya Technology which is held by and registered under the name of his/her spouse shall be made pursuant to the above-mentioned exclusive business cooperation agreement, exclusive option agreement and powers of attorney, as amended from time to time. In addition, in the event that any of them obtains any equity interest in Hangzhou Tuya Technology held by their respective spouses for any reason, such spouse agreed to be bound by similar obligations and agreed to enter into similar contractual arrangements. Each signing spouse undertook that in the event of death, bankruptcy, incapacity, divorce of his/her spouse, or any circumstance that may affect the exercise of his shareholder rights in Hangzhou Tuya Technology, the signing spouse will not, under any circumstances and in any way, take any action that may affect or hinder the obligations of her spouse under the above contractual arrangements.

4.D.Property, Plant and Equipment

Our principal executive office is located in Hangzhou, China under a lease that will expire in 2026. In addition, we operate internationally with local headquarters in Europe, Singapore, India, Japan and Colombia, among other locations. As of December 31, 2025, we leased seven properties with a gross floor area of approximately 19,700.1 square meters in China. These offices are leased, and we do not own any real property. We believe that our current facilities are adequate to meet our current needs.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion together with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under “Item 3. Key Information—3.D. Risk Factors” and elsewhere in this annual report.

5.A. Operating Results

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition are affected by the general factors driving the global IoT industry, including, among others, economic growth of major economies, the increase in per capita disposable income, consumer demand for smart devices, stability of the global supply chain, any global epidemics, new and innovative technologies, competition, and government regulations. Unfavorable changes in any of these general industry conditions could negatively affect demand for our products and services and materially and adversely affect our results of operations. In addition, we believe our results of operations are primarily and more directly affected by the following specific factors.

Market Adoption of AI Cloud Platform

Our future success depends in large part on the market adoption of AI cloud platforms which, in turn, is driven by the proliferation of smart devices. As technologies advance, businesses and end users increasingly demand superior AI and software experience, driving AIoT adoption to an inflection point. However, brands and developers still face certain challenges, such as cost and complexity associated with developing an integrated AI cloud platform. We see growing demand for our platform because we are in a unique position to deliver a one-stop, developer-first, all-agnostic AI cloud platform with broad use cases that allows our customers to digitalize their businesses and transform the experience of their end users. We believe that the benefits offered by our platform put us in a strong position to capture significant market opportunities ahead.

In 2023, in response to the additional business opportunities arising from the exit of certain market players during the previous headwind across the IoT and AIoT platform market, we further enhance our impact on B2B customers and end users around the world, solidifying our market share. In 2024 and onwards, with a more stable macroeconomic environment and normalized downstream inventory levels, and rising demand for consumer electronics, the industry is experiencing a positive growth trajectory. Throughout 2025, the global AIoT platform industry operated in a complex and volatile macroeconomic environment, and many market participants adjusted their growth strategies in response. Against this backdrop, demand conditions across end markets remained uneven, with customer spending patterns and deployment timelines continuing to evolve. At the same time, interest in generative AI and large language model applications increased during the year and contributed to continued market attention on intelligence-enabled infrastructure. In response, we continued to focus on higher-value market segments and on optimizing our customer mix. While short-term market conditions remained challenging, we believe these measures supported the development of our business during the year.

Expanding Usage by Existing Customers

We have amassed a large and diversified customer base covering a wide spectrum of verticals. We believe that there are significant growth opportunities within our existing customers. As our platform is built to be product- and brand-agnostic, many customers using our AI cloud platform for one product category expand to more brands, categories and use cases in order to maximize the benefits of our platform and ensure consistent, high quality AIoT experience for their end users. Through the increase in usage, we grow more brands and OEMs on our platform into larger customers, such as premium customers who contribute more than US\$100,000 of revenue during the immediately preceding 12-month period. Despite the complex macroeconomic environment in 2025, we observed a continued trend of our core customers deepening their integration with our ecosystem to achieve operational efficiency. This deepened integration reinforces our platform’s “stickiness” and demonstrates the resilience of our business model. Our brand awareness also increases, generating word-of-mouth referrals that not only attract more brands, developers and partners, but also lead to growing end user demand, better user insights and a more vibrant IoT ecosystem. We expect to expand into additional product categories and use cases to expand cross- and up-selling opportunities and continue to invest in sales and marketing and customer success activities to achieve additional revenue growth from existing customers. We believe that these efforts will have a long-term, positive impact on our business and results of operations.

New Customer Acquisition

Our operating results and growth prospects will also depend on our ability to attract new customers. We are intensely focused on growing our customer base. We continue to invest in our sales and marketing efforts and developer community outreach, which are critical to driving customer acquisition. We have built a developer and partner network through effective marketing efforts which continuously raise awareness of our AI cloud platform. For example, through our self-service developer portal, a developer can use our platform to develop a smart device within minutes. This has allowed us to acquire customers rapidly and cost-effectively. Furthermore, we seek to improve the breadth and quality of our platform and products, and to enhance our brand recognition, which will allow us to capture additional market share, better optimize the pricing of our products and services, and reach customers in a broader range of verticals and use cases. Additionally, a cornerstone of our approach is the key customer focus strategy, which has increased our personnel efficiency and enabled us to dedicate sufficient resources to securing and better serving large and strategically important customers with significant long - term potential.

We are committed to delivering industry-leading products to continue building and maintaining credibility with the global IoT community. We believe that the comprehensive product offerings and our continued efforts to introduce new features and capabilities, particularly AI capabilities, on our platform provide us with a significant competitive advantage.

We consistently focus on software and hardware product enhancement and offer the dual option of PaaS model or the Smart Solutions model, giving our customers a broad spectrum of choices. For example, key account customers can leverage the PaaS model, which incorporates the operating system, cloud, and app SDK, in accordance with their business needs, facilitating a more autonomous business development environment. Cross-sector multinational corporations, SaaS service providers, and integrators may choose the smart solutions model to achieve a streamlined and expedited market entry. Through our integrated hardware-software Smart Solutions, we are committed to helping customers expedite product launches and establish differentiated competitive advantages, directly increasing end-market penetration and delivering greater and more substantial value.

We are committed to leveraging AI to significantly enhance smart product experience, driving product competitiveness and delivering greater value to end users. We will continue innovating across high-potential markets such as smart lighting, smart companionship, smart outdoor, smart energy, and smart spaces, complementing and accelerating smart device penetration by AI applications.

We also steadfastly adhere to the developer model to address the challenges of fragmentation within the IoT industry, aiming to establish a robust foundation for the broad adoption of smart devices and the growth of the IoT ecosystem. As market penetration deepens, we expect that the developer community will become the backbone of the future IoT ecosystem. We will continuously iterate and refine Tuya's AI Agent development platform, empowering developers worldwide to create customized AI devices and scenario-based applications. Additionally, we will leverage AI tools to improve development efficiency.

We will continue to enhance our platform by expanding functions of existing products, developing new products, and delving into more verticals and use cases to support the growth of our business, and to invest heavily in our technological capabilities and marketing activities to maintain our strong position in the developer community.

Seasonality and macroeconomic environment

We have in the past experienced, and expect in the future to continue to experience, seasonal fluctuations in our revenue from time to time, with the fourth quarter historically being our strongest quarter for sales to new and existing customers, as a result of the holiday season, customers' buying patterns, and changes in the business and economic environment that are outside our and our customers' control. For example, we have experienced lower growth in revenue in the first quarter as a result the reduced output of OEM customers located in China due to the Lunar New Year holidays. We expect the historical seasonality trends to continue to impact our results of operations and financial condition. However, certain unique events may cause the historical seasonal trends and patterns to temporarily no longer apply, such as high global inflation weakening consumption sentiment and dampening enterprises' confidence in doing business, downstream inventory backlog disrupting enterprises' business and operating plans, supply chain disruption interfering with the delivery of goods, and the imposition of new tariffs or adjustments in existing tariffs or trade barriers.

Revenue Mix

Our products and services primarily consist of PaaS, Smart Solution for smart devices, and SaaS including industry SaaS and cloud-based software value-added services, etc. Our results of operations are affected by our product mix, as different products have a range of different margins and profitability profiles. For example, an increase in the revenue contribution from SaaS, which typically has a higher margin than PaaS or Smart Solution, generally leads to an increase in our overall profit margin. Our product mix may shift over time due to a variety of factors, including customer demands and preferences, competition, our ability to maintain and expand customer relationships, our ability to forecast market and technology trends, and our sales and marketing efforts. We continuously monitor our revenue mix and seek to increase revenue contribution from products and use cases with attractive margin profiles.

Effective Cost and Expense Control

Our results of operations are affected by our ability to control our costs and operating expenses. Since a significant portion of our costs relates to the modules and cloud infrastructure services from third parties, our cost control depends significantly on our ability to estimate customer demand properly in order to inform our procurement decisions. With respect of product development, we have strategically streamlined our research and development team and operations. We intend to optimize our costs and operating expenses by achieving increasing economies of scale and improved cost-efficiency as we continue to invest in R&D. With respect to sales and marketing expenses, we have proactively adjusted our market spending and undergone strategic refinement of the sales and marketing team. We expect to continue to improve our sales and marketing efficiency and benefit increasingly from the network effect of our enhanced brand awareness. We also intend to optimize our administrative expenses by enhancing our level of management, strengthening efforts in controlling professional expenditure, streamlining our internal workflows, and leveraging technology to drive convenience, cost-efficiency and productivity. Through the successful implementation of efficiency improvement initiatives, our operating result turned around from a loss of US\$47.6 million in 2024 to a profit of US\$11.5 million in 2025, and our non-GAAP operating profit of US\$22.7 million in 2024 increased to US\$33.7 million in 2025. Additionally, our net profit further increased to US\$57.9 million in 2025 on GAAP basis from US\$5.0 million in 2024 when we achieved net profit for the first time.

Effect of Currency Translation

We currently derive the majority of our revenue from PaaS generated primarily through our contracts with OEMs located in the PRC. Such revenue is predominantly denominated in RMB. We operate internationally with local offices in Europe, Singapore, India, Japan and Colombia, among other locations, and expect that our international activities will continue to grow over the foreseeable future as we pursue opportunities in existing and new markets. Our reporting and functional currency is the U.S. dollar. The financial statements of our subsidiaries and the former VIE using functional currencies other than the U.S. dollar, such as RMB, are translated to the U.S. dollar. As a result, as RMB or other currencies in which we generate revenue depreciate or appreciate against the U.S. dollar, our revenue presented in U.S. dollars will be negatively or positively affected. See “Item 11. Quantitative and Qualitative Disclosure about Market Risk—Foreign exchange risk.”

KEY OPERATING METRICS

We manage our business using the following key operating metrics. We use these metrics to assess the progress of our business, make decisions on how to allocate capital, time and technology investments.

Number of PaaS Customers

Our ability to grow the number of PaaS customers is a key indicator of our business and future growth opportunities. We define an PaaS customer for a given period as a customer who has directly placed at least one order for PaaS with us during that period. While we serve both brands and OEMs, it is typically the OEMs, instead of brands, who directly place orders with us for PaaS.

	For the year ended December 31,		
	2023	2024	2025
Number of PaaS customers ⁽¹⁾	3,966	3,710	3,700

Note:

- (1) The slight decline in PaaS customer in 2024 was mainly due to the continued and effective execution of our key-account strategy that prioritizes long-term partnerships with high-value customers. See “Item 4.B. Business Overview—Overview” and “Item 4.B. Business Overview—Our Customers.”

Number of Premium PaaS Customers

While we continue to improve our PaaS customer base over time, we focus on growing the number of our premium customers to scale our business. We define a premium PaaS customer as a customer as of a given date that contributed more than US\$100,000 of revenues during the immediately preceding 12-month period.

	For the trailing 12-month period ended December 31,		
	2023	2024	2025
Number of premium PaaS customers	265	298	291

In 2024, as the economic environment stabilized and downstream consumer electronics demand increased, we continued to execute our key-account and product enhancement strategies effectively. As a result, the number of premium PaaS customers increased notably in 2024, reflecting the success of our product enhancement efforts and our focus on high-value, long-term partnerships. The number of our premium PaaS customer slightly decreased in 2025, primarily due to our continued focus on key-account customers and ongoing optimization of our customer base.

Dollar-based Net Expansion Rate for PaaS

Our ability to maintain long-term revenue growth depends on our ability to increase customers’ usage of our platform over time and grow revenues generated from existing customers. An important way for us to track our performance in this area is by measuring dollar-based net expansion rate for our PaaS.

To calculate the dollar-based net expansion rate for PaaS for the current period, we first specify a measurement period consisting of the trailing two years from the current period end. Next, we define as our “cohort” the population of PaaS customers for the first year of the measurement period (i.e., those who have placed at least one order for PaaS during that year). We then calculate the dollar-based net expansion rate as the quotient obtained by dividing the PaaS revenues from this cohort in the second year of the measurement period by the PaaS revenues from the same cohort in the first year of such measurement period.

	For the trailing 12-month period ended								
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025
Dollar-based net expansion rate for PaaS	103 %	116 %	127 %	124 %	122 %	118 %	114 %	109 %	102 %

The dollar-based net expansion rate for our PaaS is affected by customers’ purchase cycles, which could fluctuate from time to time within a year, as well as a number of other factors, including new product introductions, customer mix, promotional activities, and the variable timing and amount of customer purchases. As a result, the dollar-based net expansion rate for our PaaS for the trailing 12-month period ended the last day of each quarter is an inherently volatile metric.

Maintaining a high dollar-based net expansion rate demonstrates our strong ability to continue to expand customer usage of our platform over time and grow revenue from existing customers. For the trailing 12-month period ended December 31, 2023, the dollar-based net expansion rate for PaaS was 103%, primarily due to the easing of the downstream inventory backlog and the gradual recovery of the global economy, coupled with the effective customer-focus and product enhancement strategies we adopted to navigate through the macroeconomic headwinds. Driven by increasing demand amid the global economic recovery and supply chain normalization in 2024, and our strategic focus on customer needs and product enhancements, the dollar-based net expansion rate for PaaS improved to 116% as of March 31, 2024, 127% as of June 30, 2024, 124% as of September 30, 2024, and 122% as of December 31, 2024, compared to the same period in 2023. The dollar-based net expansion rate for PaaS moderately declined to 102% as of December 31, 2025, reflecting the normalization of growth patterns among some of our customers with large revenue contribution following a period of rapid expansion in 2024, and our shifted strategic focus prioritizing new customers acquisition, who are currently in the initial ramp-up phase and expected to drive long-term expansion.

KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF (LOSS)/INCOME

Revenue

We generate revenue from three sources, namely (i) PaaS; (ii) Smart Solution; and (iii) SaaS and others. The following table sets forth a breakdown of our revenue, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	US\$	%	US\$	%	US\$	%
	(in thousands, except for percentages)					
Revenue						
PaaS	167,694	72.9	217,069	72.7	231,209	71.9
Smart Solution	26,517	11.5	41,965	14.0	45,702	14.2
SaaS and others	35,779	15.6	39,583	13.3	44,880	13.9
Total	229,990	100.0	298,617	100.0	321,791	100.0

PaaS. We generate PaaS revenue mainly from the fees charged to customers based on the number of PaaS products we deploy.

Smart Solution. We generate Smart Solution revenue mainly from providing finished devices that integrate more extensive and comprehensive software capabilities, such as AI, embedded operating systems and cloud software capabilities, enabling these customers to efficiently build their smart business product portfolios.

SaaS and others. We generate our SaaS and others revenue mainly from (i) the subscription fees charged to customers of SaaS, including industry SaaS we offer to enterprises and cloud-based software value-added services we offer enterprises or end users of Tuya-powered smart devices, and (ii) the fees that we receive for other value-added services we offer to brands and OEMs, such as APP customization, and for projects such as the deployment of the Cube and other technical developments.

Cost of Revenue

Our cost of revenue consists of the costs directly related to providing our products to our customers. These costs and expenses primarily include (i) material costs, primarily including the costs relating to the modules where the edge capabilities of PaaS are embedded; (ii) third-party cloud infrastructure expenses; (iii) employee-related costs, including payroll of production support personnel; and (iv) others, including estimated warranty costs and inventory write-downs, among other things.

The following table sets forth a breakdown of our costs of revenue, in absolute amounts and as percentages of revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	US\$	% of revenue	US\$	% of revenue	US\$	% of revenue
	(in thousands, except for percentages)					
Cost of revenue						
PaaS	94,349	41.0	114,812	38.4	119,541	37.1
Smart Solution	19,744	8.6	31,262	10.5	34,867	10.8
SaaS and others	9,242	4.0	11,113	3.7	12,342	3.8
Total	123,335	53.6	157,187	52.6	166,750	51.8

Our cost of revenue has been and will continue to be affected by a number of factors, including economies of scale, improved efficiency achieved through effective R&D, and product mix, among other things.

Gross Profit and Gross margin

The following table sets forth a breakdown of our gross profit and gross margin for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit US\$	Gross margin %	Gross profit US\$	Gross margin %	Gross profit US\$	Gross margin %
	(in thousands, except for percentages)					
Gross profit and gross margin						
PaaS	73,345	43.7	102,257	47.1	111,668	48.3
Smart Solution	6,773	25.5	10,703	25.5	10,835	23.7
SaaS and others	26,537	74.2	28,470	71.9	32,538	72.5
Total	106,655	46.4	141,430	47.4	155,041	48.2

Our gross margin has been and will continue to be affected by a number of factors, including economies of scale, improved efficiency achieved through effective R&D, product mix, and the success of higher-value products and services that we provide to our customer, among others.

Research and Development Expenses

Research and development expenses consist primarily of (i) employee-related costs, including salaries, benefits and bonuses, for our research and development personnel; (ii) share-based compensation; (iii) cloud infrastructure cost; (iv) rental and utilities; and (v) other expenses associated with our research and development activities.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of (i) employee-related costs, including salaries, bonuses and benefits, for our employees responsible for business development, branding and marketing; (ii) share-based compensation; (iii) marketing costs related to our developer conferences and events; and (iv) other sales and marketing expenses, including those spent on content and social media marketing.

General and Administrative Expenses

Our general and administrative expenses consist of (i) employee-related costs, including salaries, bonuses, and benefits paid to general and administrative personnel, (ii) share-based compensation, and (iii) other expenses associated with our general and administrative activities.

Other Operating Incomes, Net

Other operating incomes, net primarily consist of software VAT tax refund and various general subsidies for enterprises.

Other Income

Other income primarily consists of other non-operating incomes, net, financial income, net and foreign exchange gain/(loss), net.

TAXATION

Cayman Islands

We are incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

Our subsidiaries in Hong Kong, including Tuya (HK) Limited, our wholly owned subsidiary, are subject to Hong Kong profits tax on their activities conducted in Hong Kong at a uniform tax rate of 16.5%. Under Hong Kong tax law, our subsidiaries in Hong Kong are exempted from income tax on their qualified foreign-sourced specified income (including but not limited to dividend and interest) to the satisfaction of the relevant conditions, and there is no withholding tax in Hong Kong on remittance of dividends. During 2023, 2024 and 2025, no provision for Hong Kong profits tax was made as we had no estimated taxable income that was subject to the Hong Kong profits tax.

PRC

Our subsidiaries and consolidated former VIE in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the Enterprise Income Tax Law of the People's Republic of China, or the PRC EIT Law, which was amended on December 29, 2018 and became effective on the same date and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, which was amended on April 23, 2019 and became effective on the same date, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Tuya Information, our wholly owned PRC subsidiary, is eligible to enjoy a preferential tax rate of 15% in 2023, 2024 and 2025, to the extent it has taxable income under the EIT Law. Tuya Information qualifies as a high and new technology enterprise (the "HNTE") and was entitled to the 15% beneficial tax rate for the year ended December 31, 2025. Tuya Information completed its renewal application for the HNTE qualification on December 6, 2024, and it will continue to qualify as an HNTE, which entitles it to enjoy the 15% beneficial tax rate for the years ending December 31, 2026 and 2027. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

We are subject to VAT on the products sold and services provided. We are also subject to surcharges on VAT payments in accordance with PRC law. The PRC Provisional Regulations on Value-Added Tax were promulgated by the State Council on December 13, 1993, which became effective on January 1, 1994 and were subsequently amended from time to time. The Detailed Rules for the Implementation of the PRC Provisional Regulations on Value-Added Tax (2011 Revision) were promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax. Pursuant to these regulations, rules and decisions, all enterprises and individuals engaged in sale of goods, provision of processing, repair, and replacement services, sales of services, intangible assets, real property, and the importation of goods within the PRC territory are VAT taxpayers. On March 20, 2019, the MOF, the SAT, and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepening the Reform of Value-Added Tax. Pursuant to this announcement, the generally applicable VAT rates are simplified as 13%, 9%, 6%, and 0%, which became effective on April 1, 2019, and the VAT rate applicable to the small-scale taxpayers is 3%.

As a Cayman Islands holding company, Tuya Inc. may receive dividends from our PRC subsidiaries through Tuya (HK) Limited. The PRC EIT Law and its implementing rules provide that dividends paid by a PRC entity to a nonresident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, and may be subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, which was signed on August 21, 2006, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise (i) directly holds at least 25% of the PRC enterprise, (ii) is a tax resident in Hong Kong and (iii) could be recognized as a Beneficial Owner of the dividend from a PRC tax perspective. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or the SAT Notice, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In October 2019, the State Administration of Taxation issued the Announcement of the State Taxation Administration on Issuing the Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits, or the SAT Circular 35, which became effective on January 1, 2020. SAT Circular 35 provides that nonresident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, Tuya (HK) Limited may be able to benefit from the 5% withholding tax rate for the dividends it receives from its PRC subsidiaries, if it satisfies the conditions prescribed under the SAT Notice and other relevant tax rules and regulations. However, according to the SAT Notice and SAT Circular 35, if the relevant tax authorities consider the transactions or arrangements we have to be for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

If our holding company in the Cayman Islands or any of our subsidiaries outside China were deemed to be a “resident enterprise” under the PRC EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

In addition, our PRC subsidiaries are also required to withhold a 10% (or 7% if paid to a Hong Kong tax resident who qualifies for the benefits of the Tax Treaty between the Mainland China and Hong Kong) tax on interest paid under any cross-border shareholder loan. Prior to the payment of any interest and principal on any such shareholder loan, our PRC subsidiaries must present evidence of registration with SAFE regarding any such shareholder loan and may be required to provide evidence of payment of withholding tax on the interest payable on that shareholder loan. Interest income derived from the PRC are subject to a 7% PRC withholding tax if paid to a Hong Kong tax resident who qualifies for the benefits of the Tax Treaty between the Mainland China and Hong Kong.

DISCUSSION OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 7.8% from US\$298.6 million in 2024 to US\$321.8 million in 2025, primarily due to the increase in PaaS and SaaS and others.

- **PaaS.** Our revenue generated from PaaS increased by 6.5% from US\$217.1 million for 2024 to US\$231.2 million for 2025, primarily due to steady demand from core customers and our continued focus on product enhancements and customer needs.
- **Smart Solution.** Our revenue generated from Smart Solution increased by 8.9% from US\$42.0 million for 2024 to US\$45.7 million for 2025, primarily attributable to increasing customer demand for smart devices with integrated intelligent software capabilities we developed beyond IoT.
- **SaaS and others.** Our revenue generated from SaaS and others increased by 13.4% from US\$39.6 million for 2024 to US\$44.9 million for 2025, primarily due to an increase in revenue from cloud software products. During the year of 2025, we remained committed to offering value-added services and a diverse range of software products with compelling value propositions to our customers.

Cost of revenue

Our cost of revenue increased by 6.1% from US\$157.2 million for 2024 to US\$166.8 million for 2025, in line with the increase in our revenue.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased by 9.6% from US\$141.4 million for 2024 to US\$155.0 million for 2025. Our gross margin increased from 47.4% for 2024 to 48.2% for 2025.

- **PaaS.** The gross profit of PaaS increased by 9.2% from US\$102.3 million for 2024 to US\$ 111.7 million for 2025. The gross margin of PaaS was 48.3% for 2025, compared to 47.1% for 2024.
- **Smart Solution.** The gross profit of Smart Solution increased by 1.2% from US\$10.7 million for 2024 to US\$ 10.8 million for 2025. The gross margin of Smart Solution was 23.7% for 2025, compared to 25.5% for 2024.
- **SaaS and others.** The gross profit of SaaS and others increased by 14.3% from US\$28.5 million for 2024 to US\$32.5 million for 2025. The gross margin of SaaS and others was 72.5% for 2025, compared to 71.9% for 2024.

Gross margin of each revenue stream increased or fluctuated primarily due to changes in products and solutions mix. As a developer platform with rich ecosystem of smart devices and applications, we are committed to focusing on software products with compelling value propositions while maintaining cost efficiency.

Research and development expenses

Our research and development expenses decreased by 5.6% from US\$95.0 million for 2024 to US\$89.7 million for 2025. The decrease was mainly due to lower share-based compensation expenses as equity incentive awards granted at higher valuations in previous years have been gradually amortized, partially offset by higher employee-related costs and other operating expenses associated with regular team movements and ongoing investments in research and development capabilities.

Sales and marketing expenses

Our sales and marketing expenses decreased by 10.7% from US\$37.1 million for 2024 to US\$33.1 million for 2025. The decrease was mainly attributable to (i) a decrease in employee-related costs due to regular team movements, and (ii) lower share-based compensation expenses as equity incentive awards granted at higher valuations in previous years have been largely amortized.

General and administrative expenses

Our general and administrative expenses decreased by 54.7% from US\$68.3 million for 2024 to US\$30.9 million for 2025, primarily due to (i) lower share-based compensation expenses as equity incentive awards granted at higher valuations in previous years have been gradually amortized, (ii) a decrease in professional service costs, and (iii) a decrease in credit loss expenses recognized during the period, among other things.

Other operating incomes, net

Our other operating incomes, net, decreased by 10.4% from US\$11.3 million for 2024 to US\$10.2 million for 2025, which was mainly attributable to decrease of government grants.

Other income

We generated other income of US\$54.8 million and US\$48.4 million, respectively, for 2024 and 2025. The decrease in other income was mainly because of a decline in financial income, net.

Income tax expenses

Our income tax expense remained relatively stable at US\$2.1 million and US\$2.0 million in 2024 and 2025, respectively.

Net profit for the year

As a result of the foregoing, our net profit increased from US\$5.0 million for 2024 to US\$57.9 million for 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

For a detailed description of the comparison of our operating results for the year ended December 31, 2024 to the year ended December 31, 2023, see “Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Discussion of Results of Operations—Year Ended December 31, 2024 Compared with Year Ended December 31, 2023” beginning on page 130 of our annual report on Form 20-F for the fiscal year ended December 31, 2024 filed with the SEC on April 24, 2025 (File No. 001-40210).

NON-GAAP FINANCIAL MEASURE

In evaluating the business, we consider and use non-GAAP measures, such as non-GAAP operating expenses, non-GAAP (loss)/profit from operations (including non-GAAP operating margin), non-GAAP net profit (including non-GAAP net margin), and non-GAAP basic and diluted net profit per ADS, as supplemental measures to review and assess our operating performance. The presentation of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for U.S. GAAP measures. We define non-GAAP measures by excluding the impact of share-based compensation expenses, credit-related impairment/(reversal) of long-term investments and litigation costs from the respective GAAP measures. We present non-GAAP financial measures because they are used by the management to evaluate its operating performance and formulate business plans. We also believe that the use of the non-GAAP measures facilitates investors’ assessment of our 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 our operations. Share-based compensation expenses, credit-related impairment/(reversal) 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 financial 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. We compensate for these limitations by reconciling the non-GAAP financial measures to the nearest U.S. GAAP performance measures, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

Non-GAAP adjusted profit for the year represents net profit for the year excluding share-based compensation expenses, credit-related impairment of long-term investments and litigation costs. The table below sets forth a reconciliation of our net profit for the year to non-GAAP adjusted profit for the year indicated. Share-based compensation expenses relate to the share-based awards that we grant to employees and directors. We exclude share-based compensation expenses, credit-related impairment of long-term investments and litigation costs. The credit-related impairment of long-term investments arose from our equity investments in private companies, for which we have recognized as credit losses on a prudent basis. Our management believes that these exclusions facilitate the ability of investors to compare our operating results with those of other companies in the industry in which we operate, many of which also exclude share-based compensation expenses, credit-related impairment of long-term investments and litigation costs in determining their non-GAAP financial measures.

	For the year ended December 31,		
	2023	2024	2025
	(US\$ in thousands)		
Net (loss)/profit for the year	(60,315)	4,997	57,890
Adjustment:			
Share-based compensation expenses	65,216	67,750	22,263
Credit-related impairment/(reversal) of long-term investments	15,537	261	(53)
Litigation costs	—	2,300	—
Non-GAAP adjusted profit for the year	20,438	75,308	80,100

We recorded non-GAAP adjusted profit of US\$20.4 million in 2023, US\$75.3 million in 2024, and US\$80.1 million in 2025, respectively. We have been more focused enhancing our AI cloud platform and products to provide a higher value proposition, growing our customer base with key accounts, fostering our developer community, and prioritizing our business and operating efficiency, in order to lay a solid foundation for our long-term growth.

5.B. Liquidity and Capital Resources

CASH FLOWS AND WORKING CAPITAL

Our principal sources of liquidity have been cash generated from private sales and public offerings of equity securities, as well as cash from our business operations. As of December 31, 2025, we had US\$952.5 million in cash and cash equivalents and short-term investments. Of our cash and cash equivalents, US\$148.3 million were held by our subsidiaries in the PRC; US\$739.2 million, mainly denominated in U.S. dollars, were held by our subsidiaries in Hong Kong; and US\$3.1 million, mainly denominated in U.S. dollars, EUR, and Japanese Yen, were held by Tuya Inc. and our other overseas subsidiaries. Our cash and cash equivalents and short-term investments primarily include cash in bank, time deposits placed with banks or other financial institutions, treasury securities and wealth management products issued by banks. We believe that our current cash and cash equivalents, balance of short-term investments and anticipated cash flows from operations will be sufficient to meet our anticipated cash needs, including cash needs for working capital and capital expenditures, for at least the next 12 months.

We intend to finance our future working capital requirements and capital expenditures with anticipated cash generated from operating activities and funds raised from financing activities. However, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, operating results and financial condition may be adversely affected. See “Item 3. Key Information—3.D. Risk Factors—Risk Related to Our Business and Industry—We may require additional capital to support our business and response to business opportunities, and this capital might not be available on favorable terms, if at all.”

Historically, prior to 2024, we had not been profitable on a GAAP basis, and until 2023, we had not generated positive operating cash flows. We achieved a net profit of US\$5.0 million in 2024, marking our first fiscal year of GAAP profitability, which increased to US\$57.9 million in 2025. We had net cash generated from operation activities of US\$80.4 million in 2024 and US\$81.0 million in 2025. However, if we are unable to sustain profitability or maintain positive operating cash flow, our business, liquidity, financial condition and results of operations may be materially and adversely affected. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Our Industry—We have a history of net loss and net cash operating outflow and may not be able to achieve or sustain profitability in the future.”

The following table presents our consolidated cash flow data for the years presented.

	For the year ended December 31,		
	2023	2024	2025
	(US\$ in thousands)		
Net cash generated from operating activities	36,443	80,352	81,040
Net cash generated from investing activities	332,455	107,428	225,979
Net cash used in financing activities	(2,223)	(33,200)	(69,870)
Effect of exchange rate changes on cash and cash equivalents, restricted cash ⁽¹⁾	(1,148)	116	420
Net increase in cash and cash equivalents, restricted cash ⁽¹⁾	365,527	154,696	237,569
Cash and cash equivalents, restricted cash ⁽¹⁾ at the beginning of the year	133,161	498,688	653,384
Cash and cash equivalents, restricted cash ⁽¹⁾ at the end of the year	498,688	653,384	890,953

Note:

- (1) Restricted cash represents cash that cannot be withdrawn without the permission of third parties. Our restricted cash is substantially cash balance on deposit required by our business partners and commercial banks during our ordinary course of business. The restricted cash balance for the year ended December 31, 2023 was nil. The restricted cash balance for the year ended December 31, 2024 and 2025 was US\$0.05 million and US\$0.25 million, respectively.

Net Cash Generated from Operating Activities

Net cash generated from operating activities was US\$81.0 million in 2025. The difference between our net profit of US\$57.9 million and the net cash generated from operating activities was mainly due to (i) share-based compensation of US\$22.3 million, (ii) an increase in accounts payables of US\$9.6 million and (iii) changes in unrealized investment income of US\$5.4 million; partially offset by (i) an increase in inventories of US\$8.2 million, (ii) an increase in accounts receivable of US\$4.9 million and (iii) a decrease in lease liabilities of US\$4.4 million.

Net cash generated from operating activities was US\$80.4 million in 2024. The difference between our net profit of US\$5.0 million and the net cash generated from operating activities was mainly due to (i) share-based compensation of US\$67.8 million, (ii) a decrease in inventories of US\$7.0 million and (iii) an increase in accounts payables of US\$5.9 million; partially offset by (i) an increase in prepayments and other current assets of US\$3.9 million, (ii) a decrease in lease liabilities of US\$3.5 million and (iii) a decrease in other non-current liabilities of US\$3.1 million.

Net cash generated from operating activities was US\$36.4 million in 2023. The difference between our net loss of US\$60.3 million and the net cash generated from operating activities was mainly due to (i) share-based compensation of US\$65.2 million and (ii) an increase in credit loss of US\$15.5 million of long-term investments.

Net Cash Generated from Investing Activities

Net cash used in investing activities was US\$226.0 million in 2025, which was primarily attributable to (i) proceeds from disposal of short-term investments of US\$184.3 million and (ii) proceeds from disposal of long-term investments of US\$98.9 million and partially offset by payment for short-term investments of US\$50.6 million. Our short-term investments mainly include time deposits.

Net cash generated from investing activities was US\$107.4 million in 2024, which was primarily attributable to (i) proceeds from disposal of short-term investments of US\$354.5 million and (ii) proceeds from disposal of long-term investments of US\$43.2 million and partially offset by payment for short-term investments of US\$264.7 million. Our short-term investments mainly include time deposits and treasury securities.

Net cash generated from investing activities was US\$332.5 million in 2023, which was primarily attributable to (i) proceeds from disposal of short-term investments of US\$853.7 million, and partially offset by (ii) payment for short-term investments of US\$327.2 million and (iii) payment for long-term investments of US\$193.0 million. Our short-term investments mainly include time deposits and wealth management products offered by banks or other financial institutions in the PRC.

Net Cash Used in Financing Activities

Net cash used in financing activities in 2025 was US\$69.9 million, which was due to the payment for dividend of US\$69.8 million.

Net cash used in financing activities in 2024 was US\$33.2 million, which was due to the payment for dividend of US\$33.0 million.

Net cash used in financing activities in 2023 was US\$2.2 million, which was due to payment for repurchase and cancellation of ordinary shares of US\$3.3 million, partially offset by proceeds from exercise of share options of US\$1.2 million.

MATERIAL CASH REQUIREMENTS

Our material cash requirements as of December 31, 2025 and any subsequent interim period include primarily our working capital and operating expenditure needs, capital expenditures, services purchase commitments and operating lease commitments.

Other than the capital expenditures, services purchase commitments and operating lease commitments, as discussed below, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2025. We did not have future minimum capital commitments as of December 31, 2025.

Capital Expenditures

Our capital expenditures are incurred primarily in connection with purchase of property, equipment, software and land use rights. Our capital expenditures were US\$1.5 million, US\$13.1 million and US\$7.1 million in 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our public offering of equity securities.

Services Purchase Commitments

As of December 31, 2025, our services purchase commitments were as follows:

	Total	Less Than 1 year (US\$ in thousands)	1-3 years	3-5 years
Purchase obligations ⁽¹⁾	64,332	12,332	44,250	7,750

Note: Purchase obligations represent US\$64,332 thousand of remaining non-cancellable contractual commitments as of December 31, 2025, related to one of our third-party cloud infrastructure agreements, under which we committed to spending an aggregate of at least US\$72,500 thousand between July 1, 2025 and June 30, 2030 with minimum purchase commitment. We had made payments of US\$8,168 thousand in total under this agreement as of December 31, 2025.

Operating lease commitments

We had outstanding commitments on several non-cancellable operating lease agreements. Operating lease commitment within one year or less lease term as of December 31, 2025 was US\$15 thousand. We have elected not to recognize these operating lease commitment any lease liability or right-of-use asset, therefore they are not yet reflected in the consolidated financial statements.

HOLDING COMPANY STRUCTURE

Tuya Inc. is a holding company with no material operations of its own. We conduct our operations mainly through our PRC and other overseas subsidiaries. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries. If our subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. Pursuant to the law applicable to China's foreign-invested enterprises, our subsidiaries that are foreign-invested enterprises in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) the general reserve fund, (ii) the enterprise expansion fund and (iii) the staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriation to the other two reserve funds are at our subsidiary's discretion. In accordance with the Company Law, the former VIE in China must make appropriations from its after-tax profit to non-distributable reserve funds, including (i) the statutory surplus fund and (ii) the discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the former VIE. Appropriation to discretionary surplus fund is made at the discretion of the former VIE.

We are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries through capital contributions or loans, subject to the approval of government authorities and limits on the amount of capital contributions and loans.

5.C. Research and Development, Patents and Licenses, etc.

Our AI cloud platform and proprietary cutting-edge IoT technologies have been primarily developed in-house. See "Item 4. Information on the Company—4.B. Business Overview—Research & Development."

5.D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2025 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial condition.

5.E. Critical Accounting Estimate

Our consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes.

Our estimates are based on historical experience and various assumptions that we believe to be reasonable under the circumstances. Given that changes in circumstances, facts and experience may cause us to revise our estimates, actual results could differ materially from those estimates. Our critical accounting estimates for the years ended December 31, 2023 and 2024 are described below. There is no critical accounting estimate identified for the year ended December 31, 2025.

Lower of cost or net realizable value provision for inventories

Inventories comprised finished goods, work in process, raw materials and low value consumables and spare parts. Inventories are stated at the lower of cost and net realizable value. In determining excess or obsolescence reserves for inventories, we consider assumptions such as aging profile, historical consumption projection, estimated future selling prices and selling expenses of the respective inventories. If in any period we anticipate a change in assumptions such as future demand or market conditions to be less favorable than our previous estimates, additional inventory write-downs may be required and would be reflected in cost of sales, resulting in a negative impact to our gross margin in that period. If in any period we are able to sell inventories that had been written down to a level below the ultimate realized selling price in a previous period, related revenue would be recorded with a lower or no offsetting charge to cost of sales resulting in a net benefit to our gross margin in that period.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

The following table sets forth the name, age and position of each of our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Xueji (Jerry) Wang	43	Co-chairman, Founder, Chief Executive Officer
Liaohan (Leo) Chen	43	Co-chairman, Founder, President
Yi (Alex) Yang	44	Director, Co-founder, Chief Financial Officer, Chief Operation Officer
Yan Zhang	42	Director
Sidney Xuande Huang	60	Independent Non-executive Director
Changheng Qiu	50	Independent Non-executive Director
Meng Xiong Kuok (alias GUO Mengxiong)	44	Independent Non-executive Director
Pak Tung Jason Yip	43	Independent Non-executive Director

Xueji (Jerry) Wang founded Tuya in 2014 and currently serves as the co-chairman of our board of directors and our chief executive officer. Mr. Wang is responsible for the overall strategies, management, corporate culture, and commercial suitability and sustainability of products of Tuya. Mr. Wang has over 10 years of experience in IoT industry and about 21 years of experience focusing on software technology, including over 14 years of experience in elastic cloud computing technologies. Prior to founding Tuya, Mr. Wang founded PHPWind, one of the most popular open source forums software in China, in 2003. In 2006, Mr. Wang established Hangzhou Detian Information Technology Co., Ltd. to officially commercialize PHPWind business from 2006 to May 2008. In May 2008, PHPWind was acquired by Hangzhou Ali Technology Co., Ltd., a subsidiary or consolidated affiliated entity of Alibaba Group Holdings Limited (a company listed on the NYSE, symbol: BABA, and secondarily listed on the Stock Exchange, stock code: 9988) (together with its subsidiaries and its consolidated affiliated entities, “**Alibaba Group**”). From May 2008 to February 2014, Mr. Wang worked at Alibaba Group, where he served as a senior director and he was responsible for leading and launching a number of major technology and product innovations for Alibaba Cloud and Alipay, including Alibaba’s Quick Reference code (“**QR Code**”) payment system. Mr. Wang received a bachelor’s degree in information and computing science from Zhejiang Sci-Tech University in the PRC in June 2005. Mr. Wang was recognized by Forbes as a member of China’s Thirty Entrepreneurs under 30 in February 2012, and was named by Fortune China as one of China’s Forty Business Elites under 40 in April 2021.

Liaohan (Leo) Chen co-founded Tuya in 2014 and currently serves as the co-chairman of our board of directors and our president. Mr. Chen is responsible for the overall strategies, management, business development and overall customer relationship of Tuya. Prior to co-founding Tuya, Mr. Chen co-founded PHPWind. Mr. Chen served as the management at Hangzhou Detian Information Technology Co., Ltd. from 2006 to May 2008. Mr. Chen served as an operations director at Alibaba Group, where he worked on Alibaba Cloud and Alibaba's O2O business, leading the application of technology and business operation, from May 2008 to May 2014. Mr. Chen received a bachelor's degree in information and computing science from Zhejiang Sci-Tech University in the PRC in June 2005, and received a master's degree in computer applied technology from Zhejiang Sci-Tech University in the PRC in July 2010.

Yi (Alex) Yang co-founded Tuya in 2014 and currently serves a director, chief financial officer and chief operation officer. Mr. Yang is responsible for capital market, investment, finance, legal and internal controls, human resources, government relations and daily operations of Tuya. Prior to co-founding Tuya, Mr. Yang worked as a business development senior expert at Alibaba Group from April 2011 to May 2015, where he was responsible for developing business opportunities for multiple projects, including mobile payment at Alibaba's O2O business and Alibaba Cloud. Mr. Yang received a bachelor's degree in international business and economics from Guangdong University of Foreign Studies in the PRC in October 2004.

Yan Zhang has served as our director since November 2024. Ms. Zhang has been serving as the vice president of finance of the Company and several major subsidiaries since January 2021. Ms. Zhang is responsible for the finance of the Group. Prior to joining the Company, Ms. Zhang worked at Ernst & Young Hua Ming LLP from December 2009 to January 2021, where her last position was senior audit manager. Ms. Zhang received a bachelor's degree in management from Shanxi University of Finance and Economics in the PRC in July 2006, and a master's degree in management from Dongbei University of Finance and Economics in the PRC in January 2009.

Sidney Xuande Huang has served as our director since July 2022. Mr. Huang is responsible for providing independent professional opinion and judgment to our board of directors. Mr. Huang has over 20 years of experience in the technology and internet industry. He is currently a senior advisor of JD.com, Inc. (a company listed on the Nasdaq, symbol: JD, and secondarily listed on the Stock Exchange, stock code: 9618) and was its chief financial officer from September 2013 until his retirement in September 2020, including the last three months as an executive coach to his successor. He has been an independent non-executive director of Kuaishou Technology (a company listed on the Stock Exchange, stock code: 1024) since February 2021, an independent director of Yatsen Holding Limited (a company listed on the NYSE, symbol: YSG) since November 2020, and an independent non-executive director of MIXUE Group (a company listed on the Stock Exchange, stock code: 2097). Prior to joining JD.com, Inc. in September 2013, Mr. Huang had served multiple top management roles for VanceInfo Technologies Inc., including its co-president, chief operating officer and chief financial officer as well as the chief financial officer of its successor company, Pactera Technology International Ltd., after the merger. He was an investment banker at Citigroup Global Markets Inc. in New York from August 2002 to July 2004. He held various positions, including audit manager at KPMG LLP from January 1997 to August 2000 and qualified as a Certified Public Accountant in the State of New York in October 1999. Mr. Huang is currently a Foundation Fellow at St Anthony's College of the University of Oxford where he was an Academic Visitor focusing on geo-economics from October 2021 to September 2022. He received an MBA degree from the J.L. Kellogg School of Management at Northwestern University in the United States in June 2002 and a bachelor's degree in accounting from Bernard M. Baruch College of The City University of New York in the United States in February 1997.

Changheng Qiu has served as our director since July 2022. Mr. Qiu is responsible for providing independent professional opinion and judgment to our board of directors. Mr. Qiu is a founder of Kunteng (Hainan) Equity Investment Fund Management Co., Ltd. since July 2017. Prior to that, he served at Taobao (China) Software Co., Ltd. from December 2004 to May 2016, where his last position was vice president. Mr. Qiu received a bachelor's degree in physics from Zhejiang University in the PRC in June 1997 and a MBA degree from Peking University in the PRC in June 2004.

Meng Xiong Kuok (alias GUO Mengxiong) has served as our director since July 2022. Mr. Kuok is responsible for providing independent professional opinion and judgment to our board of directors. Mr. Kuok has been the Chief Executive Officer of K3 Venture Partners Pte. Ltd. since January 2020. He worked as Vice President (Projects) at Shangri-La International Hotel Management Ltd from October 2012 to February 2017. Mr. Kuok served as an independent non-executive director of TVS Motor Company Limited (a company listed on the National Stock Exchange of India Ltd., symbol: TVSMOTOR) from March 2021 to August 2024. Mr. Kuok received his bachelor's degree in science from Cornell University in the United States in January 2007.

Pak Tung Jason Yip has served as our director since July 2022. Mr. Yip is responsible for providing independent professional opinion and judgment to our board of directors. Mr. Yip worked in the audit division of PricewaterhouseCoopers in Canada from May 2003 to May 2007. He was a manager at PricewaterhouseCoopers in Hong Kong from June 2007 to June 2010. Mr. Yip worked in Alibaba Group Holding Limited (a company listed on the NYSE, symbol: BABA, and secondarily listed on the Stock Exchange, stock code: 9988) from June 2010 to May 2022, where he served as a senior director of finance, primarily responsible for the group's financial reporting and technical accounting and share-based compensation administration and management. Mr. Yip received a bachelor's degree of commerce from the University of British Columbia in Canada in May 2005. Mr. Yip qualified as a Chartered Accountant in Canada in January 2007 and has been a member of the Hong Kong Institute of Certified Public Accountants since September 2016.

6.B.Compensation

For the fiscal year ended December 31, 2025, the aggregate cash compensation paid or payable to our directors and executive officers was approximately US\$1.1 million. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers, except to the extent required by applicable laws and regulations. Our PRC subsidiaries and the former VIE are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our customers or prospective customers, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; (iii) seek directly or indirectly, to solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plan

2015 Equity Incentive Plan

We adopted an employee equity incentive plan, or the 2015 Plan, on December 23, 2014, which was amended in July 2020, February 2021 and June 2022 and was terminated in June 2024. The purpose of the 2015 Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants and to promote the success of our business.

The following paragraphs summarize the terms of the 2015 Plan.

Types of Awards. The 2015 Plan permits the awards of options, restricted shares and restricted share units as the plan administrator may determine.

Maximum Number of Class A Ordinary Shares. The overall limit on the number of the Class A ordinary shares underlying the awards pursuant to the 2015 Plan is 64,889,052, of which the total number of Class A ordinary shares which may be issued and/or transferred upon vesting or exercise of all options that may be granted pursuant to the 2015 Plan and any other share award schemes of our company in aggregate shall not exceed 10% of the total number of Class A ordinary shares in issue immediately upon the Hong Kong Listing, or the Plan Limit, being 49,914,656 Class A ordinary shares. Any equity awards in the form of options that were granted prior to the Hong Kong Listing under the 2015 Plan (including those outstanding, cancelled, lapsed in accordance with the 2015 Plan or exercised options) will not be counted for the purpose of the Plan Limit. The total number of Class A ordinary shares to be issued upon exercise of all outstanding options under the 2015 Plan and all other schemes of our company granted and yet to be exercised shall not exceed 30% of all the Class A ordinary shares in issue from time to time.

Plan Administration. The 2015 Plan shall be administrated by our board of directors or any committee designated by our board of directors.

Eligibility. Any employee, director or consultant of our company who is engaged by us to render consulting or advisory services to us shall be eligible to participate in the 2015 Plan.

Award Agreement. Each grant of an award under the 2015 Plan shall be evidenced by an award agreement between the participant and our company. Each award shall be subject to all applicable terms and conditions of the 2015 Plan and may be subject to any other terms and conditions that are not inconsistent with the 2015 Plan and that the plan administrator deems appropriate for inclusion in an award agreement. The provisions of the various award agreements entered into under the 2015 Plan need not be identical.

Terms and Conditions of Award. The award agreement shall set forth the provisions, terms, and conditions of each award including, but not limited to, the types of awards, award vesting schedule, number of awards to be granted and the number of shares to be covered by the awards, exercise price, any restrictions or limitations on the award and term of each award.

Exercise Price. The plan administrator determines the exercise price for each award, which shall not be lower than the fair market value per share on the date of grant, which shall not be less than the highest of (i) the closing sales price of the Class A ordinary shares as quoted on the principal exchange or system on which the Class A ordinary shares are listed (as determined by plan administrator) on the date of grant, (ii) the average closing sales price as quoted on the principal exchange or system on which the Class A ordinary shares are listed for the five business days immediately preceding the date of grant. The maximum exercisable term is 10 years from the date of grant. In the case of an option granted to a participant who, immediately prior to the grant, owns more than 10% of the total combined voting power of all classes of outstanding securities of our company or parent company or subsidiary of our company, the term of option shall not be exercisable after the expiration of five years from the date of grant. There is no additional amount payable on application or acceptance of the share option.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Maximum Entitlement of a Grantee. Unless approved by the shareholders in a general meeting, the total number of Class A ordinary shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of the options granted to each participant in any 12-month period shall not (when aggregated with any Class A ordinary shares underlying the awards granted during such period under any other share award schemes of our company) exceed 1% of the Class A ordinary shares in issue for the time being.

Amendment, Suspension or Termination of the 2015 Plan. Unless terminated earlier, the 2015 Plan has a term of 10 years. With the approval of the board of directors of any plan amendment to the extent necessary or desirable to comply with applicable law, the plan administrator may at any time amend, alter, suspend, or terminate the 2015 Plan; no amendment, alteration, suspension, or termination of the 2015 Plan shall materially and adversely affect any award previously granted pursuant to the 2015 Plan unless mutually agreed between the participant and the administrator, which agreement must be in writing and signed by the participant and the company.

As of the termination of the 2015 Plan in June 2024, (i) the number of underlying Shares pursuant to the outstanding options (including both vested and unvested) granted under the 2015 Plan amounted to 51,304,005 Class A Ordinary Shares, and (ii) the number of underlying Shares pursuant to the outstanding awards granted under the 2015 Plan amounted to 7,532,250 Class A Ordinary Shares.

As of March 31, 2026, (i) remaining options granted based on 2015 Plan to purchase a total of 2,651,982 ordinary shares were outstanding; and (ii) remaining restricted share units granted based on 2015 Plan to receive a total of 1,506,500 ordinary shares were outstanding.

2024 Share Scheme

We adopted a share scheme, or the 2024 Share Scheme, on June 20, 2024. The purpose of the 2024 Share Scheme is to align the interests of our employees and service providers with us and to encourage and retain them to make contributions to the long-term development of our business.

The following paragraphs summarize the terms of the 2024 Share Scheme.

Eligibility. The eligible persons who may be selected to become a participant of the 2024 Share Scheme are any individuals, or corporate entities (as the case may be), being any of (i) an Employee Participant, being any person who is an employee or a director of any member of the Group and (ii) a Service Provider, who the board of directors or the scheme administrator considers, in its sole discretion, to have contributed or will contribute to the Group. A Service Provider is any person or corporate entity (other than an employee or a director of any member of the Group) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term development of the Group.

Duration. The 2024 Share Scheme shall be valid and effective for the period of ten years from June 20, 2024 (the “Adoption Date”), and thereafter for so long as there are any unvested award granted under the 2024 Share Scheme prior to the expiration of the 2024 Share Scheme, in order to give effect to the vesting of such award or otherwise as may be required in accordance with the provisions of the Scheme Rules.

Scheme Limit. The maximum number of Class A ordinary shares and/or ADSs which may be issued pursuant to the awards granted and to be granted under the 2024 Share Scheme, when aggregated with the number of Class A ordinary shares and/or ADSs which may be issued pursuant to other awards schemes of the Company, shall not exceed 10% of the total number of ordinary shares in issue as at the Adoption Date unless shareholders approve a further refreshment of the Scheme Limit or shareholders’ approval is obtained in compliance with the Hong Kong Listing Rules, being 57,459,259 Class A Ordinary Shares.

Service Providers Limit. The total number of Class A ordinary shares and/or ADSs which may be issued pursuant to the awards granted and to be granted to Service Providers under the 2024 Share Scheme shall not exceed 1.0% of the total number of shares in issue as at the Adoption Date unless shareholders approve a further refreshment of the scheme Limit or shareholders’ approval is obtained in compliance with the Hong Kong Listing Rules, being 5,745,925 Class A ordinary shares.

Individual Limit. The total number of Class A ordinary shares and/or ADSs issued and to be issued upon the vesting or exercise of awards granted and to be granted under the 2024 Share Scheme and other awards schemes of the Company to each individual (excluding Awards lapsed in accordance with the 2024 Share Scheme) in any 12-month period up to (and including) the date of the latest grant shall not exceed 1.0% of the total number of shares in issue as at the Adoption Date, being 5,745,925 Class A Ordinary Shares.

Plan Administration. The 2024 Share Scheme shall be administrated by our board or person(s) to which our board of directors has delegated its authority (as applicable) to administer the 2024 Share Scheme.

Vesting Period. The scheme administrator may from time to time while the 2024 Share Scheme is in force and subject to all applicable laws, rules and regulations, determine the applicable vesting dates and any other criteria and conditions for vesting of the awards in its sole and absolute discretion. The vesting period in respect of any award shall not be less than 12 months from the grant date, except that with respect to an Employee Participant, a shorter vesting period may be permitted in certain circumstances.

Termination. The 2024 Share Scheme shall terminate on the earlier of (i) the end of the period of ten years after the Adoption Date, except otherwise as may be required in accordance with the provisions of the 2024 Share Scheme; and (ii) such date of early termination as determined by the board of directors.

As of March 31, 2026, (i) options to purchase a total of 56,980,259 ordinary shares were outstanding under the 2024 Share Scheme, and none of such options had vested and become exercisable; and there were restricted share units to receive a total of 439,000 ordinary shares outstanding under the 2024 Share Scheme.

The following table summarizes, as of March 31, 2026, the number of ordinary shares underlying outstanding options or restricted share units that we granted to each of our directors and executive officers and to other individuals as a group.

	Ordinary Shares Underlying Outstanding Options / Restricted Share Units	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Xueji (Jerry) Wang	—	—	—	—
Liaohan (Leo) Chen	—	—	—	—
Yi (Alex) Yang	—	—	—	—
Yan Zhang	59,550 ⁽¹⁾⁽²⁾	nil to 0.0005	from February 21, 2022 to June 27, 2023	from December 14, 2032 to June 27, 2033
Sidney Xuande Huang	10,000 ⁽¹⁾	—	July 5, 2022	July 4, 2029
Changheng Qiu	—	—	—	—
Meng Xiong Kuok (alias GUO Mengxiong)	—	—	—	—
Pak Tung Jason Yip	—	—	—	—
Other grantees	2,611,182 ⁽²⁾	0.00005	from May 12, 2017 to May 6, 2022	from May 11, 2027 to May 5, 2032
	1,826,750 ⁽¹⁾	—	from June 16, 2021 to March 27, 2026	from June 15, 2028 to March 26, 2036

(1) Restricted share units.

(2) Options.

6.C.Board Practices

Board of Directors

Our board of directors consists of eight directors, including four independent directors within the meaning of Section 303A of the NYSE Listed Company Manual, namely Sidney Xuande Huang, Changheng Qiu, Meng Xiong Kuok and Pak Tung Jason Yip. Each of Xueji (Jerry) Wang and Liaohan (Leo) Chen serves as the co-chairman of our board of directors. A director is not required to hold any shares in our company to qualify to serve as a director.

A director who to his or her knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he or she is to be regarded as interested in any contract or transaction shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he/she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. Subject to any separate requirement for audit committee approval under applicable law, the Corporate Governance Rules of the NYSE, or the Hong Kong Listing Rules, a director may vote in respect of any contract or proposed contract or arrangement in which he or she is interested and may be counted in the quorum at such meeting, provided that (i) such director, if his or her interest in such contract or arrangement is material, has declared the nature of his or her interest at the earliest meeting of the board at which it is practicable for him or her to do so, either specifically or by way of a general notice and (ii) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. Unless permitted under the Hong Kong Listing Rules, a director shall not be entitled to vote on (nor shall the director be counted in the quorum in relation to) any resolution of the directors in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates (or, if required by the Hong Kong Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution).

Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

Committees of the Board of Directors

We have established an audit committee, a compensation committee, a nomination committee and a corporate governance committee under our board of directors and have adopted a charter for each of the four committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Sidney Xuande Huang, Meng Xiong Kuok and Pak Tung Jason Yip and is chaired by Sidney Xuande Huang. We have determined that each of Sidney Xuande Huang, Meng Xiong Kuok and Pak Tung Jason Yip satisfies the requirements of an "independent director" within the meaning of Section 303A of the NYSE Listed Company Manual and meets the criteria for independence set forth in Rule 10A-3 of Exchange Act. In addition, we have determined that Sidney Xuande Huang satisfies the criteria of an "audit committee financial expert" as set forth under the applicable rules of the SEC and is appropriately qualified as required under Rules 3.10(2) and 3.12 of the Hong Kong Listing Rules. The audit committee is also in compliance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules, or the Corporate Governance Code.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is primarily responsible for, among other things:

- selecting the independent auditor;
- pre-approving auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our company;

- setting hiring policies for employees and former employees of the independent auditors;
- reviewing with the independent auditor any audit problems or difficulties and management's response;
- reviewing and, if material, approving all related party transactions on an ongoing basis;
- reviewing and discussing the annual audited financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
- discussing policies with respect to risk assessment and risk management with management, internal auditors and the independent auditor;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, major judgmental areas, significant adjustments resulting from audit, the going concern assumptions and qualifications, and compliance with applicable accounting standards;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately, periodically, with management, internal auditors and the independent auditor; and
- reporting regularly to the full board of directors.

Compensation Committee. Our compensation committee consists of Changheng Qiu, Pak Tung Jason Yip and Xueji (Jerry) Wang and is chaired by Changheng Qiu. We have determined that each of Changheng Qiu and Pak Tung Jason Yip satisfies the requirements for an "independent director" within the meaning of Section 303A of the NYSE Listed Company Manual. The compensation committee is also in compliance with Rule 3.25 of the Hong Kong Listing Rules and the Corporate Governance Code.

The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is primarily responsible for, among other things:

- reviewing, evaluating and, if necessary, revising our overall compensation policies;
- reviewing and evaluating the performance of our directors and senior officers and determining the compensation of our executive officers; and

- reviewing and recommending any incentive-compensation plan, equity-based plans and employee stock ownership plans.

Nomination Committee. Our nomination committee consists of Changheng Qiu, Meng Xiong Kuok and Yan Zhang, and is chaired by Changheng Qiu. We have determined that each of Changheng Qiu and Meng Xiong Kuok satisfies the requirements for an “independent director” within the meaning of Section 303A of the NYSE Listed Company Manual. The nomination committee is also in compliance with the requirements in respect of the nomination committee in Chapter 8A of the Hong Kong Listing Rules and the Corporate Governance Code.

Our nomination committee is primarily responsible for, among other things,

- searching for and identifying qualified individuals for membership on our board of directors;
- making recommendations on the appointment or re-appointment of directors and succession planning for directors; and
- reviewing the structure, size and composition (including the skills, knowledge and experience) of our board of directors and making recommendations on any proposed changes to the board of directors to complement our corporate strategy.

Corporate Governance Committee. Our corporate governance committee consists of Changheng Qiu and Pak Tung Jason Yip, and is chaired by Changheng Qiu. We have determined that each of Changheng Qiu and Pak Tung Jason Yip satisfies the requirements for an “independent director” within the meaning of Section 303A of the NYSE Listed Company Manual. The corporate governance committee is also in compliance with the requirements regarding the corporate governance committee under Chapter 8A of the Hong Kong Listing Rules and the Corporate Governance Code.

Our corporate governance committee is primarily responsible for, among other things:

- developing and reviewing our company’s policies and practices on corporate governance and making recommendations to the board;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring our company’s policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors;
- reviewing our company’s compliance with certain Hong Kong Listing Rules;
- reviewing and monitoring whether our company is operated and managed for the benefit of all of its shareholders;
- reviewing and monitoring the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest;
- reviewing and monitoring all risks related to our company’s multiple class voting structure; and
- reporting on the work of the corporate governance committee on at least a semi-annual and annual basis covering all areas of its terms of reference.

Duties and Functions of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. In accordance with our MAA, the functions and powers of our board of directors include, among others, (i) convening shareholders' annual general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends, (iii) appointing officers and determining their terms of office and responsibilities, and (iv) approving the transfer of shares of our company, including the registering of such shares in our share register. In addition, in the event of a tie vote, the chairman of our board of directors has, in addition to his personal vote, the right to cast a tie-breaking vote.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board. Our directors may be elected by an ordinary resolution of our shareholders. Each Class A ordinary share and each Class B ordinary share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution approving the appointment, election or removal of any Independent Non-executive Director (as defined in our MAA). Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Any director so appointed shall hold office only until the first annual general meeting of our company after his or her appointment, and shall then be eligible for re-election at that meeting.

A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. A director may be removed from office at any time by ordinary resolution of shareholders before the expiration of his or her term of office, or the affirmative vote of a simple majority of the other directors present and voting at a board meeting. At every annual general meeting of our company, the Independent Non-executive Directors for the time being shall retire from office by rotation provided that every Independent Non-executive Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Independent Non-executive Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. In addition, a director will be removed from office automatically if, among other things, the director (i) resigns by notice in writing to our company; (ii) dies, becomes bankrupt or makes any arrangement or composition with his or her creditors generally; (iii) is prohibited by any applicable law or stock exchange rules from being a director; (iv) is found to be or becomes of unsound mind; or (v) is removed from office pursuant to any other provision of our Articles.

6.D. Employees

We had 1,465, 1,435 and 1,441 salaried full-time employees as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2025, a substantial majority of our full-time employees were based in China, while the remaining of them were based in the United States, Europe, Singapore, India and Colombia, among other locations.

We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels, including our corporate website and third-party employment websites. As required by PRC laws and regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing fund, pension, medical, work injury, unemployment and maternity insurance. We or agents engaged by us are required under PRC laws and regulations to contribute to employee social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees.

The following table sets forth the breakdowns of our employees by function as of December 31, 2025:

Function	Number of Employees	Percentage of Total
Research and development	1,026	71.2 %
Sales and marketing	288	20.0 %
General and administrative, and others	127	8.8 %
Total	1,441	100 %

We are subject to, and comply with, applicable labor law requirements, which may automatically make our employees subject to industry-wide collective bargaining agreements. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes in the past. Our employees are represented by labor unions with respect to his or her employment.

6.E.Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of March 31, 2026 by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

We have adopted a dual class voting structure. The calculations in the table below are based on 613,286,104 ordinary shares outstanding as of March 31, 2026, consisting of 543,122,851 Class A ordinary shares (including 253,461 Class A ordinary shares issued to the depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our 2024 Share Scheme and 5,400 Class A ordinary shares that have been repurchased by us from the open market) and 70,163,253 Class B ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned				
	Number of Class A Ordinary Shares	Number of Class B Ordinary Shares	Total Number of Ordinary shares	% of Beneficial Ownership	% of Aggregate Voting Power *
Directors and Executive Officers:†					
Xueji (Jerry) Wang ⁽¹⁾	75,347,647	43,352,353	118,700,000	19.4	40.9
Liaohan (Leo) Chen ⁽²⁾	1,989,100	26,810,900	28,800,000	4.7	21.7
Yi (Alex) Yang	6,500,000	—	6,500,000	1.1	0.5
Yan Zhang	126,536	—	126,536	0.0	0.0
Sidney Xuande Huang	177,500	—	177,500	0.0	0.0
Changheng Qiu	9,438	—	9,438	0.0	0.0
Meng Xiong Kuok	—	—	—	—	—
Pak Tung Jason Yip	—	—	—	—	—
All directors and executive officers as a group	84,255,221	70,163,253	154,313,474	25.2	63.1
Principal Shareholders:					
65 Equity Partners Entities ⁽³⁾	74,626,900	—	74,626,900	12.2	6.0
Tenet Group Limited ⁽⁴⁾	73,915,497	34,784,503	108,700,000	17.7	33.9
Tencent entities ⁽⁵⁾	58,299,749	—	58,299,749	9.5	4.7
NEA entities ⁽⁶⁾	39,457,733	—	39,457,733	6.4	3.2
Unileo Limited ⁽⁷⁾	1,989,100	26,810,900	28,800,000	4.7	21.7
Tuya Group Inc. ⁽⁸⁾	1,432,150	8,567,850	10,000,000	1.6	7.0

Notes:

- * For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our ordinary shares as a single class. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to ten (10) votes on all matters subject to the vote at general meetings of our company (except as required by applicable law, rules and regulations and in relation to certain reserved matters set out in our MAA).
- † The address of our directors and executive officers (except Sidney Xuande Huang, Changheng Qiu, Meng Xiong Kuok and Pak Tung Jason Yip) is Huace Center, Building A, 10/F, Xihu District, Hangzhou City Zhejiang, 310000, People's Republic of China. The address of Sidney Xuande Huang is 80 Holland Park, London W11 3SG, United Kingdom. The address of Changheng Qiu is Shangshangting 8-2201, Tangping Road, Hangzhou, China. The address of Meng Xiong Kuok is 93 Grange Road, #07-08 Grange Residences, Singapore 249614. The address of Pak Tung Jason Yip is Flat 902, Block G, Kornhill, Quarry Bay, Hong Kong.
- (1) Represents (i) 1,432,150 Class A ordinary shares and 8,567,850 Class B ordinary shares held of record by Tuya Group Inc., a business company with limited liability incorporated under the laws of BVI wholly owned by Xueji (Jerry) Wang, and (ii) 73,915,497 Class A ordinary shares and 34,784,503 Class B ordinary shares held of record by Tenet Group Limited, a British Virgin Islands company. Tenet Group Limited is ultimately wholly owned by the trustee of a trust constituted under the laws of the Cayman Islands, of which the settlor is Mr. Wang and the beneficiaries are Mr. Wang and Tuya Group Inc. The registered address of each of Tuya Group Inc. and Tenet Group Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.

- (2) Represents 1,989,100 Class A ordinary shares and 26,810,900 Class B ordinary shares held of record by Unileo Limited, a limited liability company incorporated under the laws of BVI wholly owned by Liaohan (Leo) Chen. The registered address of Unileo Limited is Craigmuir Chambers, Road Town, Tortola. VG 1110, British Virgin Islands.
- (3) Represents 74,626,900 Class A ordinary shares held of record by Anchor V Pte. Ltd based on the Schedule 13G/A jointly filed by Anchor V Pte. Ltd and other 65 Equity Partners Entities with the SEC on December 4, 2024. Anchor V Pte. Ltd is wholly owned by Anchor @ 65 Pte. Ltd. which is in turn wholly owned by Anchor Fund @ 65 Limited Partnership through its general partner, Anchor GP Pte. Ltd. Anchor GP Pte. Ltd. is a wholly-owned subsidiary of 65EP Investment IV Pte. Ltd., which is in turn a wholly-owned subsidiary of 65EP Investments Pte. Ltd. Anchor GP Pte. Ltd. has appointed 65 Equity Partners Management (Singapore) Pte. Ltd. to serve as investment manager to each of Anchor Fund @ 65 Limited Partnership and Anchor @ 65 Pte. Ltd. 65 Equity Partners Management (Singapore) Pte. Ltd. is a wholly-owned subsidiary of 65 Equity Partners Management Pte. Ltd. Each of 65EP Investments Pte. Ltd. and 65 Equity Partners Management Pte. Ltd. is wholly owned by 65 Equity Partners Group Pte. Ltd., which is in turn wholly owned by 65 Equity Partners Pte. Ltd. 65 Equity Partners Pte. Ltd. is indirectly and ultimately owned by Temasek Holdings (Private) Limited. There are internal barriers and procedures in place between Temasek Holdings (Private) Limited and Anchor V Pte. Ltd and other 65 Equity Partners Entities such that voting and investment power over the shares held by Anchor V Pte. Ltd and other 65 Equity Partners Entities is exercised independently of Temasek Holdings (Private) Limited, and accordingly, beneficial ownership of the shares reported herein is not attributed to Temasek Holdings (Private) Limited. The registered address of 65 Equity Partners Entities is 501 Orchard Road, #11-01 Wheelock Place, Singapore. The information contained in this paragraph is based on the Schedule 13D filed by Anchor V Pte. Ltd. and certain other filers named therein on December 4, 2024.
- (4) Represents (i) 73,915,497 Class A ordinary shares and (ii) 34,784,503 Class B ordinary shares held of record by Tenet Group Limited, a limited liability company incorporated under the laws of BVI, which is wholly owned by Tenet Global Limited and ultimately controlled by Xueji (Jerry) Wang.
- (5) Represents (i) 35,924,749 Class A ordinary shares held of record by Tencent Mobility Limited, and (ii) 22,375,000 Class A ordinary shares represented by ADSs held of record by Image Frame Investment (HK) Limited, based on the Schedule 13G/A jointly filed by Tencent Mobility Limited and Image Frame Investment (HK) Limited, among others, with the SEC on March 29, 2021. Both Tencent Mobility Limited and Image Frame Investment (HK) Limited are incorporated in Hong Kong and wholly owned subsidiaries of Tencent. The registered address of Tencent Mobility Limited is Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong. Tencent Mobility Limited is wholly owned by Tencent Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock code: 00700).

- (6) Represents 35,821,715 Class A ordinary shares (the “NEA 14 Shares”) held of record by New Enterprise Associates 14, L.P. (“NEA 14”) and 3,636,018 Class A ordinary shares (the “NEF 15-OF Shares”) held of record by NEA 15 Opportunity Fund L.P. (“NEA 15-OF”), as of December 31, 2024, based on the Schedule 13G/A jointly filed by NEA 14 and NEA 15-OF, among others, with the SEC on February 14, 2025. As the sole general partner of NEA 14, NEA Partners 14, L.P. (“NEA Partners 14”) may be deemed to own beneficially the NEA 14 Shares. As the sole general partner of NEA Partners 14, NEA 14 GP, LTD (“NEA 14 GP”) likewise may be deemed to own beneficially the NEA 14 Shares. As the individual directors of NEA 14 GP, each of the Dual Managers (as defined below) and Patrick J. Kerins also may be deemed to own beneficially the NEA 14 Shares. As an individual member of the Executive Committee (defined below) of NEA Management Company, LLC, which committee has been delegated certain approval rights with respect to dispositions of the NEA 14 Shares, Mohamad H. Makhzoumi may also be deemed to own beneficially the NEA 14 Shares. As the sole general partner of NEA 15-OF, NEA Partners 15-OF, L.P. (“NEA Partners 15-OF”) may be deemed to own beneficially the NEA 15-OF Shares. As the sole general partner of NEA Partners 15-OF, NEA 15 GP, LLC (“NEA 15 GP”) likewise may be deemed to own beneficially the NEA 15-OF Shares. As the individual managers of NEA 15 GP, each of the Dual Managers (defined below) and Mohamad H. Makhzoumi also may be deemed to own beneficially the NEA 15-OF Shares. NEA Partners 15-OF and NEA Partners 14 are collectively referred to as “GPLPs.” NEA 15 GP, GPLPs and NEA 14 GP are collectively referred to as the “Control Entities.” Each of Forest Baskett, Anthony A. Florence, Jr. and Scott D. Sandell (a former director of us) is a director of NEA 14 GP and manager of NEA 15 GP (the “Dual Managers”). Patrick J. Kerins is a director of NEA 14 GP. Anthony A. Florence, Mohamad H. Makhzoumi and Scott D. Sandell are each a member of the Executive Committee of NEA Management Company, LLC (the “Executive Committee”). By virtue of their relationship as affiliated entities, whose controlling entities have substantially overlapping individual controlling persons, each of NEA 14, NEA 15-OF, the Control Entities and the Dual Managers may be deemed to share the power to direct the disposition and vote of the NEA 14 Shares and NEF 15-OF Shares. The address of the principal business office for the above referenced NEA entities is 1954 Greenspring Drive, Suite 600, Timonium, MD 21093.
- (7) Represents 1,989,100 Class A ordinary shares and 26,810,900 Class B ordinary shares held of record by Unileo Limited. Unileo Limited is wholly owned by Liaohan (Leo) Chen.
- (8) Represents 1,432,150 Class A ordinary shares and 8,567,850 Class B ordinary shares held of record by Tuya Group Inc., a business company with limited liability incorporated under the laws of BVI wholly owned by Xueji (Jerry) Wang.

To our knowledge, as of April 13, 2026, a total of 98,870,448 Class A ordinary shares outstanding were held by one record holder in the United States, representing 16.1% of our total issued and outstanding ordinary shares on an as-converted basis as of such date. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

6.F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—6.E. Share Ownership.”

7.B. Related Party Transactions

Historical Contractual Arrangements

See “Item 4. Information on the Company—4.C. Organizational Structure—Historical Contractual Arrangements with the Former VIE and the Former VIE’s Registered Shareholders” for a description of the historical contractual arrangements by and among our PRC subsidiary, the former VIE and the shareholders of the former VIE.

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Employment Agreements and Indemnification Agreements.”

Share Incentive Plan

See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plan.”

Shareholders Agreement

As of the date of this annual report, all provisions and rights under our shareholders agreement dated September 11, 2019 have been terminated.

Other Material Related Party Transactions

There were no other material related party transactions during year ended December 31, 2025.

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A.Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal and Administrative Proceedings

From time to time, we may be subject to various claims and legal actions that arise in the ordinary course of our business. Other than the following proceedings, we are not a party to, and are not aware of any threat of, any legal or arbitral proceeding, which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations.

In August 2022, we and certain of our current and former directors and officers and our underwriters in our initial public offering in the United States were named as defendants in a putative securities class action filed in the U.S. District Court for the Southern District of New York. An amended complaint in this class action was filed in March 2023. The action, purportedly brought on behalf of a class of persons or entities who purchased ADSs in or traceable to our initial public offering in the United States, alleges that our registration statement on Form F-1 in connection with our March 2021 initial public offering contains materially misleading statements and omissions in violation of the U.S. federal securities laws. Pursuant to a scheduling order entered in January 2023, we filed a motion to dismiss the action in May 2023. On March 5, 2024, the court entered an order granting our motion to dismiss in part and denying it in part. We filed a second motion to dismiss the action on April 25, 2024 under Federal Rule of Civil Procedure 12(c). On March 7, 2025, the court granted our motion for judgment on the pleadings, concluding that the plaintiffs failed to identify any false or misleading statements in our registration statement. The court granted leave for the plaintiffs to amend their complaint by March 28, 2025. The plaintiffs did not serve an amended complaint prior to that deadline. On March 31, 2025, the court entered judgment in favor of us and all other defendants, dismissing all claims asserted in the action with prejudice. The plaintiffs did not file an appeal, and the case is concluded. For risks and uncertainties relating to pending cases against us, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business— We and certain of our current and former directors and officers were named as defendants in a putative shareholder class action lawsuit, and may, from time to time, be the subject of shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operations, cash flows and reputation.”

Defending ourselves in legal and regulatory proceedings is costly and can impose a significant burden on our directors, management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, they could have a material adverse effect on our business, results of operations and financial condition.”

Dividend Payment History

On August 26, 2024, our Board approved the declaration and distribution of a dividend of US\$0.0589 per ordinary share, or US\$0.0589 per ADS, to shareholders as at the close of business on September 11, 2024, Hong Kong Time and New York Time, respectively. The aggregate amount of the dividend was approximately US\$33 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our share premium account. On February 26, 2025, our Board approved the declaration and distribution of a dividend of US\$0.0608 per ordinary share, or US\$0.0608 per ADS, to shareholders as at the close of business on March 13, 2025, Hong Kong Time and New York Time, respectively. The aggregate amount of the dividend was approximately US\$37 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our share premium account. On August 26, 2025, our Board approved the declaration and distribution of a cash dividend of US\$0.054 per ordinary share, or US\$0.054 per ADS, to such holders as at the close of business on September 11, 2025, Hong Kong Time and New York Time, respectively. The aggregate amount of the dividend was approximately US\$33 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our additional paid-in capital account. On March 2, 2026, our Board approved the declaration and distribution of a cash dividend of US\$0.0605 per ordinary share, or US\$0.0605 per ADS, to shareholders as at the close of business on March 18, 2026, Hong Kong Time and New York Time, respectively. The aggregate amount of such dividend was approximately US\$37 million, which was paid in U.S. dollars and in cash, and was funded by surplus cash and paid out from our share premium account. We currently do not have any plan to require our PRC subsidiaries to distribute their retained earnings and intend to retain them to operate and expand our business in the PRC.

Tuya Inc. is a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulation Relating to Foreign Exchange” and “Item 3. Key Information—3.D. Risk Factors—Risk Related to Doing Business in China—Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.”

We have adopted a policy on payment of dividends which however does not mandate our declaration of regular cash dividends, and investors should not rely on an investment in our ADSs or Class A ordinary shares as a source for any future dividend income. Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. When we consider the payment of dividends, we take into account various elements including but not limited to the earnings, cash flow, financial conditions, capital requirements, our statutory fund reserve requirements and any other conditions that our board of directors may deem relevant. See “Item 12. Description of Securities Other Than Equity Securities—12.D. American Depositary Shares.”

8.B. Significant Changes

We have not experienced any significant changes since the date of the annual financial statements included herein.

ITEM 9. THE OFFER AND LISTING

9.A. Offering and Listing Details

The ADSs representing our Class A ordinary shares have been listed on the NYSE since March 18, 2021 under the symbol “TUYA.” Each ADS represents one Class A ordinary share, par value US\$0.00005 per share.

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since July 5, 2022 under the stock code “2391.”

9.B. Plan of Distribution

Not applicable.

9.C. Markets

The ADSs representing our Class A ordinary shares have been listed on the NYSE since March 18, 2021 under the symbol “TUYA.”

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since July 5, 2022 under the stock code “2391.”

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

We are a Cayman Islands exempted company and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, the Companies Act of the Cayman Islands, and the common law of the Cayman Islands.

We incorporate by reference into this annual report our amended and restated memorandum and articles of association, or MAA, the form of which was filed as [Exhibit 3.1](#) to our Form 6-K (File No. 001-40210) filed with the Securities and Exchange Commission on November 2, 2022. Our board of directors adopted our MAA by a special resolution on November 1, 2022, which became effective on November 1, 2022.

The following are summaries of material provisions of our MAA and the Companies Act as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

According to Clause 3 of our MAA, the objects for which we are established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act (As Revised) or as the same may be revised from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Management and Employees.”

Ordinary Shares

General. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue share to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our MAA and the Companies Act. Our MAA provides that dividends may be declared and paid out of our profits, realized or unrealized. Dividends may also be declared and paid out of share premium account or as otherwise permitted by the Companies Act. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Classes of Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Except for conversion rights and voting rights, the Class A ordinary shares and Class B ordinary shares shall carry equal rights and rank *pari passu* with one another, including but not limited to the rights to dividends and other capital distributions.

Conversion. Subject to applicable laws and stock exchange rules, each Class B ordinary share shall be automatically converted into one Class A ordinary share upon the occurrence of any of the following events: (i) the death of the holder of such Class B ordinary share (or, where the holder is a Director Holding Vehicle (as defined in the MAA), the death of Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen who holds and controls such Director Holding Vehicle); (ii) the holder of such Class B ordinary share ceasing to be a director or a Director Holding Vehicle for any reason; (iii) the holder of such Class B ordinary share (or, where the holder is a Director Holding Vehicle, Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen who holds and controls such Director Holding Vehicle) being deemed by the Hong Kong Stock Exchange to be incapacitated for the purpose of performing his duties as a director; (iv) the holder of such Class B ordinary share (or, where the holder is a Director Holding Vehicle, Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen who holds and controls such Director Holding Vehicle) being deemed by the Hong Kong Stock Exchange to no longer meet the requirements of a director set out in the Hong Kong Listing Rules; or (v) any direct or indirect sale, transfer, assignment, or disposition of the beneficial ownership of, or economic interest in, such Class B ordinary share or the control over the voting rights attached to such Class B ordinary share through voting proxy or otherwise from Mr. Xueji (Jerry) Wang, Mr. Liaohan (Leo) Chen or a Director Holding Vehicle to any person, including by reason that a Director Holding Vehicle no longer complies with Rule 8A.18(2) of the Hong Kong Listing Rules (in which case our company and Mr. Xueji (Jerry) Wang, Mr. Liaohan (Leo) Chen or such Director Holding Vehicle must notify the Hong Kong Stock Exchange as soon as practicable with details of the non-compliance), other than a transfer of the legal title to such Class B ordinary share by Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen to a Director Holding Vehicle wholly owned and wholly controlled by him, or by a Director Holding Vehicle to Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen who holds and controls it or another Director Holding Vehicle wholly owned and wholly controlled by Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon our registration of such sale, transfer, assignment or disposition in the register of members; (ii) the creation of any pledge, charge, encumbrance or other third-party right of whatever description on any Class B ordinary shares to secure any contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third-party right is enforced and results in the third party that is not Mr. Xueji (Jerry) Wang, Mr. Liaohan (Leo) Chen or the Director Holding Vehicle wholly owned and wholly controlled by Mr. Xueji (Jerry) Wang or Mr. Liaohan (Leo) Chen becoming a beneficial owner of the relevant Class B ordinary shares, in which case all the related Class B ordinary shares shall be automatically and immediately converted into the same number of Class A ordinary shares, and (iii) in the event that Mr. Liaohan (Leo) Chen ceases to be a director or an executive officer or employee of our company, any and all of the Class B ordinary shares beneficially owned or controlled by Mr. Liaohan (Leo) Chen and any Affiliate of Mr. Liaohan (Leo) Chen shall be automatically and immediately converted into an equal number of Class A ordinary shares. For the purpose of the foregoing sentence, an “affiliate” of a given shareholder means any other person that, directly or indirectly, controls, is controlled by or is under common control with such person, and for the purposes of the foregoing definition of “affiliate,” “control” means, in relation to any person, the power or authority, whether exercised or not, to direct the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; *provided* that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors of such person.

Voting Rights. In respect of all matters subject to a shareholders’ vote, unless otherwise provided by the MAA, holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to ten (10) votes on all matters subject to the vote at general meetings of our company (except as required by applicable law, rules and regulations and in relation to certain reserved matters set out in our MAA). Voting at any meeting of shareholders shall be determined by poll and not on a show of hands, save that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Hong Kong Listing Rules to be voted on by a show of hands.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of all votes, calculated on a fully converted basis, cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution requires the affirmative vote of not less than three-fourths (3/4) of all votes, calculated on a fully converted basis, cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Subject to the provisions of the Companies Act and our MAA, a special resolution will be required for important matters such as a change of name or making changes to our MAA.

General Meetings of Shareholders. Save as otherwise stated in the MAA, a quorum required for a meeting of shareholders consists of shareholders holding 10% of all votes attaching to the issued shares and entitled to vote at general meetings present (on a one vote per share basis). Our MAA provides that we shall hold a general meeting as our annual general meeting in each financial year within a period of not more than six months after the end of our financial year (or such longer period as the Hong Kong Stock Exchange may authorize). We will specify an annual general meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid-up capital of our company, on a one vote per share basis, that as at the date of the deposit carry the right to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our MAA does not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of not less than twenty-one (21) days' notice and fourteen (14) days' notice in writing is required for the convening of our annual general meeting and other general meetings, respectively.

Transfer of Ordinary Shares. Subject to the restrictions in our MAA as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form, or in a form prescribed by the designated stock exchange, or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within two calendar months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the rules of the designated stock exchange, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, *provided, however*, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any calendar year.

Liquidation. On the winding up of our company, if the assets available for distribution among our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed among our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares. Subject to the provision of our MAA, we may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors, or are otherwise authorized by our MAA, provided always that any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Hong Kong Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act, no such share may be redeemed or repurchased (i) unless it is fully paid up, (ii) if such redemption or repurchase would result in there being no shares outstanding or (iii) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. Subject to the provision of our MAA, if at any time the share capital of our company is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths (3/4) in the nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class by members holding shares representing three-fourths (3/4) in nominal value of the issued shares of that class present and voting at such meeting. The rights conferred upon the holders of the shares of any class issued shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied or abrogated by the creation or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than the memorandum and articles of association, the register of mortgages and charges, and copies of any special resolutions passed by our shareholders). However, we will provide our shareholders with annual audited financial statements. Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the board of directors may impose) be open for inspection by a shareholder without charge and such other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Hong Kong Listing Rules as the board of directors may determine for each inspection, provided that our company may be permitted to close the register in terms equivalent to section 632 of the Hong Kong Companies Ordinance.

Issuance of Additional Shares. Our MAA authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Subject to certain conditions set forth in the MAA, compliance with the Hong Kong Listing Rules (and only to such extent permitted thereby), the Codes on Takeovers and Mergers and any applicable rules and regulations of authorities of places where the securities of our company are listed, and on the conditions that (i) no new class of shares with voting rights superior to those of Class A ordinary shares will be created and (ii) any variation in the relative rights as between the different classes will not result in creating a new class of shares with voting rights superior to those of Class A ordinary shares, the board of directors is authorized to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions. Some provisions of our MAA may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders, and limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our MAA for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are given for up to 30 years);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder’s shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences between the Law of Different Jurisdictions

The Companies Act is derived, to a large extent, from the older Companies Acts of England, but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a “parent” of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his or her shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of a dissenting minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our MAA provide that we shall indemnify our officers and directors and any trustee against all actions, proceedings, costs, charges, losses, damages and expenses that they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty, and no such director or officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other director or officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to us may be lodged or deposited for safe custody or for any insufficiency of any security upon which any of our monies may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his or her office or trust unless the same shall happen through the fraud or dishonesty of such director or officer or trustee. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our MAA, and maintain director and officer insurance. We currently also insure our directors and officers through a directors and officers insurance policy.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company: a duty to act *bona fide* in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Act and our MAA provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our MAA allow our shareholders holding, on the date of deposit of the requisition in aggregate, not less than one-tenth (1/10) of the paid-up capital of our company, on a one vote per share basis, that as at the date of the deposit carry the right to vote at general meetings of our company to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Articles do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our MAA do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our MAA, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. A director (including a managing or other executive directors) may be removed (with or without cause) from office at any time by ordinary resolution of our company before the expiration of his or her term of office, or the affirmative vote of a simple majority of the other directors present and voting at a board meeting (but without prejudice to any claim for damages under such agreement). In addition, a director's office shall be vacated if the director (i) dies, becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to the company; (iv) is prohibited by law from being a director; or (v) is removed from office pursuant to any other provisions of our MAA.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of the Company are required to comply with fiduciary duties which they owe to the Company under Cayman Islands law, including the duty to ensure that, in their opinion, any such transactions must be entered into *bona fide* in the best interests of the company, and are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances, including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our MAA, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our MAA, if at any time the share capital of our company is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths (3/4) in the nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class by members holding shares representing three-fourths (3/4) in nominal value of the issued shares of that class present and voting at such meeting.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our MAA, our MAA may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by our MAA on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our MAA governing the ownership threshold above which shareholder ownership must be disclosed.

10.C.Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this annual report.

10.D.Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions.

10.E.Taxation

The following discussion of Cayman Islands, PRC and United States federal income tax consequences of the ownership and disposition of the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to the ownership and disposition of the ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws.

Cayman Islands Taxation

According to Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of the ADSs or ordinary shares levied by the government of the Cayman Islands, except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs or Class A ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs or Class A ordinary shares, nor will gains derived from the disposal of the ADSs or Class A ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Our subsidiaries and the former VIE in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the Enterprise Income Tax Law of the People's Republic of China (the "EIT Law"), which was amended on December 29, 2018 and became effective on the same date and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, which was amended on April 23, 2019 and became effective on the same date, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. In 2023, 2024 and 2025, preferential tax treatment was available to Hangzhou Tuya Information Technology Co., Ltd, which qualifies as a high-tech enterprise and is entitled to enjoy the 15% beneficial tax rate. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

We are subject to VAT on the products sold and services provided. We are also subject to surcharges on VAT payments in accordance with PRC law. The PRC Provisional Regulations on Value-Added Tax were promulgated by the State Council on December 13, 1993, became effective on January 1, 1994 and were subsequently amended from time to time. The Detailed Rules for the Implementation of the PRC Provisional Regulations on Value-Added Tax (2011 Revision) were promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax. Pursuant to these regulations, rules and decisions, all enterprises and individuals engaged in sale of goods, provision of processing, repair, and replacement services, sales of services, intangible assets and real property, and the importation of goods within the PRC territory are VAT taxpayers. On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepening the Reform of Value-Added Tax. Pursuant to this announcement, the generally applicable VAT rates are simplified as 13%, 9%, 6% and 0%, which became effective on April 1, 2019, and the VAT rate applicable to small-scale taxpayers is 3%.

Tuya Inc. is a Cayman Islands holding company, which may receive dividends from our PRC subsidiaries through Tuya (HK) Limited. The EIT Law and its implementing rules provide that dividends paid by a PRC entity to a non-resident enterprise for income tax purposes are subject to PRC withholding tax at a rate of 10%, and may be subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, which was signed on August 21, 2006, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise (i) directly holds at least 25% of the PRC enterprise, (ii) is a tax resident in Hong Kong and (iii) could be recognized as a beneficial owner of the dividend from a PRC tax perspective. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (the "SAT Notice"), a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In October 2019, the State Administration of Taxation issued the Announcement of the State Taxation Administration on Issuing the Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits (the "SAT Circular 35"), which became effective on January 1, 2020. The SAT Circular 35 provides that nonresident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, Tuya (HK) Limited may be able to benefit from the 5% withholding tax rate for the dividends it receives from its PRC subsidiaries, if it satisfies the conditions prescribed under the SAT Notice and other relevant tax rules and regulations. However, according to the SAT Notice and SAT Circular 35, if the relevant tax authorities consider the transactions or arrangements we have to be for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC shareholders (including the holders of our ADSs and Class A ordinary shares) and any gain realized on the transfer of the ADSs and/or Class A ordinary shares by such shareholders may be subject to PRC tax. Subject to the provisions of any applicable tax treaties, the tax would be imposed at the rate of 10% in the case of non-PRC resident enterprise holders and at a rate of 20% in the case of non-PRC resident individual holders (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC shareholders would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our ADSs or Class A ordinary shares. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.”

Material U.S. Federal Income Tax Considerations

The following are material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of the ADSs or Class A ordinary shares, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to hold ADSs or Class A ordinary shares. This discussion applies only to a U.S. Holder that holds the ADSs or Class A ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder’s particular circumstances, including any minimum tax or Medicare contribution tax consequences, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or Class A ordinary shares as part of a straddle, conversion transaction, integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt entities, “individual retirement accounts” or “Roth IRAs”;
- persons that own or are deemed to own 10% or more of our stock by vote or value;
- persons holding ADSs or Class A ordinary shares in connection with a trade or business conducted outside the United States; or
- persons who acquired our ADSs or Class A ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns ADSs or Class A ordinary shares, the U.S. federal income tax treatment of its partners will generally depend on the status of its partners and the activities of the partnership. Partnerships owning ADSs or Class A ordinary shares and their partners should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of ADSs or Class A ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations and the income tax treaty between the United States and the PRC (the “Treaty”), all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

For purposes of this discussion, a “U.S. Holder” is a person that is, for U.S. federal income tax purposes, a beneficial owner of ADSs or Class A ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying Class A ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying Class A ordinary shares represented by those ADSs.

This discussion does not address the effects of any state, local or non-U.S. tax laws, or any U.S. federal taxes other than income taxes (such as U.S. federal estate or gift tax consequences). U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or Class A ordinary shares in their particular circumstances.

Passive Foreign Investment Company

In general, a non-U.S. corporation is a passive foreign investment company (a “PFIC”) for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes), directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties (other than certain rents or royalties derived in an active conduct or a trade or business) and certain gains. Cash is generally a passive asset for these purposes. Goodwill and other intangible assets are active under the PFIC rules to the extent attributable to activities that produce active income.

We hold a substantial amount of cash and financial investments, and while that continues to be the case our PFIC status for any taxable year may depend on the average value of our goodwill and other intangible assets. We have not obtained any valuation of our goodwill or other assets. However, the value of our goodwill and other intangible assets for any taxable year may be determined, in large part, by reference to our average market capitalization. If the value of our goodwill and other intangible assets is determined by reference to our average market capitalization, then we were likely a PFIC for our 2025 taxable year, and there is a significant risk that we will also be a PFIC for 2026, and possibly future taxable years. Moreover, it is not entirely clear how the contractual arrangements between us and the former VIE are treated for purposes of the PFIC rules, and we may be a PFIC for the 2025 taxable year or any prior year if the former VIE is not treated as owned by us for these purposes. Our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year and will depend on the composition of our income and assets and the value of our assets from time to time. For these reasons, we cannot express an expectation as to our PFIC status for 2026 or any future taxable year. U.S. holders of our ADSs or Class A ordinary shares should consult their tax advisers regarding our PFIC status for any of our past, current or future taxable year.

If we are a PFIC for any taxable year and any entity in which we own or are treated as owning equity interests is also a PFIC (any such entity, a “Lower-tier PFIC”), a U.S. Holder will be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holder held such shares directly, even though the U.S. Holder will not receive the proceeds of those distributions or dispositions.

In general, if we are a PFIC for any taxable year during which a U.S. Holder holds ADSs or Class A ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or Class A ordinary shares will be allocated ratably over that U.S. Holder's holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC will be taxed as ordinary income. The amount allocated to each other taxable year will be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge will be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any taxable year on its ADSs or Class A ordinary shares exceed 125% of the average of the annual distributions on the ADSs or Class A ordinary shares received during the preceding three taxable years or the U.S. Holder's holding period for the ADSs or Class A ordinary shares, whichever is shorter, such distributions will be subject to taxation in the same manner. Under a rule commonly referred to as the "once a PFIC always a PFIC" rule, if we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC with respect to these ADSs or Class A ordinary shares for all succeeding taxable years during which the U.S. Holder owns them, even if we cease to meet the threshold requirements for PFIC status. If we are or were a PFIC for any taxable year during a U.S. Holder's holding period but cease to be a PFIC for subsequent years, U.S. Holders should consult their tax advisers regarding the advisability of making a "deemed sale" election that will allow them to eliminate the continuing PFIC status under certain circumstances, but may require them to recognize gain taxed under the PFIC rules described above in this paragraph.

Alternatively, if we are a PFIC and if the ADSs or Class A ordinary shares are "regularly traded" on a "qualified exchange," as defined in applicable Treasury regulations, a U.S. Holder thereof could make a mark-to-market election that will result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs or Class A ordinary shares will be treated as "regularly traded" for any calendar year in which more than a de minimis quantity thereof are traded on a qualified exchange on at least 15 days during each calendar quarter. There can be no assurance that our ADSs or Class A ordinary shares will be treated as regularly traded for any relevant period. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs or Class A ordinary shares at the end of each taxable year in which we are a PFIC over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs or Class A ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs or Class A ordinary shares, as applicable, will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs or Class A ordinary shares in a taxable year when we are a PFIC will be treated as ordinary income, and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess loss treated as a capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs or Class A ordinary shares will be treated as discussed under "—Taxation of Distributions" below. There is no law, regulation or administrative guidance that provides for a right to make a mark-to-market election with respect to any Lower-tier PFIC. Therefore, if we are a PFIC for any taxable year, U.S. Holders could be subject to the general PFIC rules described in the preceding paragraph with respect to any Lower-tier PFIC even if they make a mark-to-market election with respect to us. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances.

If we are a PFIC (or with respect to a particular U.S. Holder are treated as a PFIC) for a taxable year in which we pay a dividend or for the prior taxable year, the favorable tax rate described below with respect to dividends paid to certain non-corporate U.S. Holders will not apply.

We do not intend to provide information necessary for a U.S. Holder to make a "qualified electing fund election" which, if available, would result in tax treatment different from the tax treatment for PFICs described above.

If we are a PFIC for any taxable year during which a U.S. Holder owns any ADSs or Class A ordinary shares, the U.S. Holder will generally be required to file annual reports with the Internal Revenue Service.

U.S. Holders should consult their tax advisers regarding our PFIC status for 2025 and any other taxable year, and the application of the PFIC rules to their ownership of ADSs or Class A ordinary shares.

Taxation of Distributions

This discussion is subject to the discussion under “—*Passive Foreign Investment Company Rules*” above.

Distributions paid on the ADSs or Class A ordinary shares, other than certain pro rata distributions of ADSs or Class A ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Generally under the Code, subject to applicable limitations dividends paid to certain non-corporate U.S. taxpayers may in some circumstances be taxable at a preferential rate, provided that certain holding period and other applicable requirements are met. However, this preferential rate will not apply if we are a PFIC (or are treated as a PFIC with respect to a U.S. Holder under the “once a PFIC always a PFIC” rule described above) for the taxable year of the distribution or the preceding taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of this favorable rate in general (taking into account our PFIC status for any taxable year) and in their particular circumstances.

Dividends will be included in a U.S. Holder’s income on the date of the U.S. Holder’s, or in the case of ADSs, the depository’s, receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income for foreign tax credit purposes. As described in “—People’s Republic of China Taxation,” dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC taxes. Subject to applicable limitations, which vary depending upon the U.S. Holder’s circumstances, and the discussion below regarding certain Treasury regulations, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable rate provided in the Treaty) generally will be creditable against a U.S. Holder’s U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets these requirements. However, IRS notices (i) indicate that the Treasury and the IRS are considering amendments to these Treasury regulations and (ii) provide relief from certain of their provisions for taxable years ending before the date that a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all otherwise creditable foreign taxes paid or accrued in the relevant taxable year.

Sale or Other Taxable Disposition of ADSs or Class A Ordinary Shares

This discussion is subject to the discussion under “—*Passive Foreign Investment Company Rules*” above.

For U.S. federal income tax purposes, gain or loss realized on the sale or other taxable disposition of ADSs or Class A ordinary shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the ADSs or Class A ordinary shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder’s tax basis in the ADSs or Class A ordinary shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars.

As described in “—People’s Republic of China Taxation” above, gains on the sale of ADSs or Class A ordinary shares may be subject to PRC taxes if we are treated as a PRC resident enterprise for PRC tax purposes. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source income. However, a U.S. Holder that is eligible for the benefits of the Treaty may be able to elect to treat the gain as foreign-source income under the Treaty and claim foreign tax credit in respect of any PRC tax on dispositions. Under certain Treasury regulations, a U.S. Holder will generally be precluded from claiming a foreign tax credit with respect to PRC income taxes on gains from dispositions of ADSs or Class A ordinary shares, unless the U.S. Holder is eligible for Treaty benefits and elects to apply them. However, as discussed above, IRS notices (i) indicate that the Treasury and the IRS are considering amendments to these Treasury regulations and (ii) provide relief from certain of the regulations’ provisions for taxable years ending before the date that a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). Even if these Treasury regulations do not prohibit a U.S. Holder from claiming a foreign tax credit with respect to any PRC income tax on disposition gains, other limitations under the foreign tax credit rules may preclude a U.S. Holder from claiming a foreign tax credit, in whole or in part, with respect to such taxes. If a U.S. Holder is precluded from claiming a foreign tax credit with respect to any PRC income taxes on disposition gains, it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. The rules governing foreign tax credits and deductibility of foreign taxes are complex. U.S. Holders should consult their tax advisers regarding the consequences of the imposition of any PRC tax on disposition gains, including the Treaty’s resourcing rule, any reporting requirements with respect to a Treaty-based return position and the creditability or deductibility of the PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

Any Hong Kong stamp duty imposed on dealings in Class A ordinary shares on the Hong Kong Stock Exchange will not be creditable against a U.S. Holder’s U.S. federal income tax liability. However, Hong Kong stamp duty paid by a U.S. Holder may increase the U.S. Holder’s tax basis in the Class A ordinary shares (if the U.S. Holder is the buyer of the shares) or reduce the amount of gain (or increase the amount of loss) recognized upon a sale or other disposition of the Class A ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds from the sale or exchange of our ADSs or Class A ordinary shares that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding, generally on Internal Revenue Service Form W-9. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of ADSs or Class A ordinary shares, or non-U.S. accounts through which ADSs or Class A ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the ADSs or Class A ordinary shares.

10.F.Dividends and Paying Agents

Not applicable.

10.G.Statement by Experts

Not applicable.

10.H.Documents on Display

We previously filed with the SEC a registration statement on Form F-1 (File No. 333-253575), as amended, to register our Class A ordinary shares in relation to our initial public offering. We also filed with the SEC a related registration statement on Form F-6 (File No. 333-254092) to register the ADSs representing our Class A ordinary shares.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish The Bank of New York Mellon, the depositary of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

10.I.Subsidiary Information

Not applicable.

10.J.Annual Report to Security Holders

We intend to submit any annual report provided to security holders in electronic format as an exhibit to a current report on Form 6-K.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits and U.S. treasury securities. We have not used any derivative financial instruments to manage our interest risk exposure. However, interest-earning instruments carry a degree of interest rate risk. Our future interest income may be lower than expected due to changes in market interest rates.

Concentration of Customers and Suppliers

Substantially all of our revenues were derived from customers located in China. There were no customers from whom revenues individually represent greater than 10% of our total revenues in 2023, 2024 and 2025. In 2023 and 2024, there was one supplier from whom our purchases individually represent 11% and 11% in 2023 and 2024 of our total purchases in the same year, respectively. In 2025, there was one supplier from whom our purchases individually represent 13% of our total purchases in the same year.

Foreign Exchange Risk

We currently derive a significant majority of our revenue from PaaS which, in turn, are generated primarily through our contracts with OEMs located in the PRC. These revenues are predominantly denominated in RMB. A substantial portion of our expenses are also denominated in RMB. Our reporting and functional currency is the U.S. dollar. The financial statements of our subsidiaries and consolidated affiliated entities using functional currencies other than the U.S. dollar, such as RMB, are translated to the U.S. dollar. As a result, as RMB depreciates or appreciates against the U.S. dollar, our revenues presented in U.S. dollars will be negatively or positively affected.

We do not believe that we currently have any significant direct foreign exchange risk arising from our operating activities. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in the ADSs or our Class A ordinary shares will be affected by the exchange rate between the U.S. dollar and RMB because the value of our business is effectively denominated in RMB, while the ADSs representing our Class A ordinary shares and our Class A ordinary shares will be traded in U.S. dollars and Hong Kong dollars, respectively.

The value of RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government has announced in the past, and may announce in the future, changes to the exchange rate system and there is no guarantee that RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of RMB against the U.S. dollar would reduce the RMB amount we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, servicing our outstanding debt, or for other business purposes, appreciation of the U.S. dollar against RMB would reduce the U.S. dollar amounts available to us.

As of December 31, 2025, we had Renminbi-denominated cash and cash equivalents of RMB578.1 million (US\$82.3 million), and U.S. dollar-denominated cash and cash equivalents of US\$807.0 million.

Inflation Risk

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for 2023, 2024 and 2025 were increases of 0.2%, 0.2% and 0.0%, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. Additionally, high global inflation has been weakening consumption sentiment and dampening enterprises' confidence in doing business. We may not be able to hedge our exposure to higher inflation in China and globally.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D.American Depositary Shares

Fees and Expenses

An ADS holder will be required to pay the following fees under the terms of the deposit agreement:

Persons depositing or withdrawing shares or ADS holders

must pay:	For:
US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
US\$0.05 (or less) per ADS per calendar year	Depository services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depository services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions. In 2025, excluding withholding tax, we received US\$2.1 million net reimbursement from The Bank of New York Mellon, for the expenses incurred in connection with our ADR program.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Conversion between Class A Ordinary Shares and ADSs

Dealings and Settlement of Class A Ordinary Shares in Hong Kong

Our Class A ordinary shares are traded on the Hong Kong Stock Exchange in board lots of 200 Class A ordinary shares. Dealings in our Class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in our Class A ordinary shares on the Hong Kong Stock Exchange include the following:

- Hong Kong Stock Exchange trading fee of 0.00565% of the consideration of the transaction, charged to each of the buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Accounting and Financial Reporting Council transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.26% of the value of the transaction, with 0.13% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong share registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors in Hong Kong must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his/her Class A ordinary shares in his/her stock account or in his/her designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. The term "CCASS" refers to the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his/her broker or custodian before the settlement date.

An investor may arrange with his/her broker or custodian on a settlement date in respect of his/her trades executed on the Hong Kong Stock Exchange. Under the Hong Kong Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must be the second settlement day (a day on which the settlement services of CCASS are open for use by CCASS participants) following the trade date (T+2). For trades settled under CCASS, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, provided that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

Exchanges Between Class A Ordinary Shares Trading in Hong Kong and ADSs

We have established a branch register of members in Hong Kong (the "**Hong Kong share register**"), which is maintained by our Hong Kong share registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members (the "**Cayman share register**") continues to be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited. All Class A ordinary shares offered in connection with our listing in Hong Kong are registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Class A ordinary shares registered on the Hong Kong share register are able to exchange those Class A ordinary shares for ADSs, and vice versa.

Depositing Class A Ordinary Shares Trading in Hong Kong for Delivery of ADSs

An investor who holds Class A ordinary shares registered in Hong Kong and wishes to receive delivery of ADSs that trade on NYSE must deposit or have his/her broker deposit the Class A ordinary shares with the depositary's Hong Kong custodian, The Hong Kong and Shanghai Banking Corporation Limited (the "**custodian**") in exchange for ADSs. A deposit of Class A ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- (a) If Class A ordinary shares have been deposited with CCASS, the investor must transfer Class A ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed ADS delivery form to the custodian via his/her broker.
- (b) If Class A ordinary shares are held outside CCASS, the investor must arrange for the registration of a transfer of his/her Class A ordinary shares into the depositary's name and delivery of evidence of that registration to the custodian, and must sign and deliver an ADS delivery form to the depositary.
- (c) Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed in the ADS delivery form. For Class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For Class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Surrender of ADSs for Delivery of Class A Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and wishes to receive Class A ordinary shares that trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw the Class A ordinary shares from our ADS program and cause his/her broker or other financial institution to trade such Class A ordinary shares on the Hong Kong Stock Exchange. An investor that holds ADSs indirectly through a broker or other financial institution should follow the procedures of the broker or financial institution and instruct the broker to arrange for cancellation of the ADSs, and transfer of the underlying Class A ordinary shares from the depositary's account with the custodian within the CCASS to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- (a) To withdraw Class A ordinary shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary. Those instructions must have a Medallion signature guarantee.
- (b) Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will instruct the custodian to deliver Class A ordinary shares underlying the canceled ADSs to the CCASS account designated by the investor.
- (c) If an investor prefers to receive Class A ordinary shares outside CCASS, he/she must so indicate in the instruction delivered to the depositary.

For Class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For the Shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Class A ordinary shares on the Hong Kong Stock Exchange until the procedures are completed. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures for delivery of Class A ordinary shares in a CCASS account is subject to there being a sufficient number of Class A ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS. We are not under any obligation to maintain or increase the number of Class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Depositary Requirements

Before the depositary delivers ADSs or permits withdrawal of Class A ordinary shares, the depositary may require:

- (a) production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- (b) compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including completion and presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the depositary or of the Hong Kong share registrar are closed or at any time if the depositary or we determine it advisable to do so.

All costs attributable to the transfer of Class A ordinary shares to effect a withdrawal from or deposit of Class A ordinary shares into our ADS program will be borne by the investor requesting the transfer or deposit. In particular, holders of Shares and ADSs should note that the Hong Kong share registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules) for each transfer of Class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Class A ordinary shares and ADSs must pay up to US\$5.00 per 100 ADSs (or portion thereof) for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of the Shares into, or withdrawal of Class A ordinary shares from, the ADS facility.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

PART II

ITEM 13. ITEM DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

14.A. – 14.D. Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged.

14.E. Use of Proceeds

Initial Public Offering

The following “Use of Proceeds” information relates to the registration statement on Form F-1 (File No. 333-253575) as amended (the “**IPO Registration Statement**”), which registered 43,590,000 Class A ordinary shares represented by 43,590,000 ADSs issued and sold by us, and the underwriters’ exercise of their option to purchase from us 1,486,479 additional ADSs representing 1,486,479 Class A ordinary shares, at a public offering price of US\$21.00 per ADS. The registration statement was declared effective by the SEC on March 17, 2021, for our initial public offering, which closed in March 2021. Morgan Stanley & Co. LLC, BofA Securities, Inc. and China International Capital Corporation Hong Kong Securities Limited were the representatives of the underwriters.

We received net proceeds of US\$904.7 million from our initial public offering in March 2021 and the underwriters’ exercise of the over-allotment option. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our offering totaled US\$41.9 million, which included US\$37.9 million for underwriting discounts and commissions and US\$4.0 million for other expenses. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from March 17, 2021, the date that the registration statement on Form F-1 was declared effective by the SEC, to December 31, 2025, we used approximately US\$751.0 million of the net proceeds received from our initial public offering for the purposes as disclosed in the IPO Registration Statement (i.e., research and development; investment in technology infrastructure; marketing and branding; other capital expenditures; and other general corporate purposes), as well as repurchases of ADSs from the open market. None of the net proceeds we received from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates. We intend to use the remainder of the net proceeds from our initial public offering for the foregoing purposes.

Global Offering

The following “Use of Proceeds” information relates to the shelf registration statement on Form F-3 (File No. 333-265320) filed on May 31, 2022 and prospectus supplements filed on June 22, 2022 and June 28, 2022, respectively, relating to our global offering in connection with the Hong Kong Listing, which closed in July 2022. We offered and sold 7,300,000 Class A ordinary shares at an offering price of HK\$19.30 per Class A ordinary share. China International Capital Corporation Hong Kong Securities Limited, Morgan Stanley Asia Limited and Merrill Lynch (Asia Pacific) Limited were the representatives of the international underwriters of the global offering.

We received net proceeds of HK\$70.0 million from the global offering. Our expenses incurred and paid to others in connection with the issuance and distribution of the Class A ordinary shares in our offering totaled US\$9.3 million, which included HK\$5.6 million for underwriting discounts and commissions and HK\$67.1 million for other expenses. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from May 31, 2022, the date that the shelf registration statement on Form F-3 was automatically effective, to December 31, 2025, we used approximately US\$6.2 million of the net proceeds received from our global offering for the purposes as disclosed in the prospectus supplements (i.e., enhancing our IoT technologies and infrastructure; expanding and enhancing our product offerings; marketing and branding activities; pursuing strategic partnerships, investments and acquisitions to implement our long-term growth strategies; and general corporate purposes and working capital needs).

None of the net proceeds we received from the global offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates. We intend to use the remainder of the net proceeds from our global offering for the foregoing purposes.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2025, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management, including our chief executive officer, assessed the effectiveness of internal control over financial reporting as of December 31, 2025 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our company's internal control over financial reporting as of December 31, 2025, as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16.A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Sidney Xuande Huang, an independent director and a member of our audit committee, qualifies as an “audit committee financial expert” within the meaning of the SEC rules and possesses financial sophistication within the meaning of the applicable rules of the NYSE. Sidney Xuande Huang satisfies the “independence” requirements of Rule 10A-3 under the Exchange Act, and Section 303A of the Corporate Governance Rules of the NYSE.

ITEM 16.B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers and employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-253575), as amended, initially filed with the SEC on February 26, 2021, and posted a copy of our code of business conduct and ethics on our website at <https://ir.tuya.com>. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within 10 working days after we receive such person’s written request.

ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Auditor Fees

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, for the periods indicated.

	Year Ended December 31,	
	2024	2025
	US\$	US\$
	(in thousands)	
Services		
Audit Fees ⁽¹⁾	1,088	1,239
All Other Fees ⁽²⁾	38	—
Total	1,126	1,239

- (1) “Audit Fees” refer to the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC. In 2024 and 2025, the audit refers to financial audit and services that are normally provided by our principal auditor in connection with regulatory filings for those fiscal years.
- (2) “All Other Fees” refer to the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors other than services reported under “Audit Fees”.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, including audit services and other services as described above, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

ITEM 16.D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On August 30, 2021, we announced a share repurchase program authorized by our board of directors. Under such share repurchase program, we were authorized to repurchase up to US\$200 million of our Class A ordinary shares in the form of ADSs during a 12-month period, from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on the market conditions and in accordance with applicable rules and regulations. The timing and dollar amount of repurchase transactions are subject to the SEC Rule 10b-18 and/or Rule 10b5-1 requirements. This share repurchase program expired on August 30, 2022. As of such date, we had purchased a total of approximately 23.1 million ADSs in open market purchases under this program for an aggregate purchase price of approximately US\$108.6 million.

On November 9, 2022, we announced a share repurchase program authorized by our board of directors. Under the 2022 program, we may repurchase up to US\$50 million of our Class A ordinary shares, including in the form of ADSs, pursuant to the general mandate granted to our board of directors to exercise all powers of our company to repurchase Class A ordinary shares, including in the form of ADSs, by the shareholders of our company at the annual general meeting on November 1, 2022. The 2022 share repurchase program commenced on November 9, 2022 and ended on June 29, 2023, the date on which a new general repurchase mandate was granted by the shareholders to our board of directors at our annual general meeting held on June 20, 2023.

On June 29, 2023, we announced a new share repurchase program authorized by our board of directors. Under the new program, we may repurchase up to US\$50 million of its Class A ordinary shares, including in the form of ADSs, pursuant to the general mandate granted to the our board of directors to exercise all powers of our company to repurchase ordinary shares including in the form of ADSs by the shareholders of the our company on the annual general meeting on June 20, 2023. This new share repurchase program commenced on June 29, 2023 and will end on the date on which a new general repurchase mandate is granted by the shareholders to our board of directors on our company's next annual general meeting which is due to be held by June 30, 2024 under the Hong Kong Listing Rules. Under the new program, our proposed repurchases may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on the market conditions and in accordance with applicable rules and regulations. The timing and dollar amount of repurchase transactions will be subject to Rule 10b-18 and/or Rule 10b5-1 requirements of the SEC and applicable requirements under the Hong Kong Listing Rules. Our board of directors will review the share repurchase program periodically and may authorize adjustment of its terms and size or suspend or discontinue the program.

The table below sets forth a summary of shares repurchased by us during the year ended December 31, 2025.

Period	Total Number of Class A ordinary shares and/or ADSs Purchased	Average Price Paid per Class A ordinary shares and/or ADS	Total Number of Class A ordinary shares and/or ADSs Purchased as Part of the Publicly Announced Plan(s)	Approximate Dollar Value of Class A ordinary shares and/or ADSs that May Yet Be Purchased under the Plan(s) (in US\$)
January 2025	—	—	—	—
February 2025	—	—	—	—
March 2025	—	—	—	—
April 2025	—	—	—	—
May 2025	—	—	—	—
June 2025	—	—	—	—
July 2025	—	—	—	—
August 2025	—	—	—	—
September 2025	—	—	—	—
October 2025	—	—	—	—
November 2025	—	—	—	—
December 2025	5,400	HK\$ 17.01	—	—

ITEM 16.F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16.G. CORPORATE GOVERNANCE

We are a “foreign private issuer” (as such term is defined in Rule 3b-4 under the Exchange Act), and our ADSs, each representing one Class A ordinary share, are listed on the NYSE. Under Section 303A of the NYSE Listed Company Manual, NYSE-listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by the NYSE with limited exceptions.

The NYSE Listed Company Manual requires NYSE-listed companies to have a nominating / corporate governance committee and a compensation committee that are composed entirely of independent directors. Cayman Islands law does not impose similar requirements.

Currently, we have three members on our nomination committee, consisting of two independent directors and one director who is an executive officer. We have three members on our compensation committee, consisting of two independent directors and one director who is an executive officer. Nevertheless, our board of directors is composed of eight members, four of whom are independent directors within the meaning of Section 303A of the NYSE Listed Company Manual, and we currently maintain fully independent audit and corporate governance committees.

As a result of our choice to follow home country practice in those matters, our shareholders may be afforded less protection than they otherwise would enjoy under NYSE corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our ADSs—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards.”

ITEM 16.H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16.I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16.J. INSIDER TRADING POLICIES

We have adopted insider trading policies and procedures governing the purchase, sale and other dispositions of our securities by directors, senior management and employees, which policies and procedures are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. We have filed our insider trading policies, as amended, as Exhibit 11.2 to our annual report for the fiscal year ended December 31, 2024 filed with the SEC on April 24, 2025.

ITEM 16.K. CYBERSECURITY

Risk Management and Strategy

Cybersecurity risk management is an integral part of our overall enterprise risk management system. Our cybersecurity risk management program is designed to align with major industry standards such as ISO/IEC 270001, ISO/IEC 27017, ISO/IEC 27701, ISO/IEC42001, and CSA-STAR, among others, as well as assist us in maintaining procedures for assessing, identifying and managing material risks from cybersecurity threats and incidents.

We have established a comprehensive cybersecurity threat defense system designed to mitigate both internal and external cybersecurity threats. This system spans various layers, including network, host, application and hardware security, and integrates a range of security capabilities such as web application firewalls (“WAFs”), message queuing telemetry transport (“MQTT”) application firewalls, intrusion detection, runtime application self-protection (“RASP”), host-based intrusion detection system (“HIDS”), protection measures against distributed denial-of-service (“DDoS”) attacks, threat defense, and real-time monitoring. We have established an AI-native security framework, internally released AI secure coding guidelines, implemented a mandatory access control mechanism for AI tools, and released an AI Guardrail SDK capable of effectively identifying high-risk content. We apply diverse methods to manage cybersecurity risks and protect sensitive data, including technical safeguards, procedural protocols, a monitoring program on our corporate network, regular evaluations of security measures both internally and with external service providers, an incident response program, and regular training sessions for our employees. For example, the implementation and effectiveness of our security measures are evaluated internally on an annual basis, and we require employees to complete certain cybersecurity awareness trainings at least once annually. We also engage third parties to assess and audit our cybersecurity programs and compliance with applicable practices and standards. For example, we have worked with leading privacy compliance and cybersecurity firms, such as E.Y., TrustArc, BSI, DNV and Underdefense, for privacy management and penetration testing.

As of the date of this annual report, we are not aware of having experienced any material cybersecurity incidents or identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we, or the cloud service providers or other third parties upon which we rely, have not experienced, or will not experience, an undetected cybersecurity incident. For more information about these risks, please see “Risk Factors—Unauthorized or improper disclosures of personal information, cyberattacks or other security incidents or data breaches that affect our networks or systems, or those of our cloud service providers or our customers, whether inadvertent or purposeful, could degrade our ability to conduct our business, compromise the integrity of our products and services, platform and data, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data which could adversely affect our business, financial condition and results of operations.”

Governance

Our board of directors has overall oversight responsibility for our risk management, and our senior management team is responsible for the day-to-day cybersecurity risk management oversight. Our board of directors shall maintain oversight of the disclosure (i) on Form 6-K for material cybersecurity incidents (if any) and (ii) related to cybersecurity matters in the periodic reports (including annual report on Form 20-F).

In addition, at the management level, we have established a Compliance committee, which is chaired by our Chief Executive Officer, to oversee and manage cybersecurity related matters. The Compliance committee consists of four executives, including our Chief Information Security Officer (“CISO”), who is in charge of our cybersecurity team and has over 10 years of experience in managing confidentiality-related cybersecurity issues. Our Compliance committee reports to our senior management team on a semi-annual basis regarding its assessment, identification and management on material cybersecurity incidents or material risks from cybersecurity threats to our company, if any. We have also established an incident response team that consists of our CISO, our Data Protection Officer (“DPO”) and our Chief Privacy Officer (“CPO”). If a cybersecurity incident occurs, our incident response team is responsible for organizing relevant personnel to conduct an internal assessment and report to our Compliance committee. If it is determined that the incident could potentially be material to our business, our Compliance committee will promptly report the assessment results to our senior management team and our general counsel to the extent appropriate and our Compliance committee would then prepare disclosure material on the cybersecurity incident for review and approval by our board of directors, in compliance with applicable cybersecurity and data privacy laws.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Tuya Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Tenth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form S-8 filed with the SEC on October 10, 2025).
2.1	Form of American Depositary Receipt (included in Exhibit 2.3).
2.2	Registrant’s Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.1 to the current report on Form 6-K furnished to the SEC on June 24, 2022).
2.3	Form of Deposit Agreement among the Registrant, the depositary and holders of the American Depositary Shares (incorporated herein by reference to Exhibit 1 to the registration statement on Form F-6 (File No. 333-254092), as amended, initially filed with the SEC on March 10, 2021).
2.4	Description of Registrant’s Securities (incorporated herein by reference to Exhibit 2.4 to the annual report for the fiscal year ended December 31, 2023 filed with the SEC on April 24, 2024).
4.1	2015 Equity Incentive Plan, as amended and restated on June 15, 2022 (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form 20-F (File No. 001-40210), no amendment, initially filed with the SEC on April 26, 2023).
4.2	2024 Share Scheme (incorporated herein by reference to Exhibit 4.2 to the annual report for the fiscal year ended December 31, 2024 filed with the SEC on April 24, 2025).
4.3	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-253575), as amended, initially filed with the SEC on February 26, 2021).

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Exhibit Number	Description of Document
4.4	<u>Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-253575), as amended, initially filed with the SEC on February 26, 2021)</u>
4.5	<u>Fifth Amended and Restated Shareholders' Agreement dated September 11, 2019 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-253575), as amended, initially filed with the SEC on February 26, 2021)</u>
4.6	<u>Amended and Restated Equity Interest Pledge Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Liaohan (Leo) Chen and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014, amended on August 23, 2019 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.5 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.7	<u>Amended and Restated Equity Interest Pledge Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Peihong Chen and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014, amended on August 23, 2019 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.6 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.8	<u>Amended and Restated Equity Interest Pledge Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Ruixin Zhou and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014, amended on August 23, 2019 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.7 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.9	<u>Second Amended and Restated Equity Interest Pledge Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Xueji (Jerry) Wang and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and, amended and restated on August 23, 2019 and January 19, 2022, respectively (incorporated herein by reference to Exhibit 4.8 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.10	<u>Amended and Restated Equity Interest Pledge Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Yaona Lin and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014, amended on August 23, 2019 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.9 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.11	<u>Amended and Restated Exclusive Business Cooperation Agreement between Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.) and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.10 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.12	<u>Amended and Restated Exclusive Option Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Liaohan (Leo) Chen and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.11 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.13	<u>Amended and Restated Exclusive Option Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Peihong Chen and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.12 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.14	<u>Amended and Restated Exclusive Option Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Ruixin Zhou and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.13 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>

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Exhibit Number	Description of Document
4.15	<u>Second Amended and Restated Exclusive Option Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Xueji (Jerry) Wang and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and amended and restated on August 23, 2019 and January 19, 2022, respectively (incorporated herein by reference to Exhibit 4.14 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.16	<u>Amended and Restated Exclusive Option Agreement among Hangzhou Tuya Information Technology Co., Ltd. (formerly known as Hangzhou Aixiangji Technology Co., Ltd.), Yaona Lin and Hangzhou Tuya Technology Co., Ltd., originally dated December 23, 2014 and amended and restated on January 19, 2022 (incorporated herein by reference to Exhibit 4.15 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.17	<u>Power of Attorney executed by Liaohan (Leo) Chen dated January 19, 2022 (incorporated herein by reference to Exhibit 4.16 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.18	<u>Power of Attorney executed by Peihong Chen dated January 19, 2022 (incorporated herein by reference to Exhibit 4.17 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.19	<u>Power of Attorney executed by Ruixin Zhou dated January 19, 2022 (incorporated herein by reference to Exhibit 4.18 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.20	<u>Power of Attorney executed by Xueji (Jerry) Wang dated January 19, 2022 (incorporated herein by reference to Exhibit 4.19 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.21	<u>Power of Attorney executed by Yaona Lin dated January 19, 2022 (incorporated herein by reference to Exhibit 4.20 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.22	<u>Spousal Consent executed by spouse of Liaohan (Leo) Chen dated January 19, 2022 (incorporated herein by reference to Exhibit 4.21 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.23	<u>Spousal Consent executed by spouse of Peihong Chen dated January 19, 2022 (incorporated herein by reference to Exhibit 4.22 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.24	<u>Spousal Consent executed by spouse of Ruixin Zhou dated January 19, 2022 (incorporated herein by reference to Exhibit 4.23 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.25	<u>Spousal Consent executed by spouse of Xueji (Jerry) Wang dated January 19, 2022 (incorporated herein by reference to Exhibit 4.24 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
4.26	<u>Spousal Consent executed by spouse of Yaona Lin dated January 19, 2022 (incorporated herein by reference to Exhibit 4.25 to our annual report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC on April 28, 2022)</u>
8.1*	<u>Principal Subsidiaries of the Registrant</u>
11.1	<u>Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-253575), as amended, initially filed with the SEC on February 26, 2021)</u>
11.2	<u>Statement of Policies Concerning Trading in Company Securities (incorporated herein by reference to Exhibit 11.2 to our annual report on Form 20-F for the fiscal year ended December 31, 2024 filed with the SEC on April 24, 2025)</u>
12.1*	<u>Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1**	<u>Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2**	<u>Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
15.1*	<u>Consent of Jia Yuan Law Offices</u>

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Exhibit Number	Description of Document
15.2*	Consent of Maples and Calder (Hong Kong) LLP
15.3*	Consent of PricewaterhouseCoopers Zhong Tian LLP, Independent Registered Public Accounting Firm
15.4*	Consent of CIC
97	Tuya Inc. Compensation Recoupment Policy (incorporated herein by reference to Exhibit 97 to the annual report for the fiscal year ended December 31, 2023 filed with the SEC on April 24, 2024)
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Tuya Inc.

By: /s/ Xueji (Jerry) Wang

Name: Xueji (Jerry) Wang

Title: Chief Executive Officer and Director

Date: April 22, 2026

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Tuya Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Tuya Inc. and its subsidiaries (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive (loss)/income, of changes in shareholders’ equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue from the delivery of PaaS products

As described in Note 2(r) to the consolidated financial statements, for the year ended December 31, 2025, revenue from the delivery of PaaS products makes up a significant portion of total revenue from PaaS of US\$231,209 thousands. The Company determined there are two distinct performance obligations in revenue from PaaS including: (1) PaaS products; and (2) cloud-based connectivity and basic IoT services. The Company allocated the transaction price to each performance obligation based on their relative standalone selling price. The standalone selling price for PaaS products is estimated based on competitor's pricing for similar products in the market, adjusted for entity-specific factors. For the delivery of PaaS products, revenue is recognized when the PaaS products are accepted by customers, which is the point that control of the products is transferred to the customers.

The principal consideration for our determination that performing procedures relating to revenue from the delivery of PaaS products being a critical audit matter is a high degree of audit effort in performing procedures and evaluating audit evidence related to the Company's revenue from PaaS.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process of the PaaS revenue, including relevant information technology general controls and automated controls of the information technology systems used in the revenue recognition process. These procedures also included, among others, (i) reading contracts with customers and evaluating the appropriateness of the revenue recognition policies adopted by management; (ii) testing revenue transactions, on a sample basis, by obtaining and inspecting source documents, including sales orders, proof of shipment and customer acceptance; (iii) confirming, on a sample basis, outstanding accounts receivable balances as of December 31, 2025; and (iv) testing revenue transactions recorded before and after the balance sheet date, on a sample basis, by obtaining and inspecting source documents, including proof of shipment and customer acceptance to assess whether revenue was recognized in the correct reporting period.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
April 22, 2026

We have served as the Company's auditor since 2020.

**CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND 2025**

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

	<i>Note</i>	As of December 31,	
		2024	2025
		US\$	US\$
ASSETS			
Current assets:			
Cash and cash equivalents		653,334	890,708
Restricted cash		50	—
Short-term investments	2(e), 4	194,536	61,770
Accounts receivable, net	5	7,592	13,193
Notes receivable, net		7,485	10,111
Inventories, net	6	23,840	30,943
Prepayments and other current assets, net	7	16,179	16,486
Total current assets		903,016	1,023,211
Non-current assets:			
Restricted cash		—	245
Property, equipment and software, net	8	6,619	15,653
Land use rights, net		8,825	8,843
Operating lease right-of-use assets, net	10	4,550	5,649
Long-term investments	2(e), 9	180,092	77,213
Other non-current assets, net	7	678	1,700
Total non-current assets		200,764	109,303
Total assets		1,103,780	1,132,514
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities (including amounts of the consolidated VIE without recourse to the primary beneficiary of 1,968 and nil, as of December 31, 2024 and 2025, respectively):			
Accounts payable		19,051	31,778
Advances from customers		31,346	29,330
Deferred revenue, current	2(r), 12	7,525	9,732
Accruals and other current liabilities	11	32,257	33,261
Income tax payables		360	142
Lease liabilities, current	10	3,798	1,985
Total current liabilities		94,337	106,228
Non-current liabilities (including amounts of the consolidated VIE without recourse to the primary beneficiary of nil as of December 31, 2024 and 2025):			
Lease liabilities, non-current	10	851	3,329
Deferred revenue, non-current	2(r), 12	377	352
Other non-current liabilities	11	767	—
Total non-current liabilities		1,995	3,681
Total liabilities		96,332	109,909

CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2024 AND 2025

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

	Note	As of December 31,	
		2024	2025
		US\$	US\$
Shareholders' equity:			
Ordinary shares (US\$0.00005 par value; nil shares authorized, issued and outstanding as of December 31, 2024 and 2025, respectively)	14	—	—
Class A ordinary shares (US\$0.00005 par value; 800,000,000 and 800,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 504,387,299 and 541,364,923 shares issued as of December 31, 2024 and 2025, respectively; 495,601,588 and 541,119,562 shares outstanding as of December 31, 2024 and 2025, respectively)	14	25	27
Class B ordinary shares (US\$0.00005 par value; 200,000,000 and 200,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 70,205,300 and 70,163,253 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	14	4	4
Treasury stock (US\$0.00005 par value; 8,785,711 and 245,361 shares as of December 31, 2024 and 2025, respectively)		(15,726)	(12)
Additional paid-in capital		1,612,712	1,549,389
Accumulated other comprehensive loss		(19,716)	(14,842)
Accumulated deficit		(569,851)	(511,961)
Total shareholders' equity		1,007,448	1,022,605
Total liabilities and shareholders' equity		1,103,780	1,132,514

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025**

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

	Note	Year Ended December 31,		
		2023 US\$	2024 US\$	2025 US\$
Revenue	2(r)	229,990	298,617	321,791
Cost of revenue		(123,335)	(157,187)	(166,750)
Gross profit		106,655	141,430	155,041
Operating expenses:				
Research and development expenses		(102,277)	(95,049)	(89,687)
Sales and marketing expenses		(40,440)	(37,081)	(33,110)
General and administrative expenses		(80,663)	(68,254)	(30,916)
Other operating incomes, net		10,901	11,334	10,151
Total operating expenses		(212,479)	(189,050)	(143,562)
(Loss)/profit from operations		(105,824)	(47,620)	11,479
Other income				
Other non-operating incomes, net		3,113	4,180	5,215
Financial income, net	13	44,976	50,718	44,179
Foreign exchange gain/(loss), net		669	(136)	(1,030)
(Loss)/profit before income tax expense		(57,066)	7,142	59,843
Income tax expense	16	(3,249)	(2,145)	(1,953)
Net (loss)/profit		(60,315)	4,997	57,890
Net (loss)/profit attributable to Tuya Inc.		(60,315)	4,997	57,890
Net (loss)/profit attributable to ordinary shareholders		(60,315)	4,997	57,890
Net (loss)/profit		(60,315)	4,997	57,890
Other comprehensive income/(loss)				
Changes in fair value of long-term investments	9	(7,791)	14	115
Transfer out of fair value changes of long-term investments		15,537	(65)	—
Foreign currency translation		(2,722)	(2,574)	4,759
Total comprehensive (loss)/income attributable to Tuya Inc.		(55,291)	2,372	62,764
Net (loss)/profit attributable to Tuya Inc.		(60,315)	4,997	57,890
Net (loss)/profit attributable to ordinary shareholders		(60,315)	4,997	57,890
Weighted average number of ordinary shares used in computing net (loss)/profit per share	17			
-Basic		555,466,061	573,782,783	611,714,837
-Diluted		555,466,061	591,006,801	613,807,254
Net (loss)/profit per share attributable to ordinary shareholders	17			
-Basic		(0.11)	0.01	0.09
-Diluted		(0.11)	0.01	0.09
Share-based compensation expenses were included in:				
Research and development expenses		14,734	14,347	5,404
Sales and marketing expenses		5,446	5,098	2,047
General and administrative expenses		45,036	48,305	14,812

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

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

	Note	Ordinary shares (US\$0.00005 par value)		Additional paid-in capital US\$	Treasury stock		Accumulated other comprehensive loss US\$	Accumulated deficit US\$	Total shareholders' equity US\$
		Number of shares issued	Amount US\$		Number of shares issued	Amount US\$			
Balance as of December 31, 2022		578,546,560	29	1,584,764	(25,596,331)	(86,438)	(22,115)	(514,073)	962,167
Cumulative effect of accounting change	2(i)	—	—	—	—	—	—	(460)	(460)
Balance as of January 1, 2023		578,546,560	29	1,584,764	(25,596,331)	(86,438)	(22,115)	(514,533)	961,707
Repurchase of ordinary shares	14	—	—	—	(1,200,794)	(2,254)	—	—	(2,254)
Exercise of share option and vested restricted share unit		—	—	(27,361)	6,047,833	28,548	—	—	1,187
Cancellation of Treasury stock	14	(3,953,961)	—	(6,514)	3,953,961	6,514	—	—	—
Net loss		—	—	—	—	—	—	(60,315)	(60,315)
Fair value change of long-term investment		—	—	—	—	—	(7,791)	—	(7,791)
Transfer out of fair value changes of long-term investments		—	—	—	—	—	15,537	—	15,537
Foreign currency translation adjustment		—	—	—	—	—	(2,722)	—	(2,722)
Share-based compensation		—	—	65,216	—	—	—	—	65,216
Balance as of December 31, 2023		<u>574,592,599</u>	<u>29</u>	<u>1,616,105</u>	<u>(16,795,331)</u>	<u>(53,630)</u>	<u>(17,091)</u>	<u>(574,848)</u>	<u>970,565</u>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

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

		Ordinary shares (US\$0.00005 par value)			Treasury stock		Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
		Number of shares issued	Amount US\$	Additional paid-in capital US\$	Number of shares issued	Amount US\$			
	Note								
Balance as of December 31, 2023		574,592,599	29	1,616,105	(16,795,331)	(53,630)	(17,091)	(574,848)	970,565
Repurchase of ordinary shares	14	—	—	—	(223,773)	(385)	—	—	(385)
Exercise of share option and vested restricted share unit		—	—	(38,121)	8,233,393	38,289	—	—	168
Net profit		—	—	—	—	—	—	4,997	4,997
Fair value change of long-term investment		—	—	—	—	—	14	—	14
Transfer out of fair value changes of long-term investments		—	—	—	—	—	(65)	—	(65)
Foreign currency translation adjustment		—	—	—	—	—	(2,574)	—	(2,574)
Share-based compensation		—	—	67,750	—	—	—	—	67,750
Dividend		—	—	(33,022)	—	—	—	—	(33,022)
Balance as of December 31, 2024		<u>574,592,599</u>	<u>29</u>	<u>1,612,712</u>	<u>(8,785,711)</u>	<u>(15,726)</u>	<u>(19,716)</u>	<u>(569,851)</u>	<u>1,007,448</u>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

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

		Ordinary shares (US\$0.00005 par value)			Treasury stock		Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
		Number of shares issued	Amount US\$	Additional paid-in capital US\$	Number of shares issued	Amount US\$			
	Note								
Balance as of December 31, 2024		574,592,599	29	1,612,712	(8,785,711)	(15,726)	(19,716)	(569,851)	1,007,448
Repurchase of ordinary shares	14	—	—	—	(5,400)	(12)	—	—	(12)
Exercise of share option and vested restricted share unit		—	—	(15,341)	45,481,327	15,343	—	—	2
Cancellation of Treasury stock	14	(223,773)	—	(397)	223,773	385	—	—	(12)
Net profit		—	—	—	—	—	—	57,890	57,890
Fair value change of long-term investment		—	—	—	—	—	115	—	115
Foreign currency translation adjustment		—	—	—	—	—	4,759	—	4,759
Share-based compensation		—	—	22,263	—	—	—	—	22,263
Issue of new shares	14	37,159,350	2	—	(37,159,350)	(2)	—	—	—
Dividend	19	—	—	(69,848)	—	—	—	—	(69,848)
Balance as of December 31, 2025		<u>611,528,176</u>	<u>31</u>	<u>1,549,389</u>	<u>(245,361)</u>	<u>(12)</u>	<u>(14,842)</u>	<u>(511,961)</u>	<u>1,022,605</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

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

	Note	Year Ended December 31,		
		2023	2024	2025
		US\$	US\$	US\$
Cash flows from operating activities:				
Net (loss)/profit		(60,315)	4,997	57,890
Adjustments to reconcile net (loss)/profit to net cash generated from operating activities:				
Share-based compensation		65,216	67,750	22,263
Depreciation and amortization of property, equipment and software	8	2,449	1,596	1,217
Amortization of right-of-use assets	10	4,100	3,469	3,967
Allowance for credit losses/(reversal) of allowance for credit losses		1,595	1,243	(637)
Inventory write-downs		3,298	1,997	1,062
(Gain)/loss on disposal of property, equipment and software		(221)	43	17
Gain on disposal of long-term investment		—	(451)	—
(Gain)/loss on foreign currency exchange rates		(669)	136	1,030
Change in unrealized investment income		(697)	(533)	5,380
Fair value change on short-term and long-term investments		76	157	(807)
Impairment loss/(reversal) of long-term investments	9	15,537	261	(53)
Changes in operating assets and liabilities:				
Accounts receivable		1,046	484	(4,884)
Notes receivable		(2,284)	(2,638)	(2,701)
Inventories		9,217	7,028	(8,165)
Prepayments and other current assets		(1,251)	(3,942)	(1,815)
Other non-current assets		290	203	1
Accounts payable		1,982	5,915	9,561
Advances from customers		4,143	(430)	(2,016)
Deferred revenue		93	594	2,182
Income tax payables		689	(329)	(218)
Accruals and other liabilities		(1,372)	(564)	2,934
Lease liabilities		(3,366)	(3,510)	(4,401)
Other non-current liabilities		(3,113)	(3,124)	(767)
Net cash generated from operating activities		36,443	80,352	81,040
Cash flows from investing activities:				
Payment for short-term investments		(327,244)	(264,681)	(50,588)
Proceeds from disposal of short-term investments		853,703	354,547	184,332
Proceeds from disposal of long-term investments		—	43,160	98,875
Purchase of property, equipment and software		(1,499)	(4,184)	(7,136)
Purchase of land use rights		—	(8,914)	—
Proceeds from disposal of property, equipment and software		509	163	16
Payment for long-term investments		(193,014)	(11,163)	—
Pre-payment for long-term investments		—	—	(1,020)
Provision of third-party loans		—	(1,500)	—
Proceeds from collection of third-party loans		—	—	1,500
Net cash generated from investing activities		332,455	107,428	225,979

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

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

	Note	Year Ended December 31,		
		2023	2024	2025
		US\$	US\$	US\$
Cash flows from financing activities:				
Payment for repurchase of ordinary shares		(3,339)	(70)	(12)
Payment for cancellation of treasury shares		—	—	(12)
Proceeds from exercise of share options		1,187	168	2
Payments of deferred offering costs		(71)	(276)	—
Payments of dividend		—	(33,022)	(69,848)
Net cash used in financing activities		(2,223)	(33,200)	(69,870)
Effect of exchange rate changes on cash and cash equivalents, restricted cash		(1,148)	116	420
Net increase in cash and cash equivalents, restricted cash		365,527	154,696	237,569
Cash and cash equivalents, restricted cash at the beginning of year		133,161	498,688	653,384
Cash and cash equivalents, restricted cash at the end of year		498,688	653,384	890,953
Supplemental cash flow disclosures				
Cash paid for income tax		(2,819)	(2,687)	(2,534)
		As of December 31,		
		2023	2024	2025
		US\$	US\$	US\$
Cash and cash equivalents	2(f)	498,688	653,334	890,708
Restricted cash	2(g)	—	50	245
Total cash, cash equivalents and restricted cash shown in the statements of cash flows		498,688	653,384	890,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Organization and principal activities

(a) Principal Activities

Tuya Inc. (the “Company”) was incorporated under the laws of the Cayman Islands on August 28, 2014, as an exempted company with limited liability. The Company and its subsidiaries and consolidated variable interest entity (“VIE”) (collectively referred to as the “Group”) are principally engaged in offering PaaS (Platform-as-a-Service) to business customers developing IoT (Internet of Things) devices, including brands and their OEMs (original equipment manufacturer). And, the Group offers Industry SaaS (Software-as-a-Service) and cloud-based value-added services with AI application functions to its customers. The Group also sells finished smart devices powered by Tuya purchased from qualified OEMs (the “Smart solution”).

(b) History of the Group

Prior to the incorporation of Tuya Inc. in August 2014, the Group commenced its initial operations through Hangzhou Tuya Technology Co., Ltd. (“Hangzhou Tuya Technology”), which was established on June 16, 2014 by Wang Xueji and another individual. After a series of agreements, Hangzhou Tuya Technology was owned by Wang Xueji and other four individuals (collectively, the “Registered Shareholders”) together with two unrelated investors of Series Angel financing (the “Non-Registered Shareholders VIE Investors”) by August 2014. In December 2014, Hangzhou Tuya Information Technology Co., Ltd. (the “WFOE”) was established after the incorporation of Tuya Inc. The Group then entered into a series of contractual arrangements among the WFOE, Hangzhou Tuya Technology and Hangzhou Tuya Technology’s shareholders in December 2014, and thereafter Hangzhou Tuya Technology (the “VIE”) became the variable interest entity of the Group. After the completion of this transaction, the Group’s consolidated financial statements include the financial statements of the Company, its subsidiaries and the consolidated VIE. In 2019, the VIE agreements were amended to modify the VIE’s shareholders list and equity interest of each shareholder as a result of the change in registered share capital of the VIE and the exit of Non-Registered Shareholders VIE Investors as the VIE’s shareholders. The contractual arrangements were further amended in January 2022. The amendments discussed herein did not impact the VIE accounting treatment discussed further in Note 2(b). In 2025, the Group terminated the contractual arrangements entered into by the WFOE with the VIE and the VIE’s shareholders. The VIE was deregistered in November 2025 and the deregistration of the VIE does not have significant impact to the Group’s financial statements.

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As of December 31, 2024 and 2025, the Company's principal subsidiaries and consolidated VIE are as follows:

Name of subsidiaries	Date of incorporation	Place of incorporation	Percentage of direct or indirect ownership		Principal activities
			December 31, 2024	2025	
Tuya (HK) Limited	September 12, 2014	Hong Kong, China	100 %	100 %	Investment holding and business development
Hangzhou Tuya Information Technology Co., Ltd.	December 5, 2014	Hangzhou, China	100 %	100 %	Sales of PaaS, Smart devices, SaaS and Others and research and development
Tuya Smart Inc.	July 19, 2019	Delaware, United States	100 %	100 %	Business development
Tuya Global Inc.	July 22, 2015	California, United States	100 %	100 %	Business development
Tuyasmart (India) Private Limited	January 31, 2019	Gurgaon, India	100 %	100 %	Business development
Tuyasmart (Colombia) S.A.S	July 2, 2019	Medellin, Colombia	100 %	100 %	Business development
Tuya GmbH	May 13, 2019	Hamburg, Germany	100 %	100 %	Business development
Tuya Japan Co., Ltd.	January 23, 2019	Tokyo, Japan	100 %	100 %	Business development
Zhejiang Tuya Smart Electronics Co., Ltd.	May 9, 2020	Hangzhou, China	100 %	100 %	Sales of Smart devices
Tuya Smart Australia Pty Ltd	December 19, 2020	Melbourne, Australia	100 %	100 %	Business development
Tuya France (1)	February 07, 2023	Paris, France	100 %	—	Business development
Tuya UK Limited (1)	September 28, 2022	London, UK	100 %	—	Business development

Name of VIE	Date of incorporation	Place of incorporation	Economic interest held		Principal activities
			December 31, 2024	2025	
Hangzhou Tuya Technology Co., Ltd. (2)	June 16, 2014	Hangzhou, China	100 %	—	No substantial business

(1) Tuya France and Tuya UK Limited were terminated and deregistered in 2025.

(2) The VIE operated de minimis business activities and had no material impact on the Company's financial position, results of operations or cash flows for the years ended December 31, 2023, 2024 and 2025. The VIE was terminated and deregistered on November 12, 2025.

2. Principal Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principal accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Basis of Consolidation

The Group's consolidated financial statements include the financial statements of the Company, its subsidiaries and the VIE for which the Company is the primary beneficiary. All transactions and balances among the Company, its subsidiaries, and the VIE have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly: (1) controls more than one half of the voting power; (2) has the power to appoint or remove the majority of the members of the board of directors; (3) casts a majority of votes at the meeting of the board of directors; or (4) governs the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

The Company applies the guidance codified in Accounting Standard Codification 810, Consolidations ("ASC 810") on accounting for the VIE, which requires certain variable interest entities to be consolidated by the primary beneficiary of the entity in which it has a controlling financial interest. A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns, or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity's activities are on behalf of the investor.

(c) Use of Estimates

The preparation of the Group's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, long-lived assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reporting periods in the consolidated financial statements and accompanying notes. Accounting estimates reflected in the Group's consolidated financial statements include, but are not limited to impairment provision for inventories, valuation allowance for deferred tax assets, stand-alone selling prices (SSP) for each distinct performance obligation, share-based compensation, long-term investments, and the determination of allowance for current expected credit losses. Estimates are based on historical experiences and on various assumptions that the Group believes are reasonable under current circumstances. Given the changes in circumstances, facts and experience may cause the Group to revise its estimates, actual results could differ materially from those estimates.

(d) Functional Currency and Foreign Currency Translation

The Group uses United States dollar as its reporting currency. The functional currency of the Company and its subsidiaries incorporated in Cayman Islands and Hong Kong is the United States dollar, while the functional currency of the Group's other subsidiaries and VIE is their respective local currency as determined based on the criteria of ASC 830, *Foreign Currency Matters*.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in other than the functional currency are re-measured at the balance sheet date exchange rate. The resulting exchange differences are included in the consolidated statements of comprehensive (loss)/income as foreign exchange related gains or loss.

The financial statements of the Group's entities using functional currency other than US\$ are translated from the functional currency to the reporting currency, US\$. Assets and liabilities of the Group's subsidiaries incorporated in PRC are translated into US\$ at fiscal year-end exchange rates, while income and expense items are translated at average exchange rates prevailing during each period presented, representing the index rates stipulated by the People's Bank of China. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a separate component of shareholders' equity on the consolidated financial statements.

(e) Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value include:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.
- Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Financial assets and liabilities of the Group mainly consist of cash and cash equivalents, time deposits, equity securities, accounts receivable, notes receivable, derivative instruments, certain other current assets, U.S. treasury securities, available-for-sale debt securities, account payables and certain accruals and other liabilities. As of December 31, 2024 and 2025, except for time deposits, equity securities and available-for-sale debt securities, the carrying values of these financial instruments approximated their fair values due to their short-term maturity. The Group reports equity securities with readily determinable fair values included in short-term investments at fair value and discloses the fair value of these investments based on level 1 measurement. The Group reports time deposits included in short-term investments and equity securities with readily determinable fair value included in long-term investments at fair value, and discloses their fair value based on level 2 measurement. The Group reports available-for-sale debt securities at fair value and discloses the fair value of these investments based on level 3 measurement.

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The following table sets forth the Group's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

Description	Fair value as of December 31, 2024 US\$	Fair value measurement at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1) US\$	Significant Other Observable Inputs (Level 2) US\$	Significant Unobservable Inputs (Level 3) US\$
Assets:				
Short-term investments	57,525	2,117	55,408	—
Long-term investments	7,116	—	195	6,921
	<u>64,641</u>	<u>2,117</u>	<u>55,603</u>	<u>6,921</u>

Description	Fair value as of December 31, 2025 US\$	Fair value measurement at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1) US\$	Significant Other Observable Inputs (Level 2) US\$	Significant Unobservable Inputs (Level 3) US\$
Assets:				
Short-term investments	61,270	2,938	58,332	—
Long-term investments	7,449	—	242	7,207
	<u>68,719</u>	<u>2,938</u>	<u>58,574</u>	<u>7,207</u>

The roll forward of major Level 3 investments are as follows:

	US\$
Fair value of Level 3 investments as of December 31, 2023	9,874
Disposal	(2,706)
The change in fair value of the investments	(247)
Fair value of Level 3 investments as of December 31, 2024	<u>6,921</u>
The change in fair value of the investments	286
Fair value of Level 3 investments as of December 31, 2025	<u>7,207</u>

Management determined the fair value of these Level 3 investments based on market approach using various unobservable inputs. The determination of the fair value required significant judgement by management with respect to the assumptions and estimates for the lack of marketability discounts, expected volatility and probability in equity allocation. The significant unobservable inputs adopted in the valuation as of December 31, 2024 and 2025 are as follows:

	As of December 31,	
	2024	2025
<u>Unobservable Inputs</u>		
Expected volatility	40%-71 %	33% - 73 %
Probability	Liquidation scenario:38%-45 %	Liquidation scenario: 38% - 40 %
	Redemption scenario:38%-45 %	Redemption scenario: 38% - 40 %
	IPO scenario:10%-25 %	IPO scenario: 20% - 25 %

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and time deposits placed with banks or other financial institutions which have original maturities of three months or less at the time of purchase and are readily convertible to known amounts of cash.

(g) Restricted Cash

Restricted cash represents cash that cannot be withdrawn without the permission of third parties. The Group's restricted cash mainly represents (a) supervision bank account for construction; and (b) deposits held in bank account for guarantee letter required by its business partners and commercial banks.

(h) Short-term Investments

Short-term investments are comprised of i) time deposits placed with banks with original maturities longer than three months but less than one year, ii) time deposits placed with bank with original maturities longer than one year which are transferable and the Group has intention to sell within one year, iii) equity securities with readily determinable fair value which the Group has intention and ability to sell within one year, iv) equity securities without readily determinable fair values are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes, recorded in the consolidated statements of comprehensive (loss)/income, and v) U.S. treasury securities with original maturities less than 12 months are accounted for at amortised cost, and interest income is recognized using the effective interest method adjusted periodically based on changes in estimated cash flows. Time deposits are generally not permitted to be redeemed early or are subject to penalties for redemption prior to maturities. These investments are stated at fair value. Changes in the fair value are reflected in financial income, net in the consolidated statements of comprehensive (loss)/income.

(i) Accounts Receivable, net

Accounts receivables are presented net of allowance for doubtful accounts. On January 1, 2023, the Company adopted ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASC Topic 326"), which creates an impairment model that is based on expected losses rather than incurred losses. The Company adopted the accounting standards update using a modified retrospective approach. Upon adoption of the new standard on January 1, 2023, the Company recorded a net decrease to its retained earnings of US\$460.

The Company's accounts receivable, notes receivable, certain other receivables recorded in prepayments and other current assets, other non-current assets, and deposits and U.S. treasury securities are within the scope of ASC Topic 326. To estimate the allowance for current expected credit losses ("CECL"), the Company has identified the relevant risk characteristics of its customers and the related receivables which include but are not limited to geographic region and industry. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the past collection history, future forecasts and macroeconomic factors. Other key factors that influence the CECL analysis include industry-specific factors and certain qualitative adjustments that could impact the Company's receivables. This is assessed at each period end based on the Company's specific facts and circumstances. There have been no significant impact of changes in the assumptions since adoption.

Notes receivable primarily included bank acceptance notes and commercial acceptance bills. The Group accepts bank acceptance notes and commercial acceptance bills from customers for products sold or services performed in the ordinary course of business. Upon receipt of the bank acceptance notes and commercial acceptance bills, the Group's accounts receivable from the customer is derecognized. Bank acceptance notes are negotiable instruments with cash settlement from commercial banks within 6 months. The bank acceptance notes can also be endorsed to suppliers as settlement of accounts payable. Bank acceptance notes of US\$670, US\$1,991, and US\$1,598 were endorsed to suppliers for the years ended December 31, 2023, 2024 and 2025, respectively. Commercial acceptance bills were cash settled from customers upon due.

(j) Inventories, net

Inventories are comprised of finished goods, work in process, raw materials and low value consumables and spare parts. Inventories are stated at the lower of cost and net realizable value. Cost of inventory is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving and obsolete inventories, which is dependent upon factors such as historical and forecasted customer demand, and promotional environment. The Group takes ownership, risks and rewards of the products purchased.

(k) Operating Leases

The Group applies ASC 842, Leases and determines if an arrangement is a lease at inception. Operating leases are primarily for office and warehouse and are included in operating lease right-of-use assets, net, operating lease liabilities, current and operating lease liabilities, non-current on its consolidated balance sheets. Operating lease right-of-use assets represent the Group's right to use an underlying asset for the lease term and operating lease liabilities represent obligation to make lease payment arising from the lease. The operating lease right-of-use assets and liabilities are recognized at lease commencement date based on the present value of lease payment over the lease term. As most of the Group's leases do not provide an implicit rate, the Group uses its incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. The operating lease right-of-use assets also include any lease payments made and exclude lease incentives. The Group's lease term may include options to extend or terminate the lease. Renewal options are considered within the operating lease right-of-use assets and liabilities when it is reasonably certain that the Group will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For operating leases with a term of one year or less, the Group has elected not to recognize a lease liability or operating lease right-of-use asset on its consolidated balance sheets. Instead, it recognizes the lease payment as expense on a straight-line basis over the lease term. Short-term lease costs are immaterial to its consolidated statements of comprehensive (loss)/income. The Group has operating lease agreements with insignificant non-lease components and have elected the practical expedient to combine and account for lease and non-lease components as single lease component.

(l) Internal-Use Software Development Costs

The Group recognizes its internal-use software development costs related to its AI cloud platform functions, including related website, software and mobile applications in accordance with ASC 350-50 "Website development costs" and ASC 350-40 "Internal-use software". Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred. Cost capitalized for developing AI cloud platform functions were not material for the periods presented.

(m) Property, Equipment and Software

Property, equipment and software are stated at historical cost less accumulated depreciation, amortization and impairment loss, if any. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives, taking into account any estimated residual value:

Leasehold improvements	the shorter of their useful lives and the lease terms
Computers and electronic equipment	3 years
Office equipment	3 years
Software	3 years

Repairs and maintenance costs are charged to expenses as incurred, whereas the costs of renewals and improvements that extend the useful lives of property, equipment and software are capitalized as additions to the related assets. The Group recognized the gain or loss on the disposal of property, equipment and software in the consolidated statements of comprehensive (loss)/income.

Construction in progress represents assets under construction. Construction in progress is transferred to property, equipment and software and depreciation or amortization commences when an asset is ready for its intended use.

(n) Land use rights, net

Land use rights represent acquisition costs to purchase land use rights from the PRC government, which are evidenced by property certificate. The period of the purchased land use rights is 50 years. The Company classifies land use rights as long-term assets on the balance sheets and cash outflows related to acquisition of land use rights as investing activities.

Land use rights are carried at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight-line method over the term specified in the land use rights certificate for 50 years.

(o) Long-term Investments

Long-term investments represent the Group's equity security investments, debt security investments and time deposits in the periods presented: i) equity securities without readily determinable fair values are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes, recorded in the consolidated statements of comprehensive (loss)/income; ii) equity securities with readily determinable fair values are measured and recorded at fair value on a recurring basis with changes in fair value, whether realized or unrealized, recorded in financial income, net in the consolidated statements of comprehensive (loss)/income; iii) debt security investments that have readily determinable fair value, are accounted for as available-for-sale security investments and are recognized based on trade date and carried at estimated fair value with the aggregate unrealized gains and losses related to these investments, net of taxes, reported through other comprehensive income in the consolidated statements of comprehensive (loss)/income; iv) time deposits placed with bank with original maturities longer than one year which are not transferable and accounted for at amortised cost; and v) U.S. treasury securities with original maturities of two to three years are accounted for at amortised cost, and interest income is recognized using the effective interest method adjusted periodically based on changes in estimated cash flows.

An investment in available-for-sale debt security is considered impaired if the fair value of the security is less than its amortized cost basis. To determine the amount of impairment related to credit, the Group compares the present value of the cash flows expected to be collected on the available-for-sale debt security with the security's amortized cost basis. If the present value of cash flows expected to be collected is less than the security's amortized cost basis, a credit-related impairment exists, and the difference should be recorded as an allowance for credit losses through net income.

(p) Impairment of Long-lived Assets

For other long-lived assets including property, equipment and software and other non-current assets, the Group evaluates for impairment whenever events or changes (triggering events) indicate that the carrying amount of an asset may no longer be recoverable. The Group assesses the recoverability of the long-lived assets by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to receive from use of the assets and their eventual disposition. Such assets are considered to be impaired if the sum of the expected undiscounted cash flows is less than the carrying amount of the assets. The impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recognized for the years ended December 31, 2023, 2024 and 2025.

(q) Value Added Taxes

The Group's subsidiaries and the VIE in the PRC are subject to value-added taxes ("VAT") on its products and services, less any deductible VAT the Group has already paid or borne. They are also subject to surcharges on VAT payments in accordance with PRC law. VAT is not included in the revenue recognized for the Group.

The Company's two subsidiaries, Hangzhou Tuya Information Technology Co., Ltd. and Zhejiang Tuya Smart Electronics Co., Ltd. obtained their software copy certificate in July and December 2020, respectively, and are eligible for the VAT refund-upon-collection policy, which entitles Hangzhou Tuya Information Technology Co., Ltd. and Zhejiang Tuya Smart Electronics Co., Ltd. to receive relevant refunds for the amount of VAT in excess of 3% of its actual tax burden upon completion of relevant the VAT refund filling process. The VAT refund received is recorded in other operating incomes, net in the consolidated statements of comprehensive (loss)/income. For the years ended December 31, 2023, 2024 and 2025, VAT refunds received by the Company were US\$7,037, US\$8,939 and US\$9,619, respectively.

(r) Revenue Recognition

The Group accounts for revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606) for all periods presented. According to ASC 606, revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The Group determines revenue recognition through the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Revenue arrangements with multiple performance obligations are divided into separate distinct goods or services. The Group allocates the transaction price to each performance obligation based on the relative standalone selling price of the goods or services provided.

Revenue is recorded net of value-added tax.

The Group's revenue was disaggregated by its major revenue streams in the years presented as follows:

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
PaaS	167,694	217,069	231,209
Smart solution	26,517	41,965	45,702
SaaS and others	35,779	39,583	44,880
Total revenue	229,990	298,617	321,791

I. Revenue from PaaS

PaaS combines cloud-based connectivity and basic IoT services, edge capabilities (embedded in modules), app development, and device optimization solutions. The Company determined there are two distinct performance obligations in the delivery of PaaS products including: (1) PaaS products with edge capabilities, app development and device optimization solutions, and; (2) cloud-based connectivity and basic IoT services provided to customers and end consumers. The Company allocated the transaction price to each performance obligation based on their relative standalone selling price. The standalone selling price for PaaS products is estimated based on the competitor's pricing for similar products in the market, adjusted for entity-specific factors. For the delivery of PaaS product, revenue is recognized when PaaS products are accepted by customers, which is the point that control of the products is transferred to the customers. A receivable is recognized when the PaaS products are delivered and accepted by customers as this is the point in time that the consideration is unconditional. For cloud-based connectivity and basic IoT services, revenue is deferred and subsequently recognized from the end consumer's activation to the end of the estimated PaaS product's life cycle on a straight-line basis. The amount of revenue recognized from cloud-based connectivity and basic IoT services is US\$1,237, US\$968 and US\$1,119 for the years ended December 31, 2023, 2024 and 2025, respectively (Note 12(1)).

Return allowances for PaaS products are estimated based on historical experiences and accounted for as reduction of net revenue.

The Company provides sales rebates to its customers from time to time, which is accounted for as reduction of net revenue.

The Company launched a membership program in the fourth quarter of 2020 (the "2020 Membership Program"). In the 2020 Membership Program, customers pay a non-refundable fixed fee in exchange for member-exclusive PaaS discounts within the membership period of typically 12 months. The Company records the upfront fixed membership fee as a deferred revenue and recognizes revenue on a straight-line basis typically over the 12-month membership period in which customers entitle to the membership.

The Company launched a new membership program in the first quarter of 2023 (“2023 Membership Program”). In the 2023 Membership Program, the customers are offered to choose either i) pay an upfront fixed fee in exchange for price discount in future purchases (the “Deposit scheme”), or ii) enjoy sales rebates based upon purchase achieved without paying any upfront fees (the “Rebate scheme”) with the membership period of typically 12 months. Under the Deposit scheme, the upfront fee are refundable only if the volume requirements are met when the membership period ends. Considering past experience and current forecast, the Company does not expect being able to keep any of the membership fees and such fees are recorded as a refund liability. Under the Rebate scheme, sales rebates are estimated based on the past experience and current forecasts and recognized as the customers make progress towards the purchase threshold. The sales rebates are accounted for as reduction of net sales.

II. Revenue from smart solution

In certain circumstances, the Group offers select brands, primarily customers who prefer not to deal with multiple OEMs, an option to purchase directly from the Group finished smart devices where PaaS is deployed. After the brands place purchase orders directly with the Group, the Group then sources the appropriate smart devices from OEMs based on the type of devices, hardware specifications and other metrics. The Group determines that there are two distinct performance obligations for its smart solution including the (1) smart devices embedded with PaaS; and (2) cloud-based connectivity and basic IoT services. The transaction price allocation and revenue recognition are the same as the revenue from PaaS.

The Group presents the revenue generated from its smart solution on a gross basis as the Group has control of the smart devices before they are transferred to the brand customers. In making this determination, the Group concludes it meets the principles of control and that it is the primary obligor to the brand customers, are subject to inventory risk and have latitude in establishing prices.

III. Revenue from SaaS and others

SaaS and other revenue mainly include industry SaaS, customized software development and configuration, and other value added services (“VAS”) to both business customers and the end customers.

Industry SaaS is a vertical-focused software solution that enables businesses to easily and securely deploy, connect, and manage large numbers of smart devices for which the Group generally charges an annual subscription fee. These services include software authorization and standard SaaS platform maintenances and technical support.

Customized software development and configuration mainly relate to contracts for the specific IT needs of the brands. The contracts generally include fixed milestone payments determined based on expected labor hours to complete the milestone.

VAS primarily includes cloud-based services with AI application functions for the end customers such as IoT data storage, push messaging, object detection and digital content. VAS also include complementary services that are provided to brands and OEMs such as app launch, AI-powered virtual voice assistants, and data analytics and others. Such arrangements with the customers are short term and the performance obligations are satisfied at one point of time.

There are different kinds of contracts included in the SaaS and others, and each contract may contain multiple elements. The Group identifies the distinct performance obligations and allocates transaction price to each distinct performance obligation based on relative estimated standalone selling price. Revenue is recognized when the performance obligations are satisfied, which is either over the period of time in which the Group performs these services or at one point of time.

Remaining performance obligations

The remaining performance obligations primarily relate to the Group’s provision of i) cloud-based connectivity and basic IoT services; ii) membership services; and iii) SaaS and others, and all three of them are included in deferred revenue.

The amounts allocated to the cloud-based connectivity and basic IoT services are deferred and recognized on a straight-line basis over the estimated PaaS product’s life cycle. The Group apportions deferred revenue between current and non-current based upon cloud-based connectivity and basic IoT services to be provided over the life cycle of smart devices. Deferred revenue relating to the Group’s cloud services that have an expiration date of less than 12 months are classified as current, otherwise non-current.

Starting from the fourth quarter of 2020, there are i) upfront fixed membership fee received and recorded as part of the deferred revenue, it is recognized as revenue on a straight-line basis typically over the 12-month membership period in which customers are entitled to the membership; and ii) amounts related to providing industry SaaS (included in SaaS and others), in general, the Company charges annual subscription fee, which is deferred and recognized on a straight-line basis typically over the 12-month service period.

As of December 31, 2024 and 2025, the aggregate amount of transaction price allocated to the remaining performance obligations was US\$7,902 and US\$10,084, respectively, of which US\$7,525 and US\$9,732 were recorded in current deferred revenue while US\$377 and US\$352 were recorded in non-current deferred revenue, respectively.

The Group's contract liability, including both deferred revenue and advances from customers, is US\$39,248 and as US\$39,414 of December 31, 2024 and 2025, respectively.

The Group applies the practical expedient to omit disclosure of information about the transaction price allocated to remaining performance obligations and when revenue will be recognized, for contracts which have a duration of one year or less. The remaining amounts recorded in non-current deferred revenue of US\$377 and US\$352 as of December 31, 2024 and 2025, respectively, would likely be recognized within 18 to 60 months.

The Group provides warranty for PaaS and smart solution generally for one year. The Group accrues a warranty reserve for all PaaS and smart solution, which reflects the Group's best estimate of the projected costs to repair or replace items under warranty period. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given the Group's history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty reserve when the Group accumulates more actual data and experience in the future. The warranty reserve expected to be incurred is included within accruals and other liabilities in the consolidated balance sheets.

(s) Advances from Customers

Amounts recorded in the advances from customers account represent cash payments made upfront by the Group's customers under each sales contract. These amounts are not yet reclassified to the deferred revenue account because the Group has not started to fulfil any of its performance obligations identified under the contract at the time. The amounts in the advances from customers are reclassified to either revenue or deferred revenue when the Group commences fulfilment of its performance obligation, depending on whether respective revenue is to be recognized at one point of time or over the period of time. If the Group fulfils its performance obligation at one point of time, the related amount in the advances from customers will be reclassified and recognized as revenue; whereas for the performance obligation that the Group starts to provide over the period of time, the amount in the advances from customers will be reclassified to deferred revenue.

(t) Cost of Revenues

Cost of revenue consists primarily of purchase price of materials, manufacturing charges from outsourced factories, estimated warranty costs, inventories write-downs, payroll cost of production support personnel and third-party cloud infrastructure expenses that are directly attributable to the sales of products or services rendered. Inbound shipping charges to receive raw materials from suppliers are included in the inventories and recognized as cost of revenues upon sale of products and render of services.

(u) Research and Development Expenses

Research and development expenses consist primarily of payroll cost including share-based compensation expenses for research and development personnel, third-party cloud infrastructure expenses incurred for research and development purposes, rental expenses and depreciation and other expenses in associated with research and development functions. The Group accounts for internal use software development costs in accordance with guidance on intangible assets and internal use software. See Note 2(l) Internal-Use Software Development Costs.

(v) Sales and Marketing Expenses

Sales and marketing expenses consist primarily of payroll cost including share-based compensation expenses for sales and marketing personnel, promotion and marketing expenses, rental expenses and depreciation and other expenses in associated with sales and marketing functions. Advertising expenses consist primarily of costs for the promotion of the Group's corporate image and product marketing. The Group expenses all advertising costs as incurred and classifies these costs under sales and marketing expenses. For the years ended December 31, 2023, 2024 and 2025, advertising and marketing costs totalled US\$4,867, US\$4,679 and US\$5,498, respectively.

(w) General and Administrative Expenses

General and administrative expenses consist primarily of payroll cost including share-based compensation expenses for corporate personnel, general office expenses, rental expenses and depreciation and other expenses in associated with general and administrative functions.

(x) Government Grants

Government grants are recognized as other operating incomes, net, or as a reduction of specific costs and expenses for which the grants are intended to compensate. Such amounts are recognized in the consolidated statements of comprehensive (loss)/income upon receipts as all conditions attached to the grants are fulfilled. Government grants included as other operating incomes, net in the consolidated statements of comprehensive (loss)/income amounted to US\$10,975, US\$11,527 and US\$10,147 for the years ended December 31, 2023, 2024 and 2025, respectively.

(y) Employee Social Security and Welfare Benefits

Employees of the Group in the PRC are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurance, medical insurance, unemployment benefit and housing fund plans through a PRC government-mandated multi-employer defined contribution plan. The Group is required to contribute to the plan based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government.

The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group's obligations are limited to the amounts contributed and no legal obligation beyond the contributions made. Employee social security and welfare benefits included as expenses in the consolidated statements of comprehensive (loss)/income amounted to US\$27,296, US\$23,630 and US\$23,915 for the years ended December 31, 2023, 2024 and 2025, respectively.

(z) Income Taxes

Current income taxes are recorded in accordance with the regulations of the relevant tax jurisdiction. The Group accounts for income taxes under the asset and liability method in accordance with ASC 740, Income Tax. Under this method, deferred tax assets and liabilities are recognized for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis, and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive (loss)/income in the period of change. Valuation allowances are established when necessary to reduce the amount of deferred tax assets if it is considered more likely than not that amount of the deferred tax assets will not be realized.

The Group considers positive and negative evidence when determining whether a portion or all of its deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, its experience with tax attributes expiring unused, and its tax planning strategies. The ultimate realization of deferred tax assets is dependent upon its ability to generate sufficient future taxable income within the carry-forward periods provided for in the tax law and during the periods in which the temporary differences become deductible. When assessing the realization of deferred tax assets, the Group has considered possible sources of taxable income including (i) future reversals of existing taxable temporary differences, (ii) future taxable income exclusive of reversing temporary differences and carry-forwards, (iii) future taxable income arising from implementing tax planning strategies, and (iv) specific known trend of profits expected to be reflected within the industry.

The Group's tax positions are subject to income tax audits by multiple tax jurisdictions throughout the world. The Group recognizes a tax benefit associated with an uncertain tax position when, in its judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, the Group initially and subsequently measures the tax benefit as the largest amount that the Group judges to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The Group's liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The Group's effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. The Group classifies interest and penalties recognized on the liability for unrecognized tax benefits as income tax expense. For the years ended December 31, 2023, 2024 and 2025, there were no uncertain tax position liabilities.

(aa) Share-based Compensation

The Company grants restricted shares to the Registered Shareholders (also as key member of management), share options and Restricted Share Units ("RSUs") of the Company to eligible employees and non-employees. The Company accounts for these share-based awards in accordance with ASC 718 Compensation-Stock Compensation.

The Registered Shareholders and employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses using a straight-line method over the requisite service period, which is the vesting period. For share-based awards granted with only service conditions to its PRC employees, the Group allows accelerated full vesting upon occurrence of a Change in Control (including defined in the Group's Equity Incentive Plan), cumulative share-based compensation expenses for the share-based awards should be recorded upon the completion of the Change in Control.

For non-employees' share-based awards, the Group adopted ASU 2018-07 "Improvements to Nonemployee Share-Based Payment Accounting" for the periods presented. In accordance with ASU 2018-07, it clarifies that equity-classified non-employee share-based awards are measured at the grant date. The definition of the term grant date is amended to generally state the date at which a grantor and a grantee reach a mutual understanding of the key terms and conditions of a share-based payment award. Non-employee share-based awards are measured at the grant date fair value of the awards and recognized as expenses using a straight-line method over the requisite service period, which is the vesting period.

The binomial option-pricing model is used to measure the value of share options. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee and nonemployee share option exercise behaviour, risk-free interest rates and expected dividend yield. Binomial option-pricing model incorporates the assumptions about grantees' future exercise patterns. The fair value of these awards was determined by management with the assistance from an independent valuation firm using management's estimates and assumptions.

The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive share-based awards. In accordance with ASU 2016-09, the Group made an entity-wide accounting policy election to account for forfeitures when they occur.

(ab) Treasury stocks

Treasury stocks are accounted for using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury stocks account on the consolidated balance sheets. When the Company reissues treasury stock at an amount greater or less than it paid to repurchase the shares, the realized gain or loss is recognized in the consolidated statements of changes in shareholders' equity.

(ac) (Loss)/Profit per Share

Basic (loss)/profit per share is computed by dividing net (loss)/profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, the net (loss)/profit is allocated between ordinary shares and other participating securities based on their participating rights. Net (loss)/profit is not allocated to other participating securities if based on their contractual terms they are not obligated to share in the loss.

Diluted (loss)/profit per share is calculated by dividing net (loss)/profit attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalents shares outstanding during the year. Dilutive equivalent shares are excluded from the computation of diluted (loss)/profit per share if their effects would be anti-dilutive. Ordinary share equivalents consist of the ordinary shares issuable in connection with the Group's ordinary shares issuable upon the conversion of the share-based awards, using the treasury stock method.

(ad) Comprehensive (Loss)/Income

Comprehensive (loss)/income is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments from shareholders and distributions to shareholders. Comprehensive (loss)/income for the periods presented includes net (loss)/profit, changes in fair value of long-term investments and foreign currency translation adjustments.

(ae) Segment Reporting

An operating segment is a component (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the chief operating decision maker, the Chief Executive Officer, to make decisions about resources to be allocated to the segment and to assess its performance, and (c) for which discrete financial information is available. The Group's chief operating decision maker has been identified as the Chief Executive Officer, who utilizes consolidated results including revenue, gross profit and operating profit at a consolidated level only to make decisions on resources allocation, assesses performance. The Group do not evaluate the operating segments using discrete asset information. The Group does not distinguish between markets for the purpose of making decisions about resources allocation and performance assessment. As the Group's long-lived assets are substantially located in the PRC and substantially all the Group's revenue are derived from within the PRC, no geographical segments are presented. Hence, the Group has only one operating segment and one reportable segment.

The following table present our segment results for the years ended December 31, 2023, 2024 and 2025:

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Revenue	229,990	298,617	321,791
Cost of revenue	(123,335)	(157,187)	(166,750)
Segment gross profit	106,655	141,430	155,041
Research and development expenses	(102,277)	(95,049)	(89,687)
Selling, general and administrative expenses	(121,103)	(105,335)	(64,026)
Other operating incomes, net	10,901	11,334	10,151
Segment (loss)/profit from operations	(105,824)	(47,620)	11,479

(af) Recently Issued Accounting Pronouncements

New and Amended Standards Adopted by the Group

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The new standard requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The Company adopted this ASU on a prospective basis effective January 1, 2025. For additional information, see Note 16 below.

New and Amended Standards not yet Adopted by the Group

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of income statement expenses, which requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current classified accounts receivable and contract assets. The new standard is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. The Company evaluated there was no impact of this new standard on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as “project stages”) throughout ASC 350-40. The new standard is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities. The ASU establishes authoritative guidance in GAAP about accounting for government grants received by business entities, clarifies the appropriate accounting, in an effort to reduce diversity in practice, and increase consistency of application across business entities. The new standard is effective for fiscal years beginning after December 15, 2028, and interim reporting periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

3. Risks and Concentration

(a) Concentration of Credit Risk

Financial instruments that potentially subject the Group to concentration of credit risk consist of cash and cash equivalents, short-term investments, accounts receivable and notes receivable.

The Group deposits its cash and cash equivalents and short-term investments with major financial institutions which the Group believes that no significant credit risk with high credit quality.

The Group has not experienced any significant recoverability issue with respect to its accounts receivable. The Group assesses the creditworthiness of each customer when providing services and may require the customers to make advance payments or a deposit before the services are rendered.

The following table summarizes customers with greater than 10% of the accounts receivable:

	Year ended December 31,		
	2023	2024	2025
Customer A	*	*	15 %

(b) Concentration of Customers and Suppliers

Suppliers contributed more than 10% of total purchases are as below:

	Year ended December 31,		
	2023	2024	2025
Supplier A	*	*	13 %
Supplier B	11 %	11 %	*

4. Short-term Investments

	As of December 31,	
	2024 US\$	2025 US\$
Time deposits	55,408	58,332
Equity securities with readily determinable fair value (1)	2,117	2,938
Equity securities accounted for under alternative measurement	500	500
U.S. Treasury Securities	136,511	—
Total short-term investments	194,536	61,770

- (1) Starting from July 2021, the Group, from time to time, invested in ordinary shares of a listed company and disposed of portion of the investments. For the years ended December 31, 2023, 2024 and 2025, the Group recorded fair value gains on short-term equity investment of US\$54, losses of US\$116 and gains of US\$760, respectively, in financial income, net in the consolidated statements of comprehensive (loss)/income. This investment is classified as equity securities with readily determinable fair values.

5. Accounts Receivable, net

	As of December 31,	
	2024	2025
	US\$	US\$
Accounts receivable, gross	12,048	17,032
Less: allowance for credit losses	(4,456)	(3,839)
Total accounts receivable, net	7,592	13,193

The Group recorded the allowance for credit losses of US\$1,530 and write off the allowance for credit losses of US\$304 under ASU 2016-13 Financial instruments – credit losses for the year ended December 31, 2023.

The Group recorded the allowance for credit losses of US\$1,138 under ASU 2016-13 Financial instruments – credit losses for the year ended December 31, 2024.

The Group reversed the allowance for credit losses of US\$717 under ASU 2016-13 Financial instruments – credit losses for the year ended December 31, 2025.

6. Inventories, net

	As of December 31,	
	2024	2025
	US\$	US\$
Raw materials	18,665	23,877
Work in process	3,535	3,275
Finished goods	6,580	6,875
Low value consumables and spare parts	244	324
Inventories, gross	29,024	34,351
Less: inventory write-downs	(5,184)	(3,408)
Total inventories, net	23,840	30,943

As a result of the net impact of current year provision and sales or uses of inventories with reserve, the inventory write-downs net decreased by US\$13, US\$1,031 and US\$1,863 for the years ended December 31, 2023, 2024 and 2025 respectively.

7. Prepayments and Other Assets, net

The current and non-current portions of prepayments and other assets consist of the following:

	As of December 31,	
	2024	2025
	US\$	US\$
Advance to suppliers	7,251	7,004
VAT recoverable (1)	4,125	6,069
Receivables from third party payment platforms	939	1,407
Interest receivable	1,103	679
Rental deposits	334	414
Loans receivable	1,500	—
Others	962	956
Less: allowance for credit losses	(35)	(43)
Total prepayments and other current assets, net	16,179	16,486
Rental deposits	687	686
Prepayment for investment (2)	—	1,020
Less: allowance for credit losses	(9)	(6)
Total other non-current assets, net	678	1,700

(1) VAT recoverable represented the balances that the Group can utilize to deduct its VAT liabilities within the next 12 months.

(2) Prepayment for investment represented the cash injection prepaid to one privately held company.

8. Property, Equipment and Software, net

Property, equipment and software consist of the following:

	As of December 31,	
	2024	2025
	US\$	US\$
Cost:		
Leasehold improvements	3,641	4,152
Computers and electronic equipment	7,830	8,930
Office equipment	399	408
Software	998	1,240
Construction in progress (1)	4,185	12,073
Total cost	17,053	26,803
Less: Accumulated depreciation and amortization	(10,434)	(11,150)
Total property, equipment and software, net	6,619	15,653

(1) As of December 31, 2024 and 2025, the balance represents the Group's capital expenditure contracted for construction of self-used buildings.

Depreciation expense was US\$2,449, US\$1,596, and US\$1,217 for the years ended December 31, 2023, 2024 and 2025, respectively.

9. Long-term Investment

	As of December 31,	
	2024	2025
	US\$	US\$
Time deposit	151,185	53,033
U.S. treasury securities (1)	20,275	15,215
Investments in available-for-sale debt securities (2)	6,921	7,207
Investments in equity securities accounted for under alternative measurement (3)	1,516	1,516
Investment in an equity security with readily determinable fair values	195	242
Total long-term investments	180,092	77,213

- (1) The Group invested in U.S. treasury securities with original maturities of two or three years and accounted for as held-to-maturity investments measured at amortized cost. The allowance of credit losses for these securities was immaterial. The carrying amount of U.S. treasury securities approximates their fair value due to the fact that the related effective interest rates approximate rates currently offered by financial institutions for similar debt instruments with comparable maturity term.
- (2) As of December 31, 2024 and 2025, the balance represents the Group's shareholding interests of several privately held companies.

As the Group has the right to request each investee to redeem the Group's investments at the Group's investment cost plus interest if the investee fails to meet certain predetermined conditions, the redeemable shares of the investees purchased by the Group were classified as an available-for-sale debt investments and were measured at their respective fair values. For the years ended December 31, 2023, 2024 and 2025, the fair value changes of the Group's investments in these privately held companies were other comprehensive loss of US\$7,791 and other comprehensive income of US\$14 and US\$115, respectively.

For two of the aforementioned investments, the Group recorded an impairment loss of US\$15,537 in general and administrative expenses on the consolidated statements of comprehensive (loss)/income, and transferred out the related investments' historical fair value change reflected in accumulated other comprehensive income accordingly, as a result of the Group's impairment assessment on this investment as of December 31, 2023. For the years ended December 31, 2024 and 2025, the Group further recorded an impairment loss of US\$261 and reversed the impairment of US\$53 in general and administrative expenses on the consolidated statements of comprehensive (loss)/income, respectively.

For the other one of the aforementioned investments, during the year 2024, the Group redeemed a portion of its investment and recorded a gain of US\$451 in financial income on the consolidated statements of comprehensive (loss)/income. The related historical fair value change of this investment, included in accumulated other comprehensive income was transferred out accordingly.

- (3) For investments in equity securities accounted for under alternative measurement represent investments in one privately held company and one limited partnership fund. For these investments which the Group cannot exercise significant influence and does not have a readily determinable fair value, the Group has elected to apply the measurement alternative and recorded these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes, in accordance with ASC topic 321.

10. Operating Leases

The Company has operating leases primarily for office and operation space. The Company's operating lease arrangements have remaining terms below four years with no variable lease costs.

Operating lease costs were US\$4,530, US\$3,845 and US\$4,224 for the years ended December 31, 2023, 2024 and 2025, respectively. The components of lease expenses were as follows:

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Lease cost:			
Amortization of right-of-use assets	4,100	3,469	3,967
Interest of lease liabilities	354	295	205
Expenses for short-term lease within 12 months	76	81	52
Total lease cost	4,530	3,845	4,224

Supplemental cash flow information related to leases were as follows:

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Cash paid for amounts included in the measurement of lease liabilities	4,134	3,820	4,521
Right-of-use assets obtained in exchange for operating lease liabilities	2,727	1,069	4,797

Supplemental consolidated balance sheet information related to leases were as follows:

	As of December 31,	
	2024	2025
	US\$	US\$
Right-of-use assets	4,550	5,649
Operating lease liabilities, current	3,798	1,985
Operating lease liabilities, non-current	851	3,329
Total lease liabilities	4,649	5,314
Weighted-average remaining lease term		
Operating leases	1.80 years	2.76 years
Weighted-average discount rate		
Operating leases	4.75% per annum	3.75% per annum

Maturities of lease liabilities were as follows:

	As of December 31,	
	2024	2025
	US\$	US\$
2025	3,933	—
2026	367	2,148
2027	246	1,950
2028	203	1,388
2029	97	108
Total undiscounted lease payments	4,846	5,594
Less: imputed interest	(197)	(280)
Total lease liabilities	4,649	5,314

11. Accruals and Other Liabilities

The current and non-current portions of accruals and other liabilities consist of the following:

	As of December 31,	
	2024 US\$	2025 US\$
Salary and welfare payable	12,941	13,753
Cloud infrastructure and IT related services fee payables	5,901	8,313
Membership fee to be refunded (2)	2,927	3,748
Professional service fee payables	2,072	1,503
Sales return allowances	1,254	1,172
Advertising and promotion fee payables	835	1,055
Payment from depository bank, current (1)	3,067	767
Tax payables	1,221	756
Product warranty	251	215
Others	1,788	1,979
Total accruals and other current liabilities	32,257	33,261
Other non-current liabilities		
Payment from depository bank, non-current (1)	767	—
Total accruals and other liabilities	33,024	33,261

- (1) The Company received reimbursement payment of US\$13,053 and US\$1,926 from a depository bank in April 2021 and June 2022, respectively. The amount was recorded ratably as other non-operating income over a five-year and 46 months arrangement period, respectively. For the years ended December 31, 2023, 2024 and 2025, the Company recorded US\$3,113, US\$2,994 and US\$3,067 in other non-operating incomes, net in the consolidated statements of comprehensive (loss)/income, respectively. In addition to above reimbursement, the Company received an additional reimbursement payment of US\$1,186 and US\$2,148 from depository bank for the transaction costs incurred and the amount was recorded in other non-operating incomes, net for the year ended December 31, 2024 and 2025, respectively.
- (2) Membership fee to be refunded presents the balances of refundable membership fee collected by the Group from its customers under the 2023 Membership Program (Note 2(r)).

12. Deferred Revenue

	As of December 31,	
	2024	2025
	US\$	US\$
Deferred Revenue		
-Cloud-based connectivity and basic IoT services (1)	1,277	1,306
-Membership (2)	—	—
-SaaS (3)	6,625	8,778
Total deferred revenue	7,902	10,084

(1) Deferred cloud-based connectivity and basic IoT services related revenue

Deferred cloud-based connectivity and basic IoT services related revenue represents the Group's provision of cloud-based connectivity obligation and basic IoT services to customers.

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Beginning balances	1,375	1,122	1,277
Deferral of revenue	984	1,123	1,148
Recognition of deferred revenue	(1,237)	(968)	(1,119)
Ending balances	1,122	1,277	1,306

(2) Deferred Revenue-Membership

Deferred Revenue-Membership represents the Group's remaining performance obligation performed over the period of time under its 2020 Membership Program (Note 2(r)).

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Beginning balances	672	—	—
Deferral of revenue	179	—	—
Recognition of deferred revenue	(851)	—	—
Ending balances	—	—	—

(3) Deferred Revenue-SaaS

Deferred Revenue-SaaS mainly represents the Group's remaining performance obligation in providing industry SaaS and cloud-based value-added services with AI application functions over the period of time (Note 2(r)).

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Beginning balances	5,168	6,186	6,625
Deferral of revenue	19,402	24,498	33,616
Recognition of deferred revenue	(18,384)	(24,059)	(31,463)
Ending balances	6,186	6,625	8,778

13. Financial Income, net

	Year Ended December 31,		
	2023	2024	2025
	US\$	US\$	US\$
Interest income and investment income, net (1)	45,052	50,424	43,376
Fair value change of short-term investments	54	(116)	760
Fair value change of long-term investments	(130)	(41)	43
Gain on disposal of long-term investment	—	451	—
Total financial income, net	44,976	50,718	44,179

- (1) Interest income and investment income, net included interest income and investment income of US\$49,744, US\$50,424 and US\$43,376, as well as investment loss from forward exchange contracts of US\$4,692, nil and nil, for the years ended December 31, 2023, 2024 and 2025, respectively.

14. Ordinary Shares

On August 28, 2014, the Company was incorporated as an exempted company with limited liability with authorized share capital of US\$50 divided into 1,000,000,000 shares with par value US\$0.00005 each. On August 28, 2014, the Company issued total 200,000,000 shares of ordinary shares with total cash consideration of US\$10 to the Registered Shareholders. The Company issued total 21,980,000 ordinary shares for US\$0.0797 per share, with cash proceed of RMB9,720 thousand (equivalent to US\$1,577) from two investors and US\$175 from the other investor (collectively, the “Angel Investors”), on August 28, 2014 and December 23, 2014, respectively.

The Company amended the numbers of its ordinary shares authorized as 934,711,640, 921,032,370, 827,969,950, 767,500,110 and 692,500,110 upon the issuance of Series A, Series A-1, Series B, Series C and Series D convertible preferred shares in December 2014, November 2016, August 2017, April 2018 and September 2019, respectively.

As of December 31, 2019 and 2020, the Company had in aggregate of 221,980,000 ordinary shares issued and outstanding, at a par value of US\$0.00005.

As of December 31, 2019, proceeds of the subscription for ordinary shares of the Company in the amount of US\$10 were remained outstanding, and was presented as subscription receivables from ordinary shareholders in equity, a contra-equity balance on the consolidated balance sheets as of December 31, 2019. In 2020, the ordinary shareholders fully paid the US\$10 subscription for ordinary shares of the Company, and therefore, as of December 31, 2020, the balance subscription receivables from ordinary shareholders were nil.

In early February 2021, the Company issued total 16,026,282 shares of ordinary shares for US\$12.48 per share, with total consideration of approximately US\$200 million received from two investors at fair market price, including one holder of its Series D Preferred Shares.

On March 18, 2021, the Company completed its U.S. IPO of 43,590,000 American Depositary Shares (“ADSs”), each representing one Class A ordinary shares of the Company, at the price of US\$21.00 per ADS. On April 20, 2021, the Company’s underwriters exercised their over-allotment option to purchase additional 1,486,479 ADSs. The Company received approximately US\$904.7 million of proceeds after deducting underwriting discounts commissions and other offering expense from its U.S. IPO and related over-allotment option arrangement.

Immediately prior to the completion of its U.S. IPO, the Company’s authorized share capital was amended as US\$50 divided into 1,000,000,000 ordinary shares, among which 600,000,000 authorized ordinary shares were reclassified and re-designated as Class A ordinary shares, 200,000,000 authorized ordinary shares were reclassified and re-designated as Class B ordinary shares, and remaining 200,000,000 authorized ordinary shares were reclassified and re-designated as undesignated shares on a one-for-one basis, of such class or classes (however designated) as the board of directors of the Company may determine in the future.

Immediately prior to the completion of its U.S. IPO, a total of 142,400,000 issued and outstanding ordinary shares were converted into Class B ordinary shares on a one-for-one basis. The remaining issued and outstanding ordinary shares and all the Series A, Series A-1, Series B, Series C and Series D Preferred Shares, which were originally classified as Mezzanine Equity, were converted into Class A ordinary shares, in each case on a one-for-one basis immediately prior to the completion of the U.S. IPO (the “Dual Class Conversion”). In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to 15 votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights.

On September 13, 2021 and October 18, 2021, the Company issued 5,000,000 Class A ordinary shares at par to a depository bank reserved solely for the purpose of implementing the Group’s Equity Incentive Plan, respectively. The Group accounted for these shares as issued but not outstanding and presented as treasury stocks in the consolidated balance sheets.

On December 23, 2021, 27,000,000 Class B ordinary Shares were converted to Class A ordinary Shares on one-for-one basis for Wang Xueji’s personal investment planning. On December 28, 2021, 36,000,000 Class B ordinary Shares were converted to Class A ordinary Shares on one-for-one basis for Wang Xueji’s personal investment planning.

On July 4, 2022, the Company completed its Dual Primary Listing in Hong Kong Exchange (“Dual Primary Listing”) of 7,300,000 Class A ordinary shares, at the price of US\$2.46 per ordinary share.

On November 1, 2022, the Company amended the numbers of its Class A ordinary shares authorized from 600,000,000 to 800,000,000 at par value of US\$0.00005 each. The Company further amended that in respect of matters requiring the votes of shareholders to one vote for each Class A ordinary share and 10 votes for each Class B ordinary share.

On March 28, 2023 and December 15, 2023, 9,000,000 and 194,700 Class B ordinary shares were converted to Class A ordinary shares on one-for-one basis to reduce the weighted voting rights, respectively.

On August 30, 2021, the Company’s board of directors authorized a share repurchase program under which the Company may repurchase up to US\$200 million of ADSs each representing one Class A ordinary shares during a twelve - month period ended on August 30, 2022. On November 9, 2022, the Company’s board of directors authorized a share repurchase program under which the Company may repurchase up to US\$50 million of ADSs each representing one Class A ordinary shares. On June 20, 2023, the Company’s board of directors authorized a share repurchase program under which the Company may repurchase up to US\$50 million of ADSs each representing one Class A ordinary shares (The above mentioned share repurchase programs are collectively referred as the “Share Repurchase Program”). The share repurchases may be made from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations. In the year ended December 31, 2023, the Company repurchased total 1,200,794 ADSs representing 1,200,794 ordinary shares under the Share Repurchase Program at a weighted average price of US\$1.70 per ADS. As of December 31, 2023, the remaining authorized amount under the Share Repurchase Program is US\$49 million. In the year ended December 31, 2024, the Company repurchased total 223,773 ADSs representing 223,773 ordinary shares under the Share Repurchase Program at a weighted average price of US\$1.72 per ADS. As of December 31, 2024, the remaining authorized amount under the Share Repurchase Program is US\$49 million. In the year ended December 31, 2025, the Company repurchased total 5,400 ADSs representing 5,400 ordinary shares under the Share Repurchase Program at a weighted average price of US\$2.19 per ADS. As of December 31, 2025, the remaining authorized amount under the Share Repurchase Program is US\$49 million.

On March 28, 2023 and December 15, 2023, 2,753,167 and 1,200,794 treasury stocks were cancelled respectively, to comply with the listing rules of the Hong Kong Stock Exchange.

On June 27, 2025, 223,773 treasury stocks were cancelled, to comply with the listing rules of the Hong Kong Stock Exchange.

In 2025, the Company issued total 37,159,350 shares of ordinary shares or transfer of treasury shares in respect of share awards or options granted to a participant under a share scheme, the new shares involved exercise of options and restricted shares units by employees pursuant to the 2015 Equity Incentive Plan (Note 15).

As of December 31, 2024 and 2025, the Company's authorized share capital of US\$50 was divided into 1,000,000,000 ordinary shares, among which 800,000,000 authorized Class A ordinary shares and 200,000,000 authorized Class B ordinary shares.

As of December 31, 2024, the Company had in aggregate of 504,387,299 Class A ordinary shares issued and 495,601,588 Class A ordinary shares outstanding, at a par value of US\$0.00005. As of December 31, 2024, the Company had in aggregate of 70,205,300 Class B ordinary shares issued and outstanding, at a par value of US\$0.00005.

As of December 31, 2025, the Company had in aggregate of 541,364,923 Class A ordinary shares issued and 541,119,562 Class A ordinary shares outstanding, at a par value of US\$0.00005. As of December 31, 2025, the Company had in aggregate of 70,163,253 Class B ordinary shares issued and outstanding, at a par value of US\$0.00005.

The activities of the Group's Class A ordinary shares and Class B ordinary shares the years ended December 31, 2024 and 2025 are summarized as below:

	Class A ordinary shares (US\$0.00005 par value)		Class B ordinary shares (US\$0.00005 par value)		Total of Class A ordinary shares and Class B ordinary shares (US\$0.00005 par value)	
	Number of shares issued	Amount US\$	Number of shares issued	Amount US\$	Number of shares issued	Amount US\$
Balance as of December 31, 2023	504,387,299	25	70,205,300	4	574,592,599	29
Cancellation of Treasury	—	—	—	—	—	—
Conversion of Class B ordinary shares to Class A ordinary shares	—	—	—	—	—	—
Balance as of December 31, 2024	504,387,299	25	70,205,300	4	574,592,599	29
Cancellation of Treasury	(223,773)	—	—	—	(223,773)	—
Conversion of Class B ordinary shares to Class A ordinary shares	42,047	—	(42,047)	—	—	—
Issue of new shares	37,159,350	2	—	—	37,159,350	2
Balance as of December 31, 2025	541,364,923	27	70,163,253	4	611,528,176	31

15. Share-based Compensation

In December 2014, the board of directors of the Company adopted the Company's 2015 Equity Incentive Plan ("the 2015 Plan") and reserved 31,918,690 ordinary shares for issuance under the Plan to grant share-based awards, including restricted shares and share options, to its service providers, defined as the Company's global employees, directors and external consultants. In July 2020, the 2015 Plan was modified to allow the Company with the intentions of i) providing for the award of restricted stock units ("RSUs") under the Plan and ii) amending the exercise price of certain outstanding share options held by certain optionees located outside of the U.S. to purchase ordinary shares of the Company (the "Share Option Repricing"), and the number of ordinary shares reserved for the 2015 Plan was modified to 60,778,005 (adjusted in accordance with the Share Split). As of December 31, 2020, the Company had not granted any RSUs to anyone yet, neither had the Company entered any repricing agreement with the optionee under the 2015 Plan yet. As of December 31, 2020, the Company had not granted any restricted shares to anyone yet, except that the part of the ordinary shares issued to the Registered Shareholders with restricted conditions from December 2014 to 2018 was considered as shared based compensation, which was recorded as expenses before the periods presented and in the opening balance of accumulated losses of the Group.

Since adoption of the 2015 Plan, the Company granted options to its global employees, director and external consultants. All options granted have a contractual term of ten years from the grant date, and the vest over a period of four years of continuous service, 50% of the shares subject to the option shall vest on the second anniversary of the vesting commencement date, and the remaining of the shares subject to the option shall vest in equal annual instalments over the following two years thereafter on the same day of the month as the vesting commencement date (and if there is no corresponding day, on the last day of the month), subject to the grantee continuing to be a service provider through each such date. The share options granted to PRC employee grantee shall become fully vested under the same service conditions and vesting schedule and, to the extent permissible under applicable law, exercisable upon the occurrence of a Change in Control (as defined in the 2015 Plan).

The Company accounted for the share-based compensation costs on a straight-line bases over the requisite service period for the award based on the fair value on their respectively grant date.

In January 2021, the Company entered into agreements with certain optionees under the 2015 Plan to amend the exercise price of certain outstanding share options held by these optionees located outside of the U.S. to purchase ordinary shares of the Company. As a result of this share option repricing, the Company recorded incremental share-based compensation expense of US\$728, US\$147 and nil in its consolidated financial statements for the year ended December 31, 2023, 2024 and 2025.

On February 21, 2021, the 2015 Plan was amended to increase the number of ordinary shares available and reserved for issuance under the 2015 Plan to 76,778,005 ordinary shares, which was approved by the board of directors of the Company and the shareholders of the Company.

On February 25, 2021, the board of directors of the Company approved further amendment to the 2015 Plan, which provides that starting on January 1, 2022, on the first day of each fiscal year thereafter, the total number of shares available for issuance under the 2015 Plan was increased by an amount equal to the least of (i) 2% of the aggregate number of shares of all classes of ordinary shares of the Company's issued and outstanding on the last day of the immediately preceding fiscal year and (ii) such number of shares as determined by the board of directors.

As of December 31, 2024 and 2025, 46,274,612 and 3,270,285 options were outstanding under the 2015 plan.

Starting from June 2021, the Company granted RSUs under the 2015 Plan. The Company granted 1,181,000 RSUs, 90,000 RSUs and nil RSUs with three-to-four-year requisite service period to its employees and nonemployees for year ended December 31, 2023, 2024 and 2025. As of December 31, 2024 and 2025, 5,810,000 RSUs and 2,718,875 RSUs were outstanding under the 2015 Plan.

On June 20, 2024, the Company terminated the 2015 Plan and adopted the 2024 Global Share Incentive Plan (the "2024 Share Scheme") in accordance with the resolution approved at the Annual General Meeting. Under the 2024 Share Scheme, the Company is allowed to grant share-based awards of the Group to its eligible person and service provider, whom the board considers having contributed or will contribute to the Company. The maximum number of shares of the Company available for issuance pursuant to all awards under the 2024 Share Scheme shall not exceed 57,459,259. All options granted have a contractual term of ten years from the grant date and the vesting period shall generally not be less than 12 months. The Company granted 160,000 RSUs and 219,000 RSUs with two-to-four-year requisite service period to its employees and nonemployees for year ended December 31, 2024 and 2025. As of December 31, 2024 and 2025, 160,000 RSUs and 339,000 RSUs were outstanding under the 2024 Share Scheme.

On August 26, 2024, the board of directors of the Company approved that for all outstanding options, including those are granted but not vested, and those vested but not exercised under the 2015 Plan to the grantees, the exercise price was changed to US\$0.00005 per share, effective on September 12, 2024 (the "Share Option Repricing"). As a result of the Share Option Repricing, the Company recorded incremental share-based compensation expenses of US\$9.7 million in its consolidated financial statements for the year ended December 31, 2024 and estimated approximately US\$0.3 million to be amortized over the remaining requisite service period for the optionees till year ended December 31, 2026. The Company recorded incremental share-based compensation expenses of US\$320 in its consolidated financial statements for the year ended December 31, 2025.

Share Options

The following table sets forth the share options activity for the years ended December 31, 2023, 2024 and 2025:

	Number of shares	Weighted average exercise price per share	Weighted average grant date fair value per share	Weighted average remaining contractual term	Aggregate intrinsic value US\$
Outstanding as of December 31, 2022	56,274,213	0.16	4.42	6.04	98,287
Granted	—	—	—	—	—
Exercised	(3,770,958)	0.31	3.54	—	—
Forfeited	(831,250)	0.36	7.16	—	—
Outstanding as of December 31, 2023	51,672,005	0.15	4.44	4.95	105,285
Granted	—	—	—	—	—
Exercised	(5,279,893)	0.01	4.85	—	—
Forfeited	(117,500)	0.14	6.45	—	—
Outstanding as of December 31, 2024	46,274,612	0.00	4.39	3.87	70,995
Granted	—	—	—	—	—
Exercised	(42,869,327)	0.00	4.35	—	—
Forfeited	(135,000)	0.00	3.31	—	—
Outstanding as of December 31, 2025	3,270,285	0.00	4.97	5.30	6,900

The aggregate intrinsic value is calculated as the difference between the exercise price of share options and the estimated fair value of the underlying ordinary share at each reporting date.

The Group uses the Binomial option pricing model to estimate the fair value of stock options. The assumptions used to value the Company's options grants and repricing were as follow:

	As of December 31,		
	2023	2024	2025
Exercise price (US Dollar)	N/A	0.00005	N/A
Exercise multiple	N/A	2.2~2.8	N/A
Risk-free interest rate	N/A	3.47%~4.74 %	N/A
Expected term (in years)	N/A	10	N/A
Expected dividend yield	N/A	—	N/A
Expected volatility	N/A	48.67%~90.35 %	N/A
Expected forfeiture rate (post-vesting)	N/A	0.00%~50.00 %	N/A
Fair value of the underlying shares on the date of options grants (US Dollar)	N/A	1.32	N/A
Fair value of share option (US Dollar)	N/A	1.32	N/A

As of December 31, 2024 and 2025, there was US\$16,364 and nil unrecognized share-based compensation expenses related to share options granted by the Company, which were expected to be recognized over a weighted-average vesting period of 0.15 and nil years, respectively.

Restricted Share Units:

The following table sets forth the service based RSUs activity for the year ended December 31, 2023, 2024 and 2025:

	Number of shares	Weighted average grant date fair value per share
Outstanding as of December 31, 2022	11,638,750	3.51
Granted	1,181,000	1.79
Vested	(2,276,875)	4.76
Forfeited	(1,219,750)	4.34
Outstanding as of December 31, 2023	9,323,125	2.88
Granted	250,000	1.64
Vested	(2,953,500)	3.15
Forfeited	(649,625)	3.44
Outstanding as of December 31, 2024	5,970,000	2.64
Granted	219,000	2.56
Vested	(2,612,000)	3.17
Forfeited	(519,125)	2.67
Outstanding as of December 31, 2025	3,057,875	2.17

As of December 31, 2024 and 2025, there were US\$9,931 and US\$2,844 of unrecognized share-based compensation expenses related to RSUs granted by the Company, which were expected to be recognized over a weighted-average vesting period of 1.75 years and 1.02 years, respectively. The fair value of the RSUs is measured at market price of the Company at the grant date and are held under employee share scheme until such time as they are vested.

16. Income Taxes

Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to income, corporation or capital gains tax, and no withholding tax is imposed upon the payment of dividends.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Group's subsidiaries in Hong Kong are subject to 16.5% Hong Kong profit tax on its taxable income generated from operations in Hong Kong. Under the Hong Kong tax law, the Group's subsidiaries in Hong Kong are exempted from income tax on their foreign-sourced specified income (including but not limited to dividend and interest) to the satisfaction of the relevant conditions, and there is no withholding tax in Hong Kong on remittance of dividends.

PRC

PRC Enterprise Income Tax ("EIT")

On March 16, 2007, the National People's Congress of PRC enacted the Enterprise Income Tax Law (the "new EIT Law"), under which foreign invested enterprises ("FIEs") and domestic companies would be subject to enterprise income tax ("EIT") at a uniform rate of 25%. The new EIT law became effective on January 1, 2008. In accordance with the implementation rules of EIT Law, a qualified "High and New Technology Enterprise" ("HNTE") is eligible for a preferential tax rate of 15%. The HNTE certificate is effective for a period of three years. An entity could re-apply for the HNTE certificate when the prior certificate expires.

The WFOE (Hangzhou Tuya Information Technology Co., Ltd.) obtained its HNTE certificate with a valid period of three years in November 2018, and renewed in December 2024 with a valid period of three years. Therefore, the WFOE is eligible to enjoy a preferential tax rate of 15% from the years ended December 31, 2018 to 2026, to the extent it has taxable income under the EIT Law, and as long as it maintains the HNTE qualification and duly conducts relevant EIT filing procedures with the relevant tax authority.

PRC Withholding Income Tax

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “de facto management body” is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing Rules of the EIT Law merely define the location of the “de facto management body” as “the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located.”

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Chinese mainland and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong can be subject to withholding tax at a rate of no more than 5% if the immediate holding company in Hong Kong owns directly at least 25% of the shares of the FIE and could be recognized as a Beneficial Owner of the dividend from PRC tax perspective.

As of December 31, 2024 and 2025, the Company did not record any withholding tax on the retained earnings of its subsidiaries in the PRC as the Group does not have retained earnings for any of the years presented.

In addition, interest income derived from the PRC are subject to a 7% PRC withholding tax if paid to a Hong Kong tax resident who qualifies for the benefits of the Tax Treaty between the Chinese mainland and Hong Kong.

United States

The Company’s subsidiary in California, United States is subject to U.S. federal corporate tax and California corporate franchise tax on its taxable income as reported in its statutory financial statements adjusted in accordance with relevant U.S. tax laws. The applicable U.S. federal corporate tax rate is 21% and the California corporate franchise tax rate is 8.84% or minimum of \$0.8, whatever is larger in 2023, 2024 and 2025.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code including, but not limited to: (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; (5) eliminating the corporate alternative minimum tax (“AMT”) and changing how existing AMT credits can be realized; (6) creating the base erosion anti-abuse tax (“BEAT”), a new minimum tax; (7) creating a new limitation on deductible interest expense; and (8) changing rules related to uses and limitations of net operating loss carry-forwards created in tax years beginning after December 31, 2017. In addition, the California corporate franchise tax remained the same after the enactment of the Tax Act.

The Company assessed the impact of Tax Act and concluded that it was not material to the Company.

As the Group incurred income tax expense mainly from PRC tax jurisdictions, the following information is based mainly on PRC income taxes. During 2025, the Company revised certain disclosures, including tax losses carry forwards, valuation allowances, expenditure deduction and permanent differences for 2023 and 2024 as a result of its update to a subsidiary’s tax returns for the corresponding years. The revision was not material to the Company’s consolidated financial statements.

Composition of income tax expense

The components of (loss)/profit before tax are as follow:

	Year Ended December 31,		
	2023 US\$	2024 US\$	2025 US\$
(Loss)/profit before tax			
(Loss)/profit from PRC entities	(71,249)	(20,596)	32,088
Profit from overseas entities	14,183	27,738	27,755
Total (loss)/profit before tax	(57,066)	7,142	59,843
	Year Ended December 31,		
	2023 US\$	2024 US\$	2025 US\$
Current income tax expense	3,249	2,145	1,953
Deferred income tax	—	—	—
Total income tax expense	3,249	2,145	1,953

Reconciliation of the differences between statutory tax rate and the effective tax rate

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as described in Note 2, Summary of Significant Accounting Policies, the reconciliation of the differences between the statutory EIT rate applicable to profits of the consolidated entities and the income tax expenses of the Group for the year ended December 31, 2025 was as follows:

	Year Ended December 31, 2025	
	Amount	Percent
PRC Statutory income tax rate	14,961	25.0 %
Foreign Tax Effects		
Hong Kong		
Statutory tax rates in difference between PRC and Hong Kong	(2,497)	(4.2)%
Permanent book-tax differences	(6,840)	(11.4)%
Change in valuation allowance	1,532	2.6 %
Other	457	0.8 %
Other foreign jurisdictions	406	0.7 %
Tax Credits		
Effect of preferential tax rate for qualified HNTE entities (1)	(2,936)	(4.9)%
Additional deduction for research and development expenditures	(4,469)	(7.5)%
Non-taxable or non-deductible Items		
Share-based compensation	866	1.4 %
Permanent book-tax differences	9,861	16.5 %
Change in Valuation Allowance (2)	(11,331)	(18.9)%
PRC withholding income tax on interest income and investment income	1,943	3.2 %
Effective Tax Rates	1,953	3.3 %

Reconciliation of the differences between the statutory EIT rate applicable to losses of the consolidated entities and the income tax expenses of the Group for the years ended December 31, 2024 and 2023 in accordance with the guidance prior to the adoption of ASU 2023-09 was as follows:

	Year Ended December 31,	
	2023	2024
PRC Statutory income tax rate	25.0 %	25.0 %
Effect of tax rates in different tax jurisdiction	(2.5)%	(35.1)%
Effect of preferential tax rate for qualified HNTE entities (1)	(5.4)%	(8.6)%
Additional deduction for research and development expenditures	9.3 %	(62.8)%
Share-based compensation	(19.7)%	141.2 %
Permanent book-tax differences	2.0 %	(13.3)%
Change in valuation allowance	(14.4)%	(16.4)%
Effective Tax Rates	(5.7)%	30.0 %

- (1) The effect of the preferential income tax rate that the WFOE is entitled to enjoy as a qualified HNTE is 15%.
- (2) Valuation allowance for the years ended December 31, 2023, 2024 and 2025 are related to the deferred tax assets of certain group entities which reported losses. The Group believes that it is more likely than not that the deferred tax assets of these entities will not be utilized. Therefore, valuation allowance has been provided.

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as described in Note 2, Summary of Significant Accounting Policies, cash paid for income taxes, net of refunds, during the year ended December 31, 2025 was as follows:

	US\$
Chinese mainland	2,517
Non-Chinese mainland	17
Total cash paid for income taxes, net of refunds	2,534

Cash paid for income taxes, net of refunds, during the years ended December 31, 2024 and 2023 was US\$2,687 and US\$2,819, respectively.

Deferred tax assets and deferred tax liabilities

The following table sets forth the significant components of the deferred tax assets:

	As of December 31,		
	2023 US\$	2024 US\$	2025 US\$
Deferred tax assets			
Net accumulated losses carry-forwards	107,080	104,089	95,110
Credit-related impairment of long-term investments	1,421	1,472	1,482
Receivables allowances	279	795	696
Inventory write-downs	531	845	547
Other deductible temporary difference	106	1,046	840
Less: valuation allowance	(109,417)	(108,247)	(98,675)
Total deferred tax assets	—	—	—

As of December 31, 2025, the Group had tax losses carry-forwards of approximately US\$431,893, which mainly arose from its subsidiaries established in the PRC. These tax losses carry-forwards from PRC entities will expire during the period from 2026 to 2033 as follows:

As of December 31, 2025	US\$
2026	101,317
2027	42,159
2028	35,464
2029	91,815
2030	55,663
2031	34,073
2032	60,506
2033	10,896
Total tax losses carry forwards	431,893

Movement of valuation allowance

	As of December 31,		
	2023 US\$	2024 US\$	2025 US\$
Balance at beginning of the year	101,177	109,417	108,247
Changes of valuation allowance(1)	8,240	(1,170)	(9,572)
Balance at end of the year	109,417	108,247	98,675

- (1) Valuation allowances have been provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's entities' operating history, accumulated deficit, existence of taxable temporary differences and reversal periods. As of December 31, 2024 and 2025, full valuation allowances on deferred tax assets were provided because it was more likely than not that the Group will not be able to utilize tax loss carry forwards and other temporary tax difference generated by its unprofitable subsidiaries.

17. Basic and Diluted Net (Loss)/Profit per Share

Basic and diluted (loss)/profit per share have been calculated in accordance with ASC 260 on computation of (loss)/profit per share for each of the year ended December 31, 2023, 2024 and 2025 are calculated as follows:

	Year Ended December 31,		
	2023 US\$	2024 US\$	2025 US\$
Basic and diluted net (loss)/profit per share calculation			
Numerator:			
Net (loss)/profit attributable to Tuya Inc.'s ordinary shareholders, basic and diluted	(60,315)	4,997	57,890
Denominator:			
Weighted-average ordinary shares outstanding-basic	555,466,061	573,782,783	611,714,837
Effect of diluted securities			
Share option and RSU	—	17,224,018	2,092,417
Weighted-average ordinary shares outstanding-diluted	—	591,006,801	613,807,254
Net (loss)/profit per share attributable to ordinary shareholders:			
Basic	(0.11)	0.01	0.09
Diluted	(0.11)	0.01	0.09

For the years ended December 31, 2023, 2024 and 2025, the Company had ordinary equivalent shares, including share options and RSUs granted (Note 15). As the Group incurred a loss for the years ended December 31, 2023, these ordinary equivalent shares were determined to be anti-dilutive and excluded from the calculation of diluted loss per share of the Company.

18. Commitments and Contingencies

(a) Capital and other commitments

Capital expenditures contracted for at the balance sheet dates but not recognized in the Group's consolidated financial statements are as follows:

	As of December 31,	
	2024	2025
	US\$	US\$
Property, plant and equipment	2,614	60,337

(b) Operating lease commitment

The Group had outstanding commitments on several non-cancellable operating lease agreements. Operating lease commitment within one year or less lease term, for which the Group elected not recognize any lease liability or right-of-use asset, therefore not yet reflected in the consolidated financial statements as of December 31, 2024 and 2025 were US\$26 and US\$15, respectively.

(c) Services purchase commitment

As of December 31, 2025, the Group's services purchase commitments were as follows:

	Total	Less Than 1 year	1-3 years	3-5 years
	US\$	US\$	US\$	US\$
Purchase obligations(i)	64,332	12,332	44,250	7,750

- (i) Purchase obligations represent US\$6,705 and US\$64,332 of remaining non-cancellable contractual commitments as of December 31, 2024 and 2025, respectively, related to one of the Group's third-party cloud infrastructure agreements, under which the Group committed to spend an aggregate of at least US\$72,500 between July 1, 2025 and June 30, 2030 with minimum purchase commitment. The Group had made payments totalling US\$8,168 under this agreement as of December 31, 2025.

19. DIVIDENDS

On February 26, 2025, the board of directors of the Company approved the declaration and distribution of a dividend of US\$0.0608 per ordinary share, or US\$0.0608 per ADS, to such holders as at the close of business on March 13, 2025, Hong Kong Time and New York Time, respectively. The aggregate amount of this dividend was US\$36.9 million, which was paid in cash in June 2025.

On August 26, 2025, the board of directors of the Company approved the declaration and distribution of a dividend of US\$0.054 per ordinary share, or US\$0.054 per ADS, to such holders as at the close of business on September 11, 2025, Hong Kong Time and New York Time, respectively. The aggregate amount of this dividend was US\$33 million, which was paid in cash in October 2025.

20. Related Party Transactions

The related parties with which the Group had transactions during the years presented are as follows:

Name of related party	Relationship with the Group
Wang Xueji and other four individuals	Registered Shareholders
Tencent Group (including Tencent Mobility Limited and Image Frame Investment (HK) Limited. Since January 23, 2025, Tencent Group was not a related party of the Company)	Principal shareholder of the Group

The Group entered into the following related party transactions:

	For the year ended December 31, 2023	For the year ended December 31, 2024	From January 1, 2025 to January 23, 2025
	US\$	US\$	US\$
Purchase of cloud service from Tencent Group	1,305	1,218	61

The Group had the following related party balances:

	As of December 31,	
	2024	2025
	US\$	US\$
Due to Tencent Group	44	N/A

21. Subsequent Events

On March 2, 2026, the board of directors of the Company has approved the declaration and distribution of a dividend of US\$0.0605 per ordinary share, or US\$0.0605 per ADS, to such holders as at the close of business on March 18, 2026, Hong Kong Time and New York Time, respectively. The aggregate amount of this dividend was US\$37 million, which was paid in cash in April 2026.

22. Statutory Reserves and Restricted Net Assets

Relevant PRC laws and regulations permit payments of dividends by the Group's entities incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Group's entities in the PRC are required to annually appropriate 10% of their net after-tax income to the statutory general reserve fund prior to payment of any dividends, unless such reserve funds have reached 50% of their respective registered capital. As a result of these and other restrictions under PRC laws and regulations, the Group's entities and the VIE subsidiary incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which restricted portion as calculated amounted to US\$421,006 and US\$428,431 as of December 31, 2024 and 2025. There are no significant differences between U.S. GAAP and PRC accounting standards in connection with the reported net assets of the legally owned subsidiaries in the PRC and the VIE. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to its shareholders. Except for the above, there is no other restriction on use of proceeds generated by the Group's subsidiaries and the VIE to satisfy any obligations of the Company. The Group terminated the contractual arrangements entered into by the WFOE with the VIE and the VIE's shareholders in November 2025, and thereafter Hangzhou Tuya Technology was no longer the variable interest entity of the Group.

For the year ended December 31, 2025, the Company performed a test on the restricted net assets of subsidiaries and VIE in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08(e)(3), "General Notes to Financial Statements" and concluded that the restricted net assets exceeded 25% of the consolidated net assets of the Company as of December 31, 2025 and the condensed financial information of the Company (referred to as the "Parent Company" below) are required to be presented.

Condensed Financial Information of the Parent Company

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

Balance Sheet

	As of December 31,	
	2024	2025
	US\$	US\$
ASSETS		
Current assets:		
Cash and cash equivalents	96	512
Amounts due from subsidiaries	272,159	199,945
Prepayments and other current assets	549	92
Total current assets	272,804	200,549
Non-current assets:		
Investment in subsidiaries and VIE	740,268	823,856
Total non-current assets	740,268	823,856
Total assets	1,013,072	1,024,405
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Accruals and other current liabilities	4,857	1,800
Other non-current liabilities	767	—
Total liabilities	5,624	1,800
Shareholders’ equity:		
Ordinary shares (US\$0.00005 par value; nil shares authorized, issued and outstanding as of December 31, 2024 and 2025, respectively)	—	—
Class A ordinary shares (US\$0.00005 par value; 800,000,000 and 800,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 504,387,299 and 541,364,923 shares issued as of December 31, 2024 and 2025, respectively; 495,601,588 and 541,119,562 shares outstanding as of December 31, 2024 and 2025, respectively)	25	27
Class B ordinary shares (US\$0.00005 par value; 200,000,000 and 200,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 70,205,300 and 70,163,253 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	4	4
Treasury stock (US\$0.00005 par value; 8,785,711 and 245,361 shares as of December 31, 2024 and 2025, respectively)	(15,726)	(12)
Additional paid-in capital	1,612,712	1,549,389
Accumulated other comprehensive loss	(19,716)	(14,842)
Accumulated deficit	(569,851)	(511,961)
Total shareholders’ equity	1,007,448	1,022,605
Total liabilities and shareholders’ equity	1,013,072	1,024,405

Statement of Comprehensive (Loss)/Income

	Year Ended December 31,		
	2023 US\$	2024 US\$	2025 US\$
Operation expense			
General and administrative expenses	(4,212)	(5,671)	(2,797)
Share of (loss)/gain of subsidiaries and the VIE	(59,372)	6,314	55,520
Total operating expenses	(63,584)	643	52,723
Other non-operating income, net	3,113	4,180	5,215
Financial income, net	238	296	—
Foreign exchange loss	(82)	(122)	(48)
(Loss)/profit before income tax expense	(60,315)	4,997	57,890
Net (loss)/profit	(60,315)	4,997	57,890
Net (loss)/profit attributable to ordinary shareholders	(60,315)	4,997	57,890
Net (loss)/profit	(60,315)	4,997	57,890
Other comprehensive income/(loss)			
Changes in fair value of long-term investments	(7,791)	14	115
Transfer out of fair value changes of long-term investments	15,537	(65)	—
Foreign currency translation	(2,722)	(2,574)	4,759
Total comprehensive (loss)/income	(55,291)	2,372	62,764

Statement of Cash Flows

	Year Ended December 31,		
	2023 US\$	2024 US\$	2025 US\$
Net cash used in operating activities	(3,478)	(3,606)	(739)
Advance to, and investment in subsidiaries	(7,940)	—	(1,189)
Net cash provided by inter-company transactions	30,349	15,509	72,214
Net cash generated from investing activities	22,409	15,509	71,025
Payment for repurchase of ordinary shares	(3,339)	(70)	(12)
Payment for cancellation of treasury shares	—	—	(12)
Payments of dividend	—	(33,022)	(69,848)
Proceeds from exercise of share options	1,187	168	2
Payments of deferred offering costs	(71)	(276)	—
Net cash used in financing activities	(2,223)	(33,200)	(69,870)
Effect of exchange rate changes on cash and cash equivalents, restricted cash	—	—	—
Net increase/(decrease) in cash and cash equivalents	16,708	(21,297)	416
Cash and cash equivalents at the beginning of the year	4,685	21,393	96
Cash and cash equivalents at the end of the year	21,393	96	512

List of Principal Subsidiaries of the Registrant

Principal Subsidiaries	Place of Incorporation
Tuya (HK) Limited	Hong Kong
Tuya Smart Inc.	U.S.
Tuya Global Inc.	U.S.
Tuyasmart (Colombia) S.A.S	Colombia
Tuya GmbH	Germany
Tuya Japan Co., Ltd.	Japan
Tuyasmart (India) Private Limited	India
Hangzhou Tuya Information Technology Co., Ltd.	PRC
Zhejiang Tuya Smart Electronics Co., Ltd.	PRC
Tuya Smart Australia Pty Ltd	Australia

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xueji (Jerry) Wang, certify that:

1. I have reviewed this annual report on Form 20-F of Tuya Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 22, 2026

By: /s/ Xueji (Jerry) Wang

Name: Xueji (Jerry) Wang

Title: Chief Executive Officer (principal executive officer)

Signature Page to CEO Certificate Pursuant to Section 302

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Yi (Alex) Yang, certify that:

1. I have reviewed this annual report on Form 20-F of Tuya Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 22, 2026

By: /s/ Yi (Alex) Yang

Name: Yi (Alex) Yang

Title: Chief Financial Officer (principal financial officer)

Signature Page to CFO Certificate Pursuant to Section 302

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Tuya Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xueji (Jerry) Wang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 22, 2026

By: /s/ Xueji (Jerry) Wang
Name: Xueji (Jerry) Wang
Title: Chief Executive Officer (principal executive officer)

Signature Page to CEO Certificate Pursuant to Section 906

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Tuya Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yi (Alex) Yang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 22, 2026

By: /s/ Yi (Alex) Yang
Name: Yi (Alex) Yang
Title: Chief Financial Officer (principal financial officer)

Signature Page to CFO Certificate Pursuant to Section 906



北京BEIJING 上海SHANGHAI 深圳SHENZHEN 香港HONGKONG 广州GUANGZHOU 西安XI'AN 武汉WUHAN 长沙CHANGSHA

Date: April 22, 2026

To: Tuya Inc.

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Dear Sirs/Madams,

We hereby consent to the reference to our firm under the headings “Item 3. Key Information—Holding Company Structure,” “Item 3. Key Information—Recent PRC Regulatory Developments,” “Item 3. Key Information—PRC Licenses, Permissions and Approvals,” “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry” “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure,” “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China,” “Item 4. Information on the Company—4.B. Business Overview—Licenses, Permissions and Approvals” and “Item 4. Information on the Company—4.C. Organizational Structure—Historical Contractual Arrangements with the Former VIE and the Former VIE’s Registered Shareholders” in Tuya Inc.’s annual report on Form 20-F for the fiscal year ended December 31, 2025 (the “Annual Report”), which is filed with the Securities and Exchange Commission (the “SEC”) on the date hereof. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours sincerely,

/s/ Jia Yuan Law Offices

Jia Yuan Law Offices

Our ref

KKZ/742046-000002/32148957v1

Tuya Inc.
10/F, Building A,
Huace Center, Xihu District
Hangzhou City, 310012
People's Republic of China

22 April 2026

Dear Sir or Madam

Tuya Inc.

We have acted as legal advisers as to the laws of the Cayman Islands to Tuya Inc., an exempted limited liability company incorporated in the Cayman Islands (the “**Company**”), in connection with the filing by the Company with the United States Securities and Exchange Commission (the “**SEC**”) of an annual report on Form 20-F for the year ended 31 December 2025 (the “**Annual Report**”).

We hereby consent to the reference to our firm under the heading “Item 10. Additional Information—E. Taxation” in the Annual Report, and we further consent to the incorporation by reference of the summary of our opinions under this heading into the Company’s registration statement on Form S-8 (File No. 333-290811) that was filed on 10 October 2025, pertaining to the Company’s 2024 Share Scheme, and the Company’s registration statement on Form S-8 (File No. 333-257349) that was filed on 24 June 2021, pertaining to the Company’s 2015 Equity Incentive Plan.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-257349 and 333-290811) and on Form F-3 (File No. 333-265320) of Tuya Inc. of our report dated April 22, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
April 22, 2026



Date: April 22, 2026

Tuya Inc.

10/F, Building A, Huace Center
Xihu District, Hangzhou City
Zhejiang, 310012
People's Republic of China

Re: Tuya Inc.

Ladies and Gentlemen,

We understand that Tuya Inc. (the “Company”) plans to file its annual report on Form 20-F for the fiscal year ended December 31, 2025 (the “Form 20-F”) with the United States Securities and Exchange Commission (the “SEC”).

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports and amendments thereto (collectively, the “Reports”), and any subsequent amendments to the Reports, as well as the citation of our research reports and amendments thereto, in the Form 20-F. We further hereby consent to the filing of this letter as an exhibit to the Form 20-F and any amendments thereto and as an exhibit to any other SEC filings.

Yours faithfully,

For and on behalf of
China Insights Industry Consultancy Limited

/s/ Qiaoling Dai

Name: Qiaoling Dai

Title: Founding Partner

中国 上海市 静安区普济路88号静安国际中心B座10楼，邮编：200070
10F, Block B, Jing'an International Center, 88 Puji Road, Jing'an District, Shanghai 200070, China