

Presentation

Fourth Quarter and Full Year 2022



March 2023



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

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

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

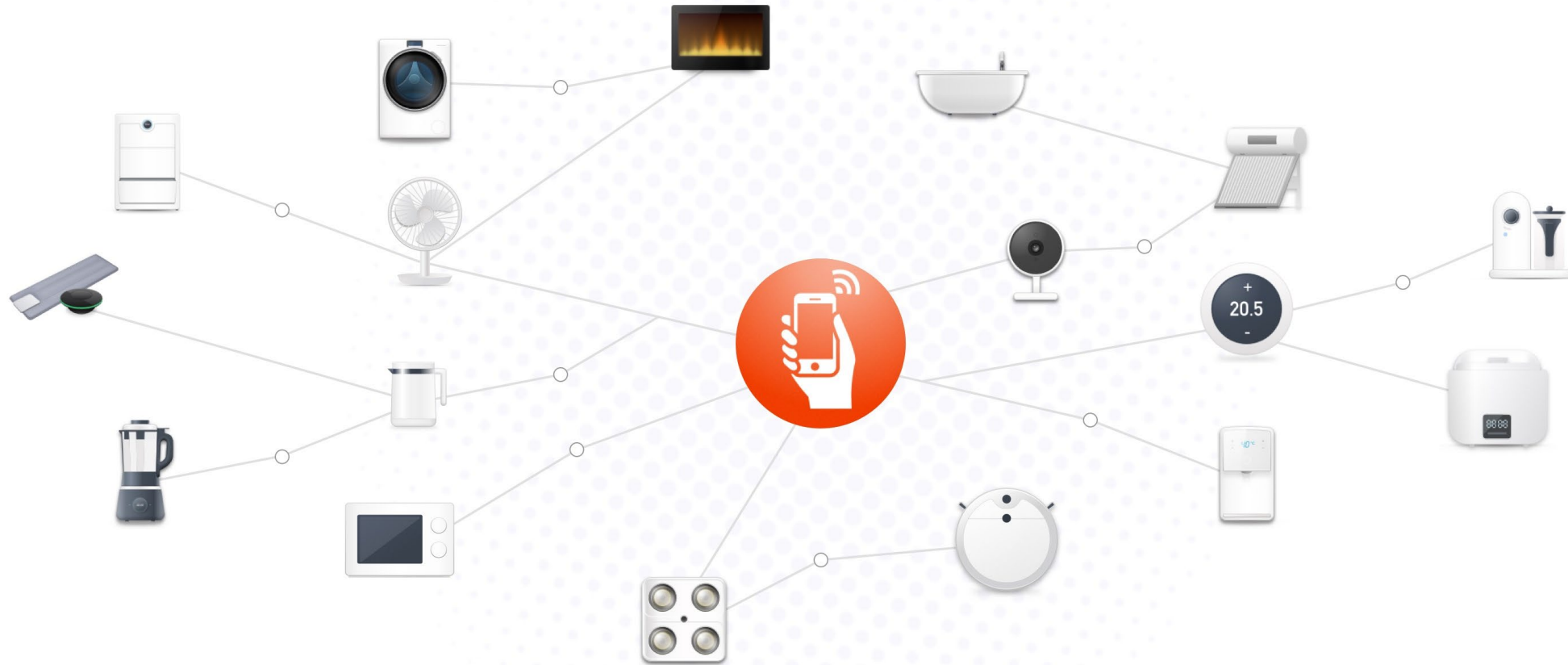
Unless otherwise indicated, all references in this Presentation to "Tuya", "we", "our", "us", or similar terms refer to Tuya Inc. and its subsidiaries and, in the context of describing its operations and consolidated financial information, also include our variable interest entity in the PRC.

- 1 Company Introduction**
- 2 The Performance Is Under Pressure Due to The Prolonged Inventory Cycle**
- 3 Breakeven Is Our Top Priority**

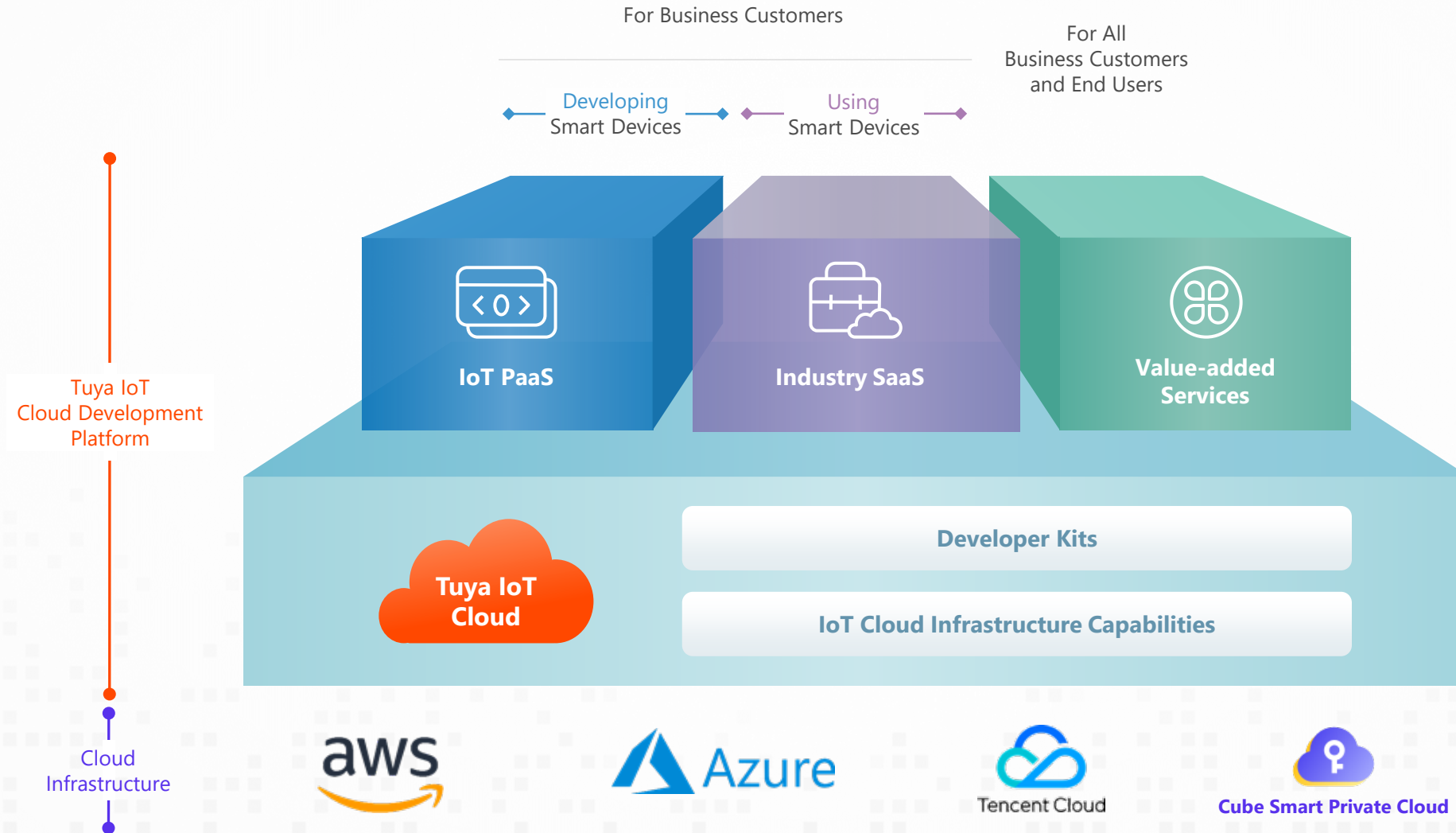


**Build an IoT Developer Ecosystem
Enable Everything to Be Smart**

We Deliver a Cloud-Native Software-Enabled Experience to End Users For Everything



Developer-First, Cloud-Agnostic IoT Cloud Platform



Our Unique Products

IoT PaaS

- Cloud-Based Connectivity and Basic IoT Services
- IoT Edge Capabilities
- App Development
- Device Optimization Solutions

Customers
Brands & OEMs

Revenue Model
Fee per deployment
No minimum quantity requirement

Industry SaaS

- Smart Hotel & Rental
- Smart Building
- Smart Commercial Lighting
- Cloud APIs

Customers
System Integrators, Service Providers, and Brands

Revenue Model
Subscription fee
Predictable, recurring revenue

Value-added Services

For Business Customers

- Smart Voice Assistant
- Data Analytics
- Tuya Mall

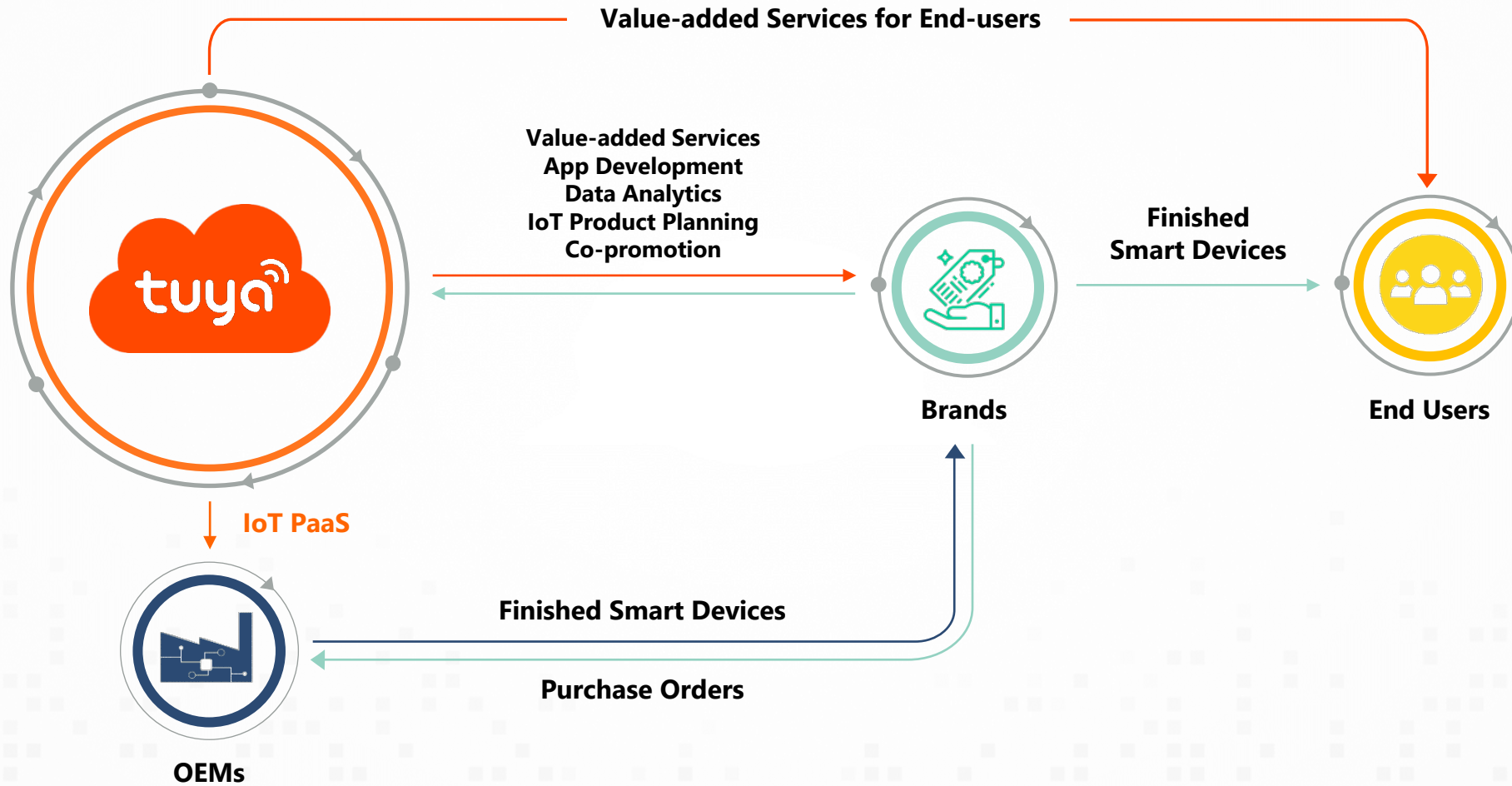
For End Users

- Content
- Message Push
- Phone Notification

Customers
Brands, OEMs & End Users

Revenue Model
Usage based fee
Currently certain services are free

Our Ecosystem Participants



Pioneer and Global Leader of IoT Cloud — Customers and Brands Are Rapidly Adopting

75

Net Promoter Score¹



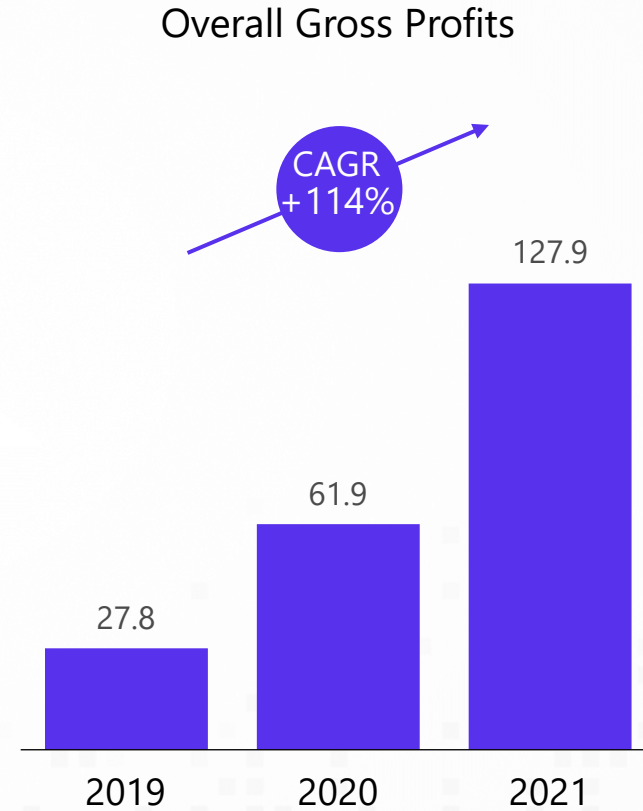
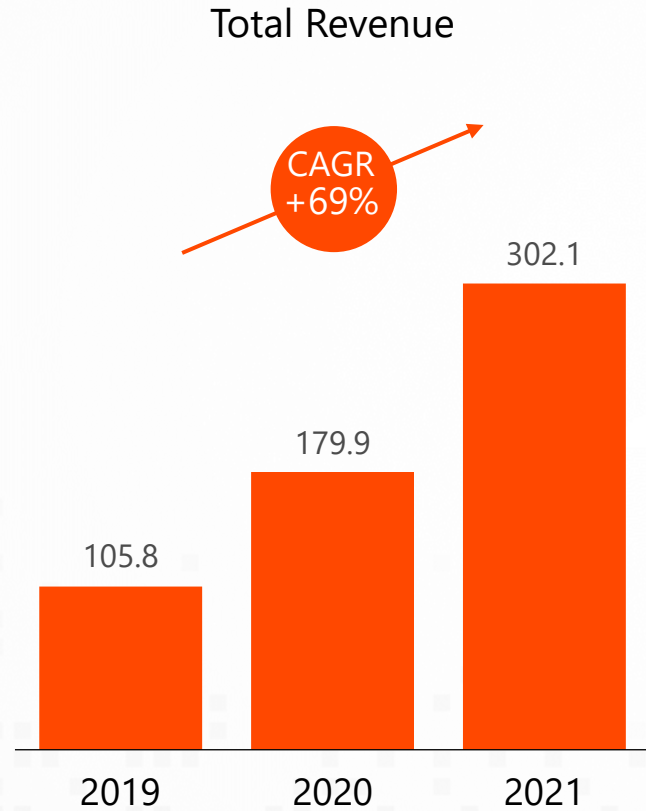
1. Based on a survey conducted by Skopos Group in January 2021.

The Performance Is Under Pressure
Due to The Prolonged Inventory Cycle



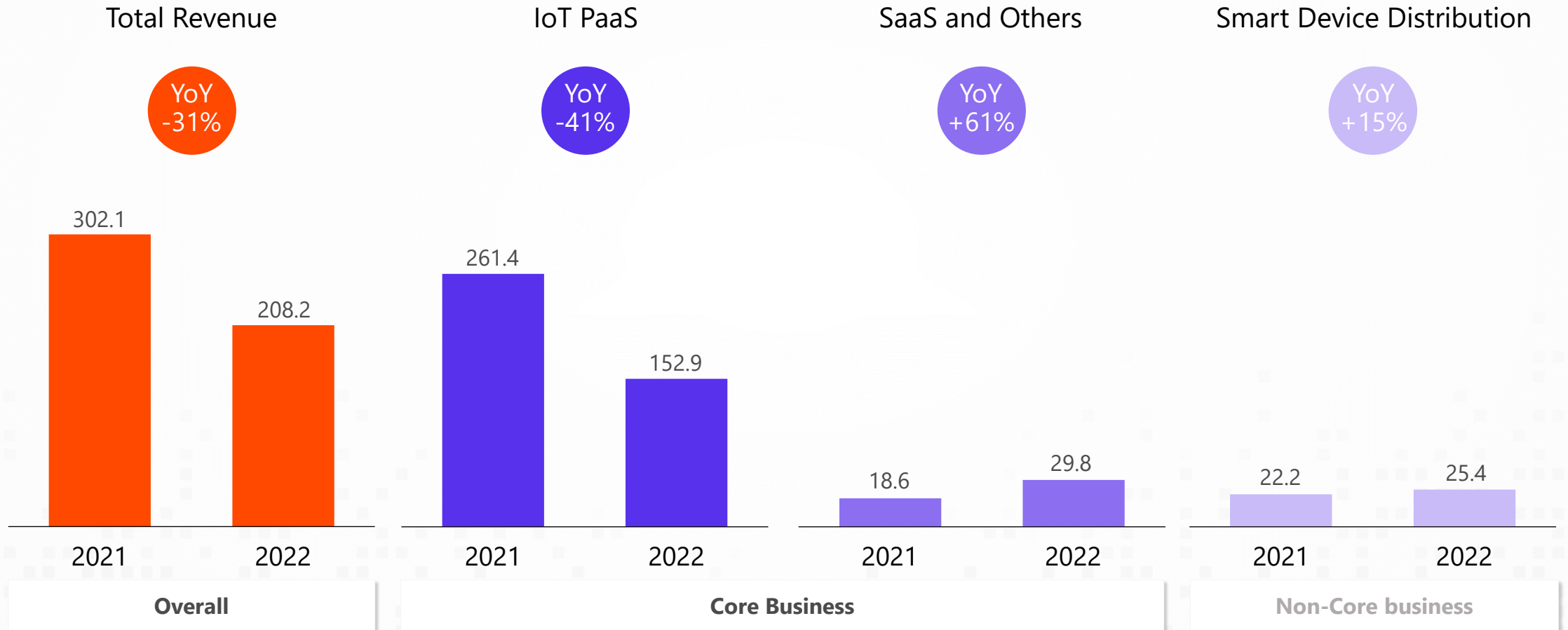
We Experienced Fast Growth During 2019 to 2021

Revenue & Overall gross profits, 2019 to 2021 (USD'M)



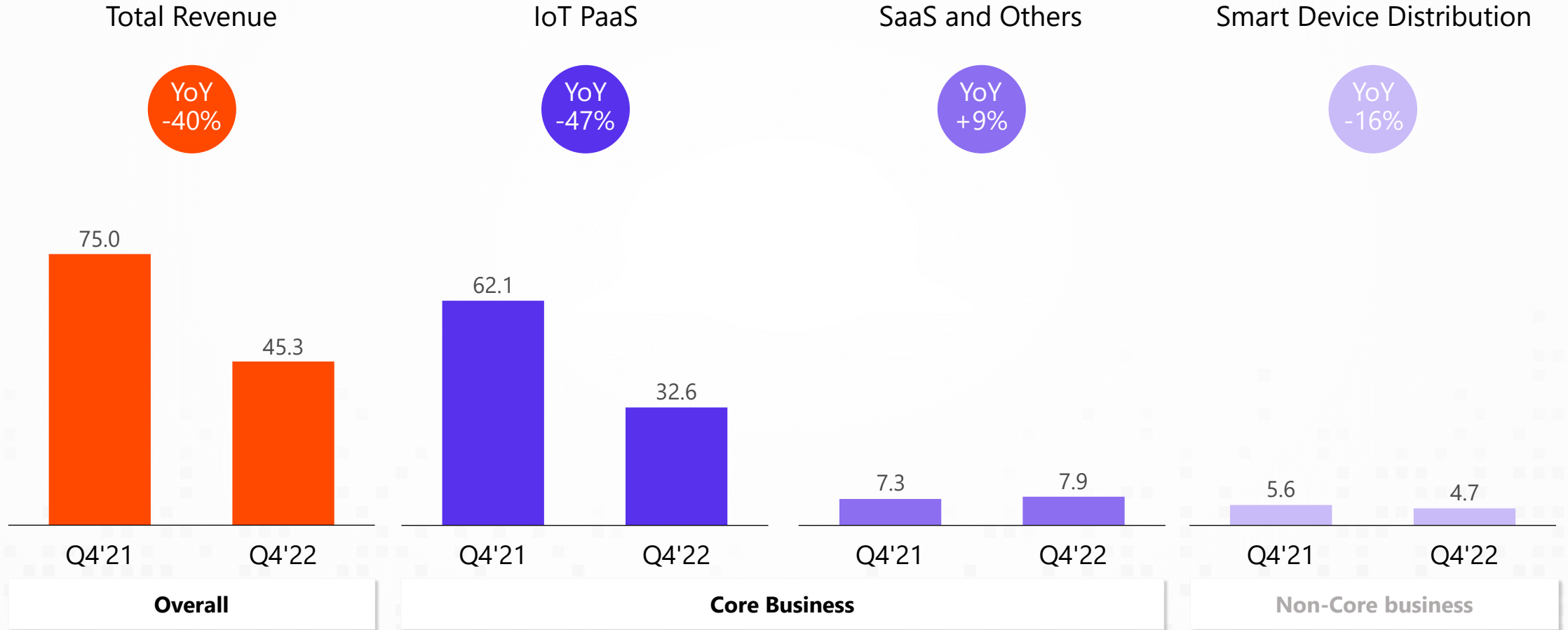
But in 2022 We Experienced Significant Drop in IoT PaaS Segment

Revenue breakdown, 2022 (USD'M)

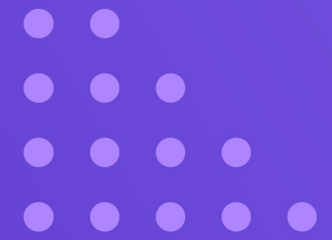


The Performance Is Under Pressure Due to The Prolonged Inventory Cycle

Revenue breakdown, Q4'22
(USD'M)



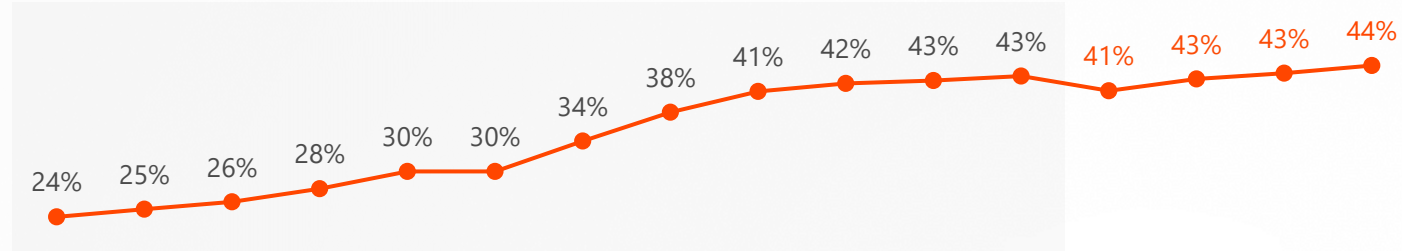
Breakeven Is Our Top Priority



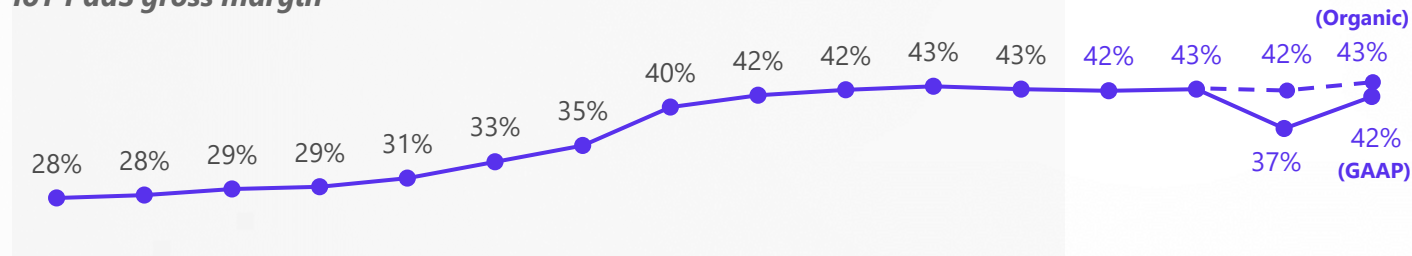
Gross Margin Updates

Gross Margin

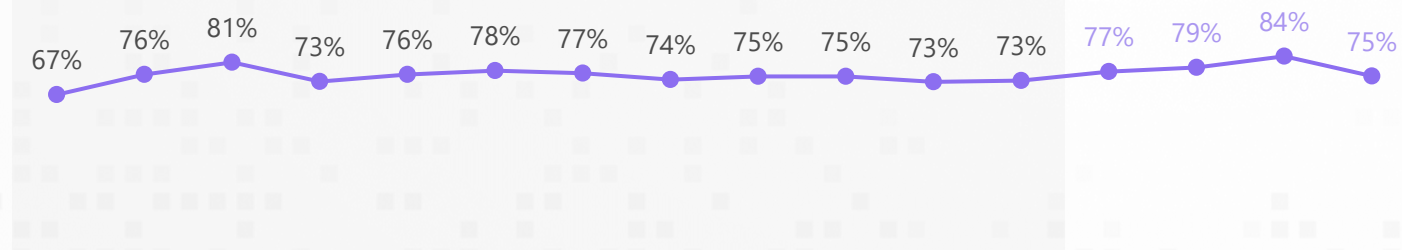
Overall gross margin



IoT PaaS gross margin



SaaS and Others gross margin



Q1'19 Q2'19 Q3'19 Q4'19 Q1'20 Q2'20 Q3'20 Q4'20 Q1'21 Q2'21 Q3'21 Q4'21 Q1'22 Q2'22 Q3'22 Q4'22

Note: Numbers are rounded for presentation purposes.

Overall blended GPM

- Recognized customer valuation proposition despite headwinds
- Fluctuated due to product mix

IoT PaaS

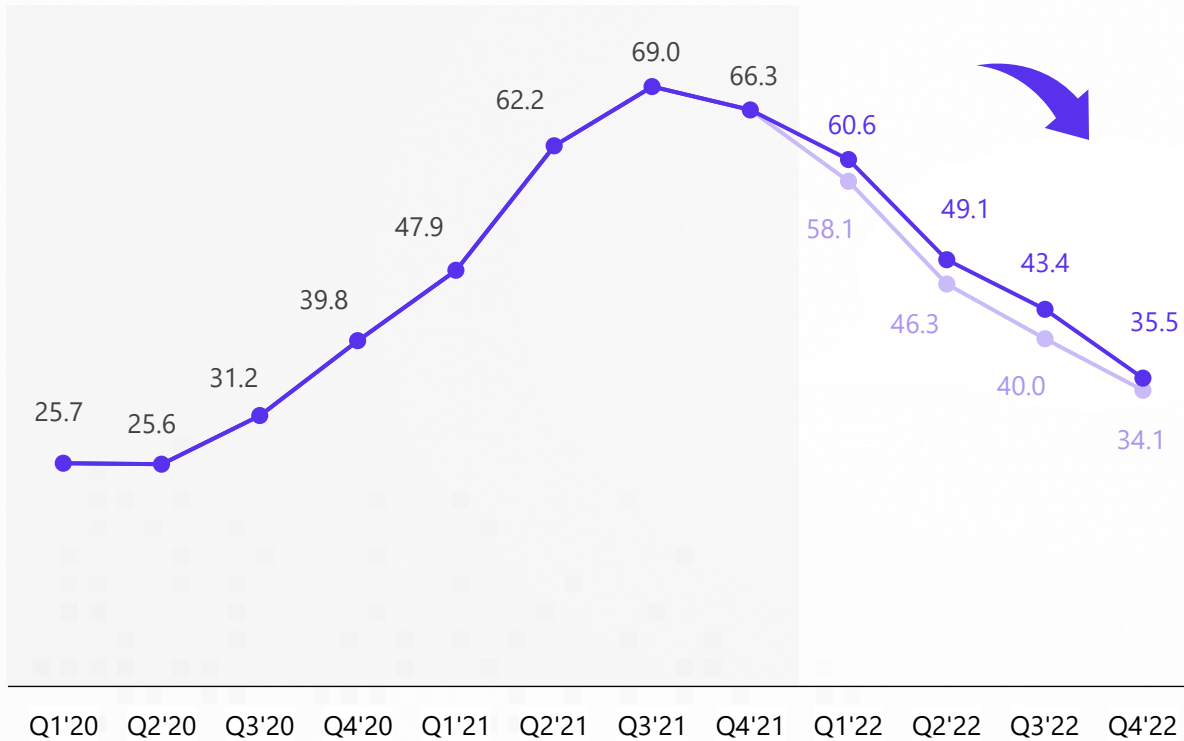
- 5 pps negative impact of accrued inventory allowance of slow-moving IoT chips on Q3'22 IoT PaaS gross margin

SaaS and Others

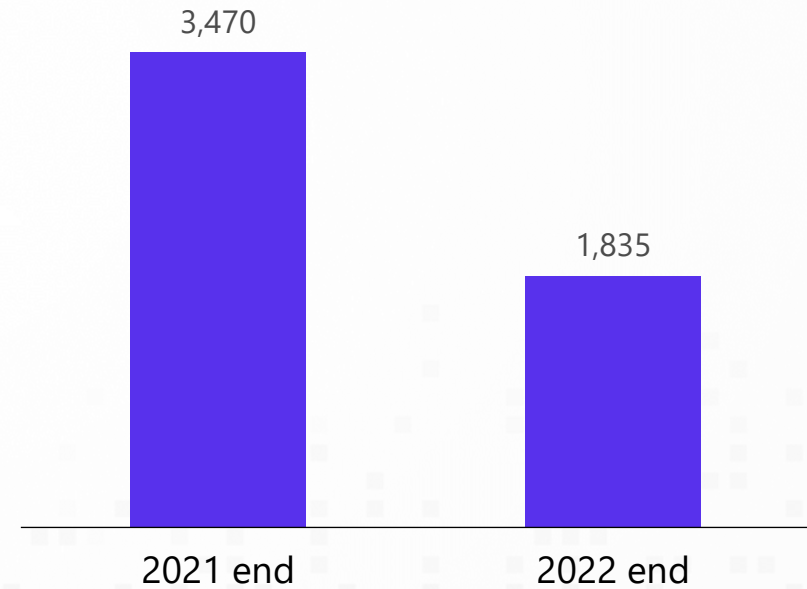
- Fluctuated mainly due to changes in the mix of services, including industry SaaS, 2B/2C VAS, customization project, Cube private cloud solution

Non-GAAP Operating Expenses in Last 12 Quarters

Non-GAAP¹ operating expenses
(USD'M)



Team size, End of 2021/2022
(Salaried headcounts)



- Non-GAAP Operating expenses
- Non-GAAP Operating expenses further excluding one-off costs due to team streamlining

1. Non-GAAP measures. Please refer to the earning release or financial reports for reconciliations of these non-GAAP measures to their most comparable GAAP equivalents.
Note: Numbers are rounded for presentation purposes.

Internal Efficiency Improvement Initiative Cases



Business Model Improvement

- Focus on big customers
- Focus on big orders
- Focus on products generating significant revenue



Cloud Infrastructure Cost Control

- Cloud cost remained stable, flat QoQ since Q2
- Continue to incentive R&D team for tech-iteration and architecture upgrade

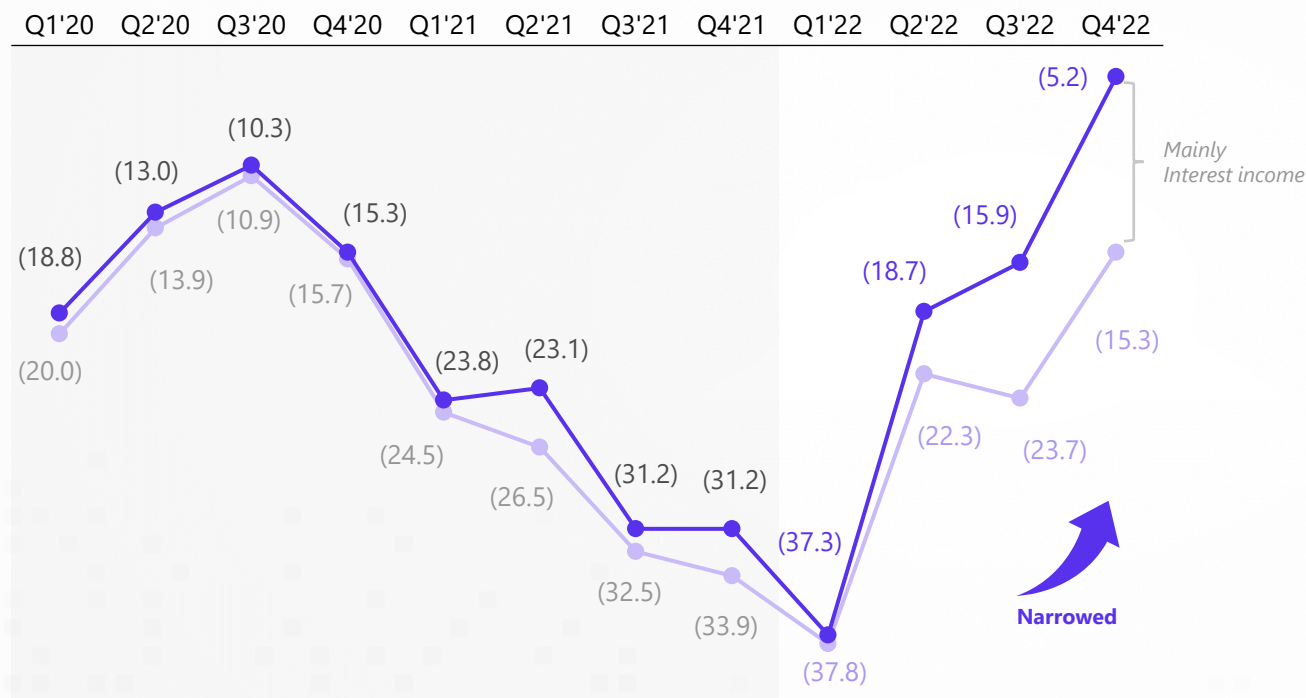


Marketing Expense Optimization

- More strict travel controls
- Substantial support to marketing events from internal UED team
- A maximum budget cost reduction of ~35% for booth construction in a single exhibition

Non-GAAP Operating Loss/Net Loss in Last 12 Quarters

Non-GAAP¹ operating loss/net loss (USD'M)



- Non-GAAP Operating losses
- Non-GAAP Net losses

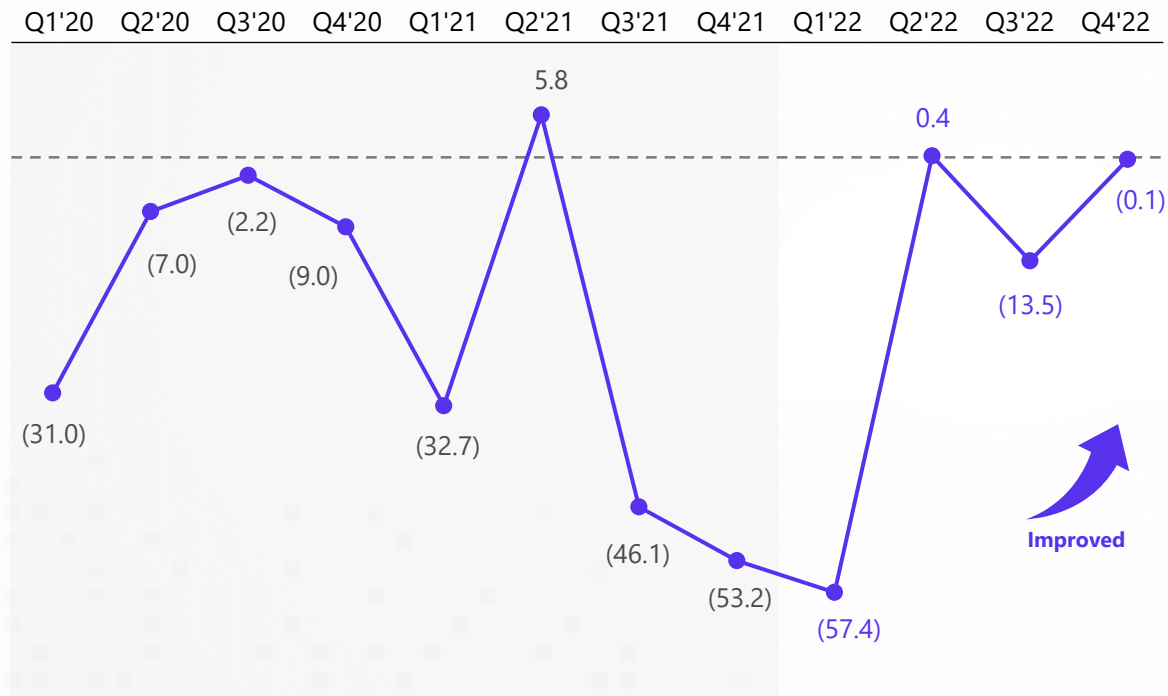
- OPEX ↓
Basic payroll and benefits significantly decreased as a result of headcounts down in Q4'22/2022
- OPEX ↑
Partially offset by a total of over \$10 million one-off additional costs relating to headcount optimization and lease surrender in 2022
- Net income ↑
Achieved an interest income of \$22.8 million/\$9.8 million in 2022/Q4'22 due to well-implemented treasury management strategies

1. Non-GAAP measures. Please refer to the earning release or financial reports for reconciliations of these non-GAAP measures to their most comparable GAAP equivalents.

Note: Numbers are rounded for presentation purposes.

Operating Cash Flow in Last 12 Quarters

Net cash generated/(used) in operating activities (USD'M)



Operating cashflow

Improved in 2022 due to

- Narrowed losses because of significant decreased OPEX
- Changes in working capital

Strong cash position

- **USD 952M** net cash¹ on hand
- No debt, no capital commitments

1. "Net cash" refers to cash in banks and time deposits recorded as short-term investment in the balance sheet.
Note: Numbers are rounded for presentation purposes.

Appendix



Appendix: Q4'22 Reconciliation of Non-GAAP to GAAP

	For the Three Months Ended December 31, 2021	For the Three Months Ended December 31, 2022
	USD'000	USD'000
Reconciliation of operating expenses to non-GAAP operating expenses		
Research and development expenses	(46,187)	(27,792)
Add: Share-based compensation	4,093	4,032
Adjusted Research and development expenses	(42,094)	(23,760)
Sales and marketing expenses	(18,433)	(11,203)
Add: Share-based compensation	1,634	1,611
Adjusted Sales and marketing expenses	(16,799)	(9,592)
General and administrative expenses	(21,011)	(16,181)
Add: Share-based compensation	11,900	11,867
Adjusted General and administrative expenses	(9,111)	(4,314)
Reconciliation of loss from operations to non-GAAP loss from operations		
Loss from operations	(51,556)	(32,830)
Add: Share-based compensation expenses	17,627	17,510
Non-GAAP Loss from operations	(33,929)	(15,320)
Non-GAAP operating margin	(45.3)%	(33.8)%
Reconciliation of net loss to non-GAAP net loss		
Net loss	(48,844)	(22,730)
Add: Share-based compensation expenses	17,627	17,510
Non-GAAP net loss	(31,217)	(5,220)
Non-GAAP net margin	(41.6)%	(11.5)%
Weighted average number of ordinary shares used in computing non-GAAP net loss per share, basic and diluted	562,082,216	554,121,595
Non-GAAP net loss per share attributable to ordinary shareholders - basic and diluted	(0.06)	(0.01)