

# Presentation

## Second Quarter 2023



August 2022



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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)/profit (including non-GAAP net margin), and non-GAAP basic and diluted net (loss)/profit 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.

# Key Financial Highlights



**\$1.5 Million**

Non-GAAP Net Profits  
in Q2'23

First time achieved  
quarterly break-even  
on a non-GAAP basis



**\$7.5 Million**

Operating Cash Generated  
in Q2'23

Strong cash position  
and balance sheet assures  
long-term steady operation



**46.7%**

Overall Gross Margin  
in Q2'23

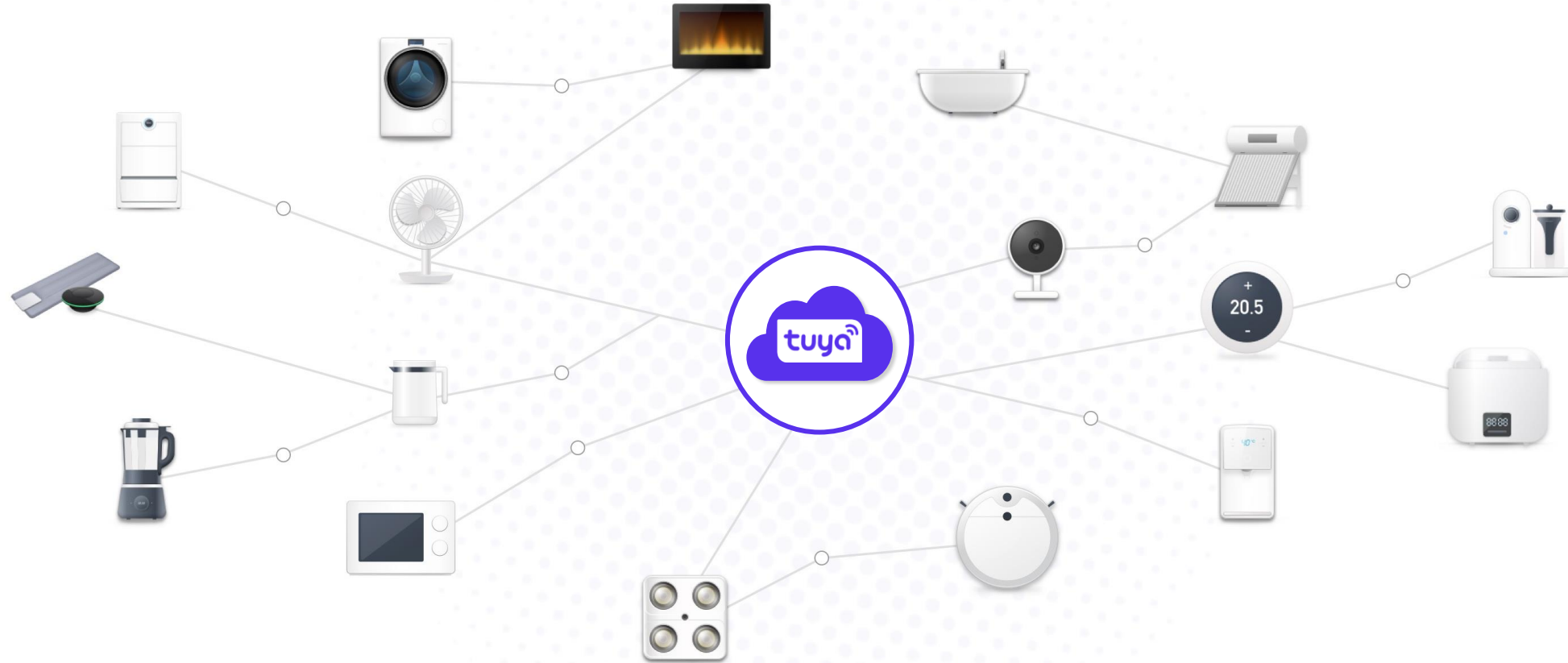
Historical High Gross Profit  
Margin secures profitable  
sustainability

- 1 Company Introduction**
- 2 Key Updates**
- 3 First-time Achievement of Non-GAAP Quarterly Breakeven**

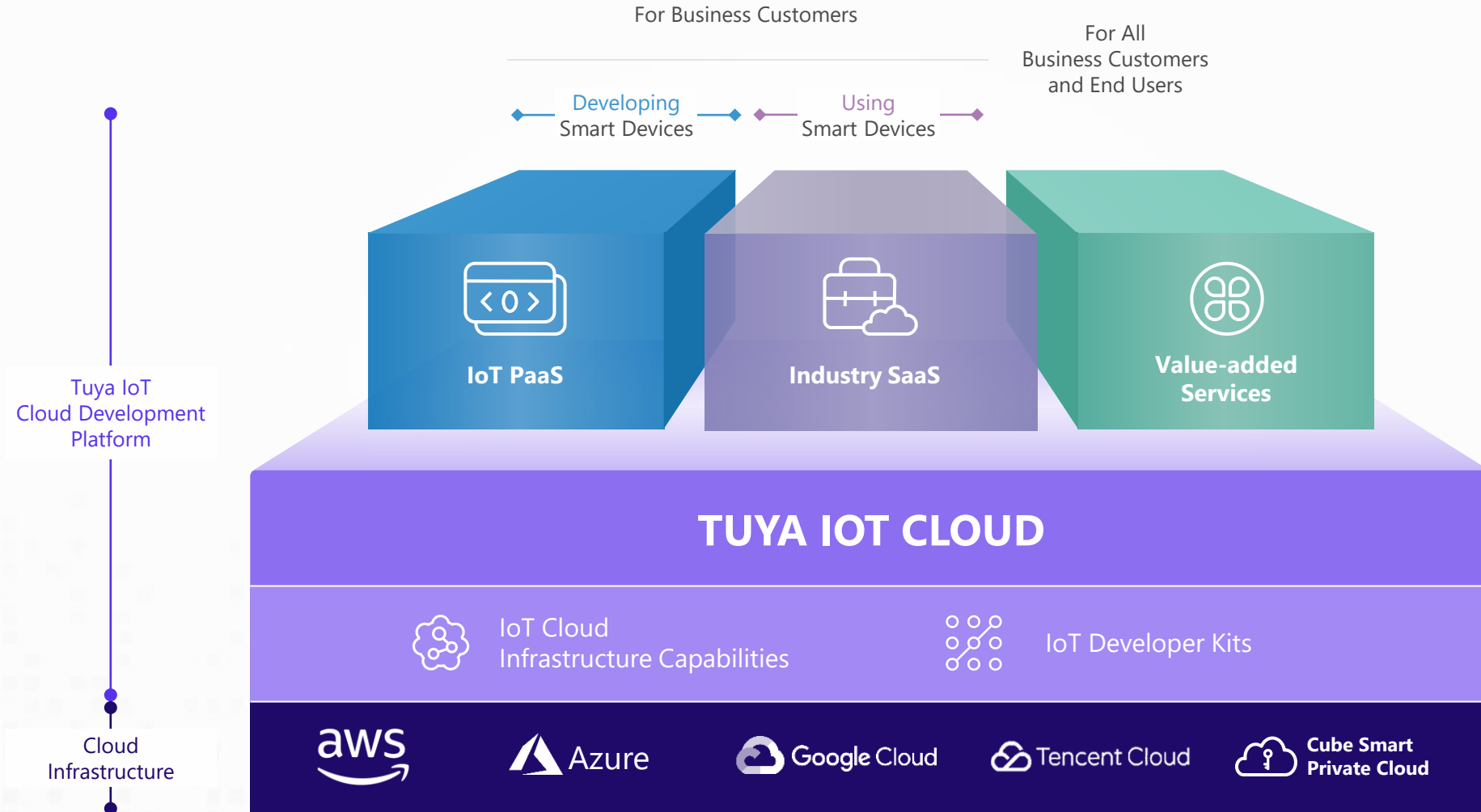


**Build an IoT Developer Ecosystem  
Enable Everything to Be Smart**

# 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

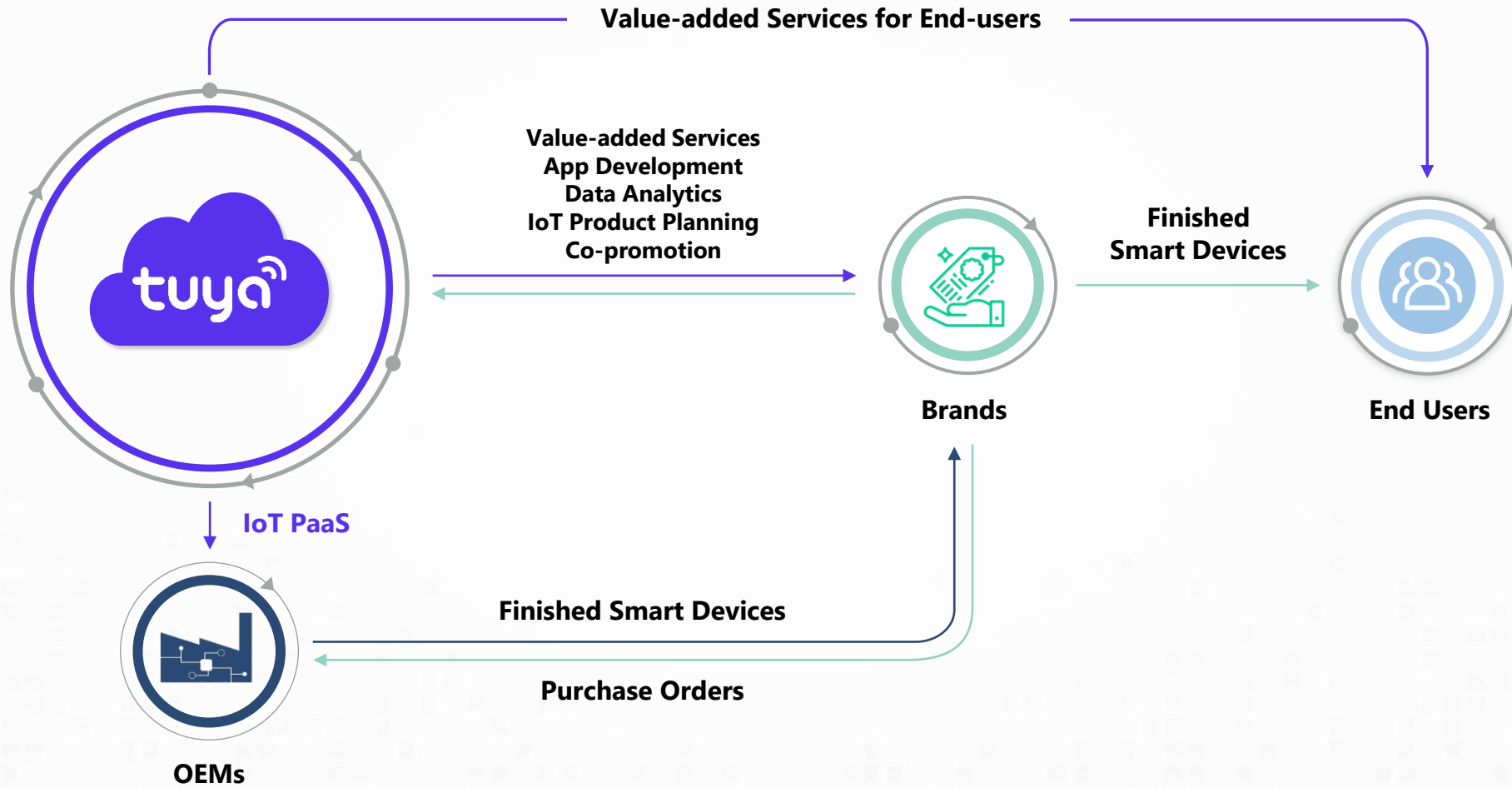
For End Users

- Content
- Message Push
- Phone Notification

Customers  
Brands, OEMs & End Users

Revenue Model  
Usage based fee  
Currently certain services are free

# Our Ecosystem Participants



# Recognized by World's Leading Customers

PHILIPS

Schneider  
Electric

ABB

Honeywell

Möhlenhoff

SHARP  
Be Original.

SoftBank

SIEMENS

Panasonic

SCG

ACSmith.

Whirlpool  
CORPORATION

SFR

Telkom Indonesia  
the world in your hand

orange™

ALDI

SODIMAC

LIDL

Danfoss

GOODYEAR

CHINAGAS  
中國燃氣

Westinghouse

Henkel

CALEX  
HOLLAND

Haier

Midea®

simon

GREE 格力

CANDY

MONSTER

LEROY MERLIN

中興地產  
始創于1979·共創美好生活

NEW HOPE  
新希望服務 SERVICE

vanke

Auchan

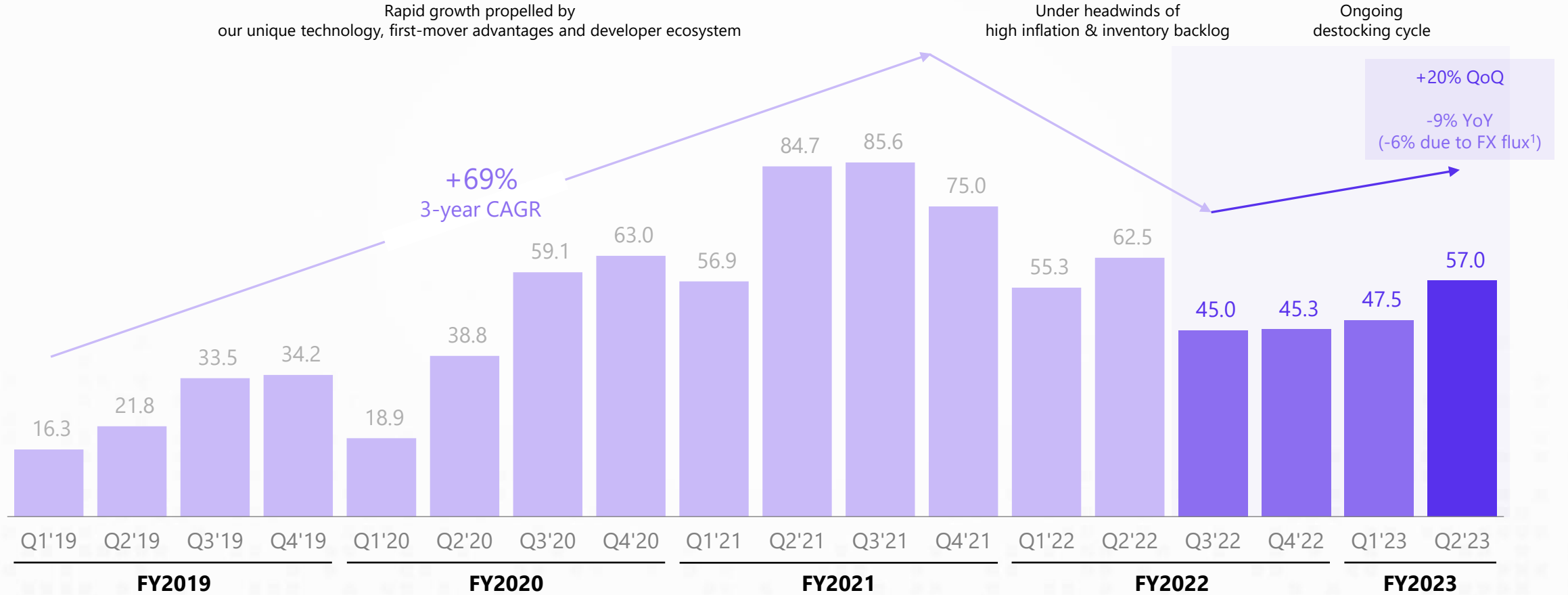
Flipkart

# Key Topline Updates



# Total Revenue Increased Sequentially for Three Consecutive Quarters

## Total Revenue by Quarter (USD'M)

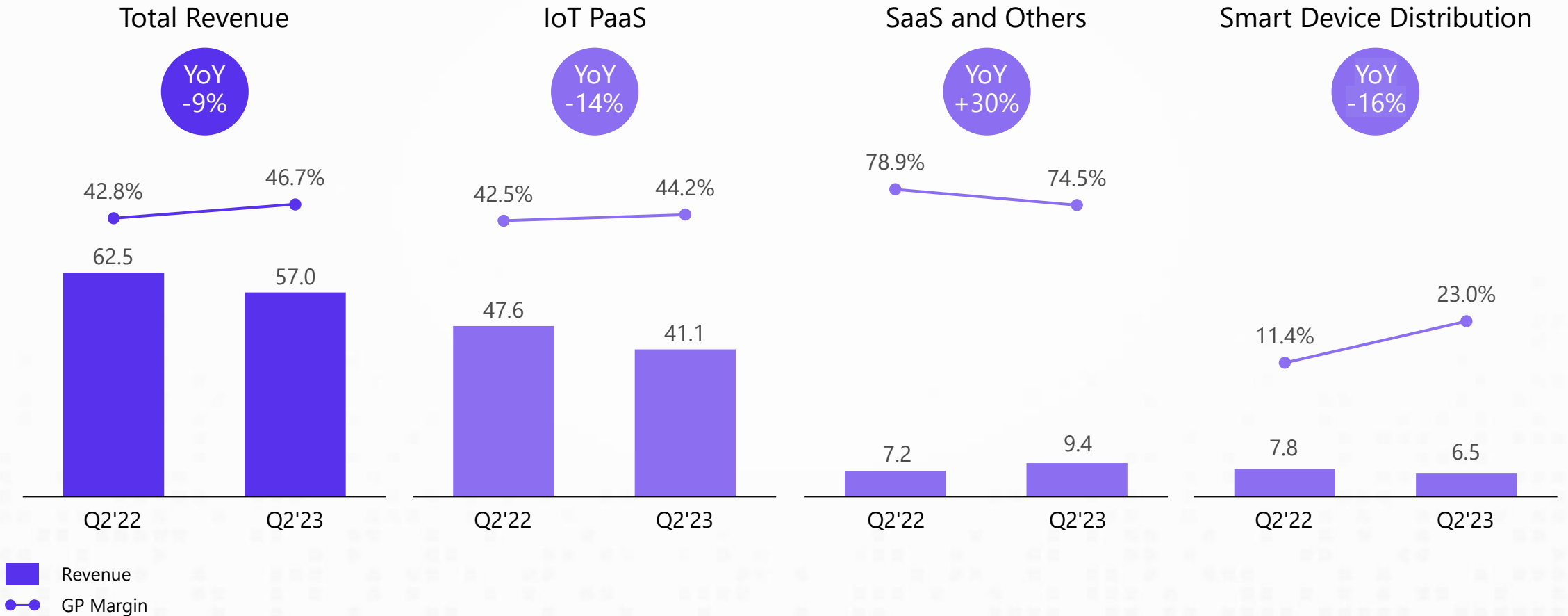


1. "FX flux" refers to impact of foreign exchange fluctuation, particularly the weakening of the CNY against the USD.

Note: Numbers are rounded for presentation purposes.

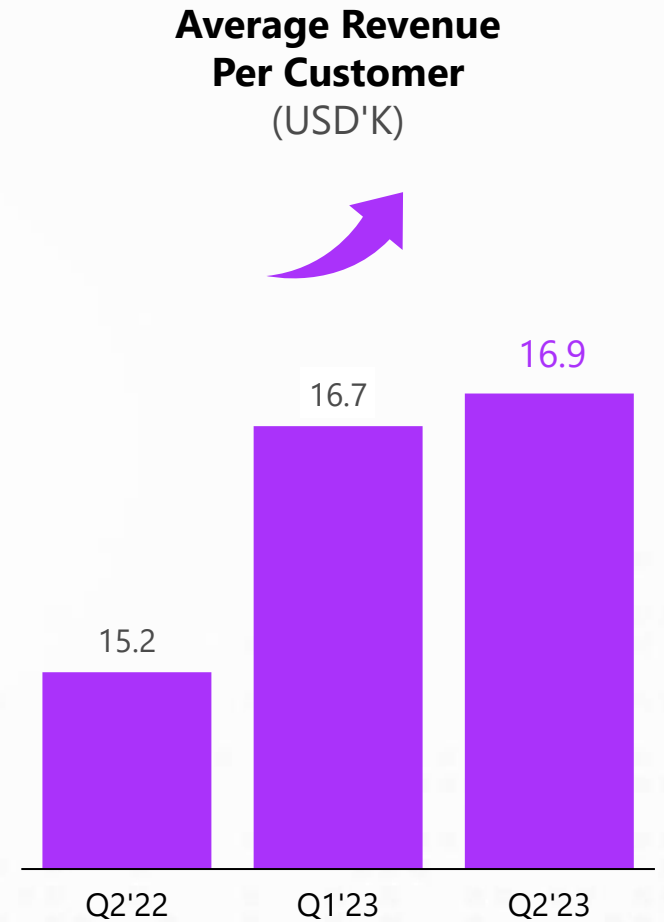
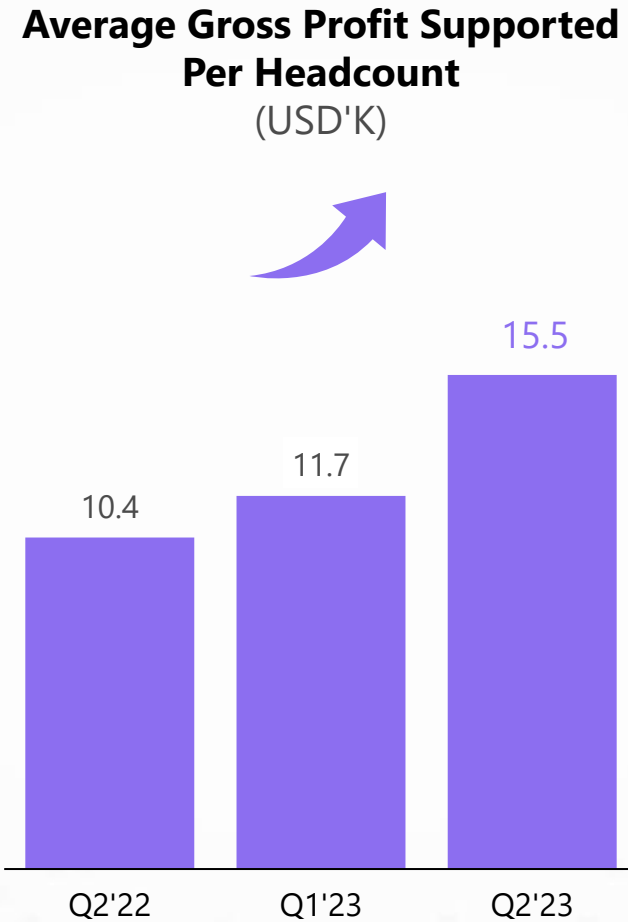
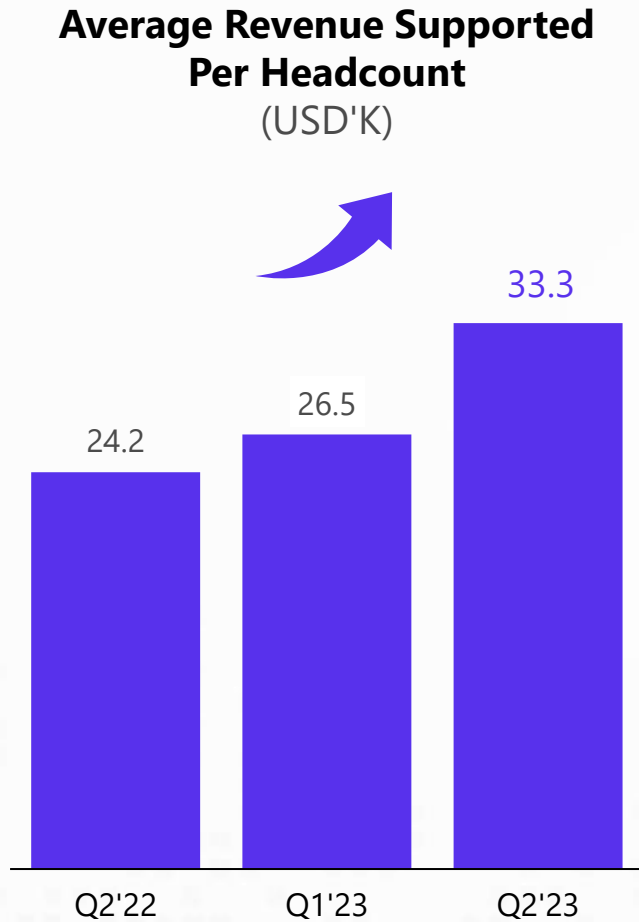
# Quarterly Revenue Update

## Revenue Breakdown for The Second Quarter (USD'M)



Note: Numbers are rounded for presentation purposes.

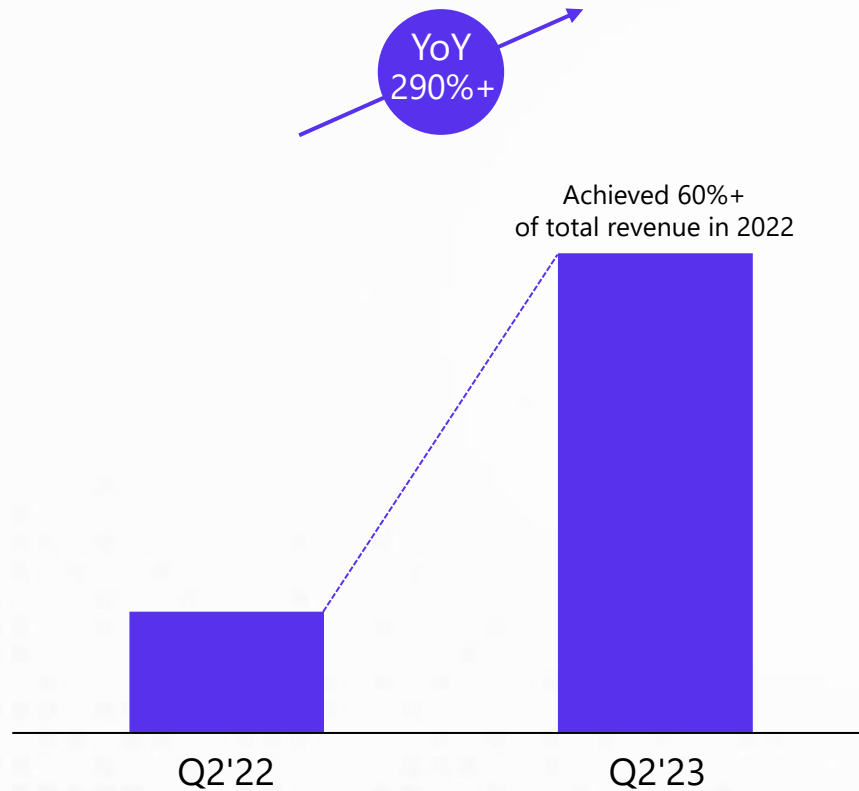
# Revenue Efficiency Improved to A Historical High Level in Q2



1. "ARPC" refers to average revenue per customer.

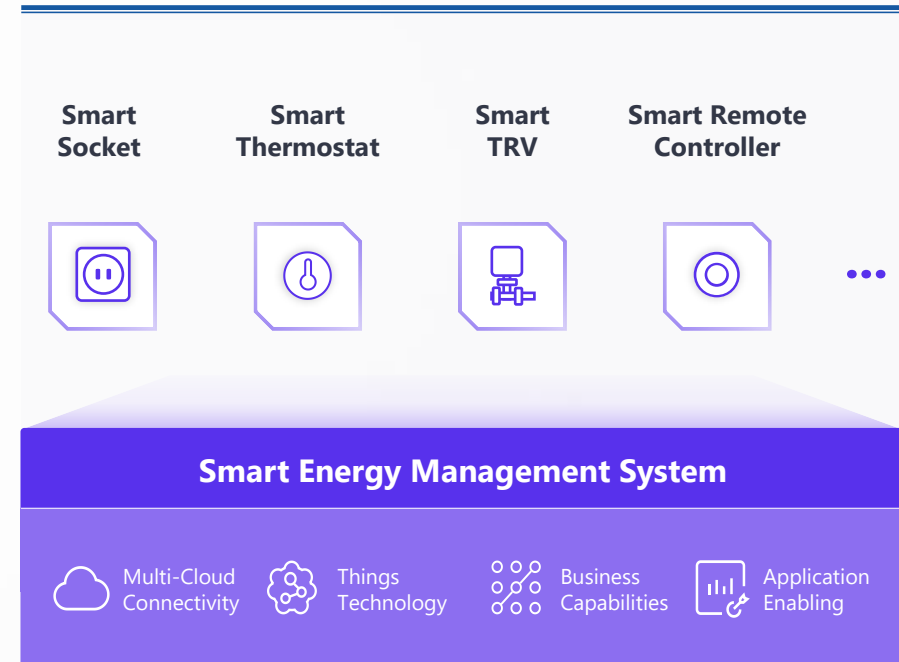
# Leverage IoT to Capture Growth Opportunities in New Energy Sector

## Energy-Saving Product Revenue



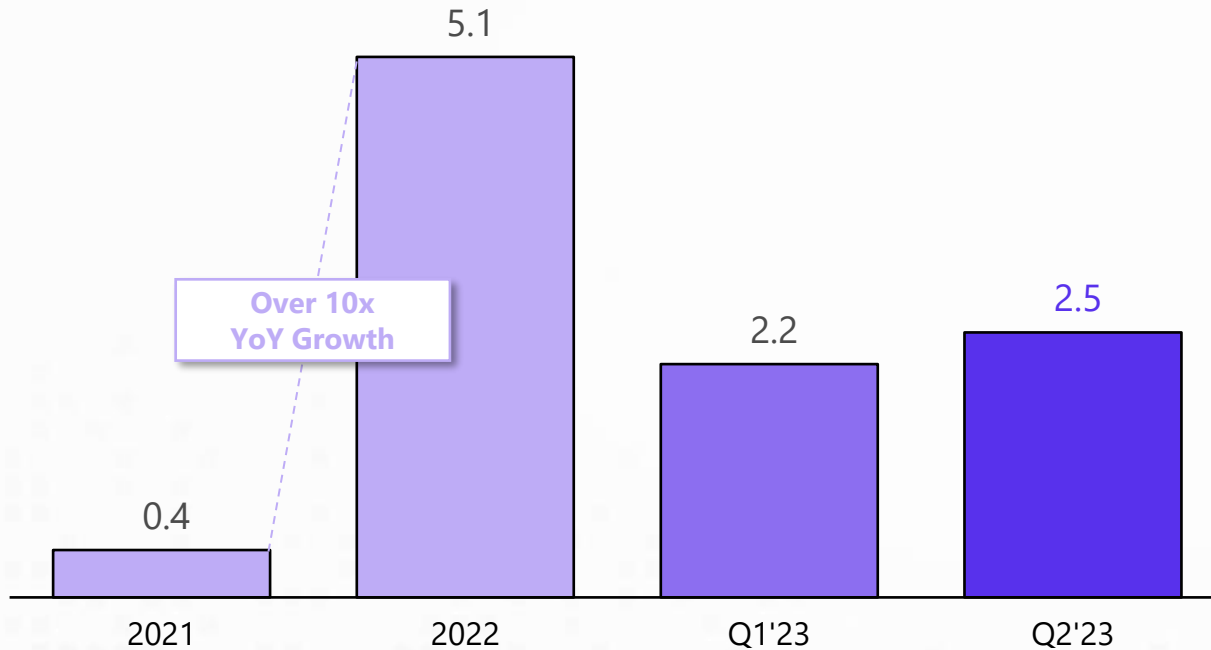
## New Partnership with Giants

### Haier NAHUI



# Meaningful Software Revenue from High-Value VAS

Cloud Storage VAS Revenue  
by Quarter/Year  
(USD'M)

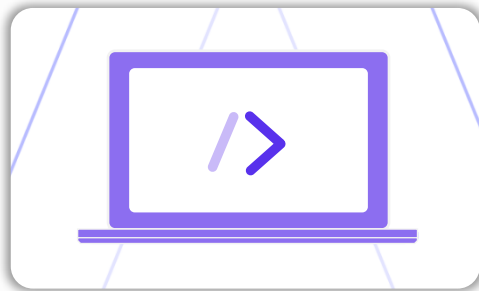


- Robust growth driven by a **steady increase** in the number of activated cloud storage **device base**

# IoT Development Platform to Tackle IoT Fragmentation & Low Penetration Rate

**846,000 Developers<sup>1</sup>**

+34.6% Year over Year



**Product Development**



**App Development**



**Cloud Development**

1. "Developer" refers to the registered developer, as of June 30, 2023.

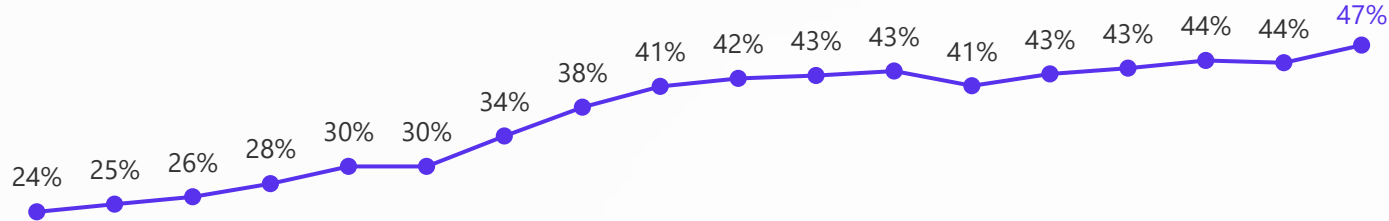
First-time Achievement of  
Non-GAAP Quarterly Breakeven



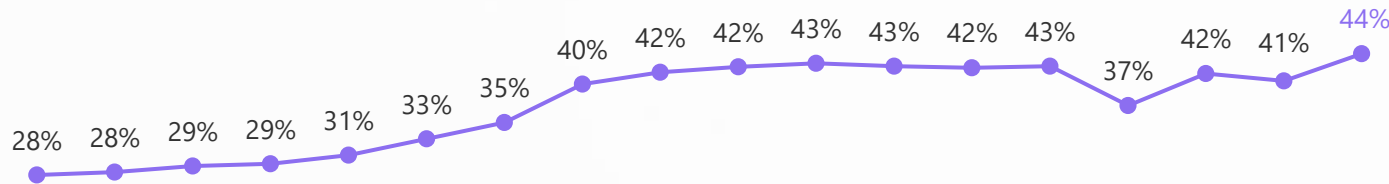
# Stably Increased Gross Margin Secures Long-term Profitability

## Gross Margin

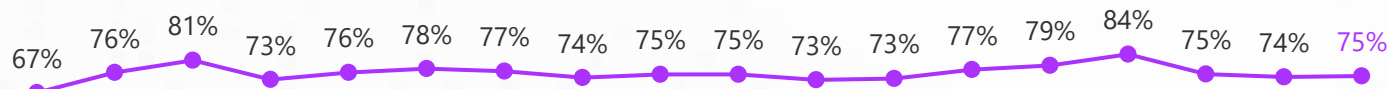
### Overall gross margin



### 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 Q1'23 Q2'23

Note: Numbers are rounded for presentation purposes.

## Stably Increased Overall blended GPM

- Showcasing our highly recognized customer valuation proposition despite macro headwinds

## IoT PaaS

- Fluctuated mainly due to changes in product mix and inventory allowance for IoT chips

## SaaS and Others

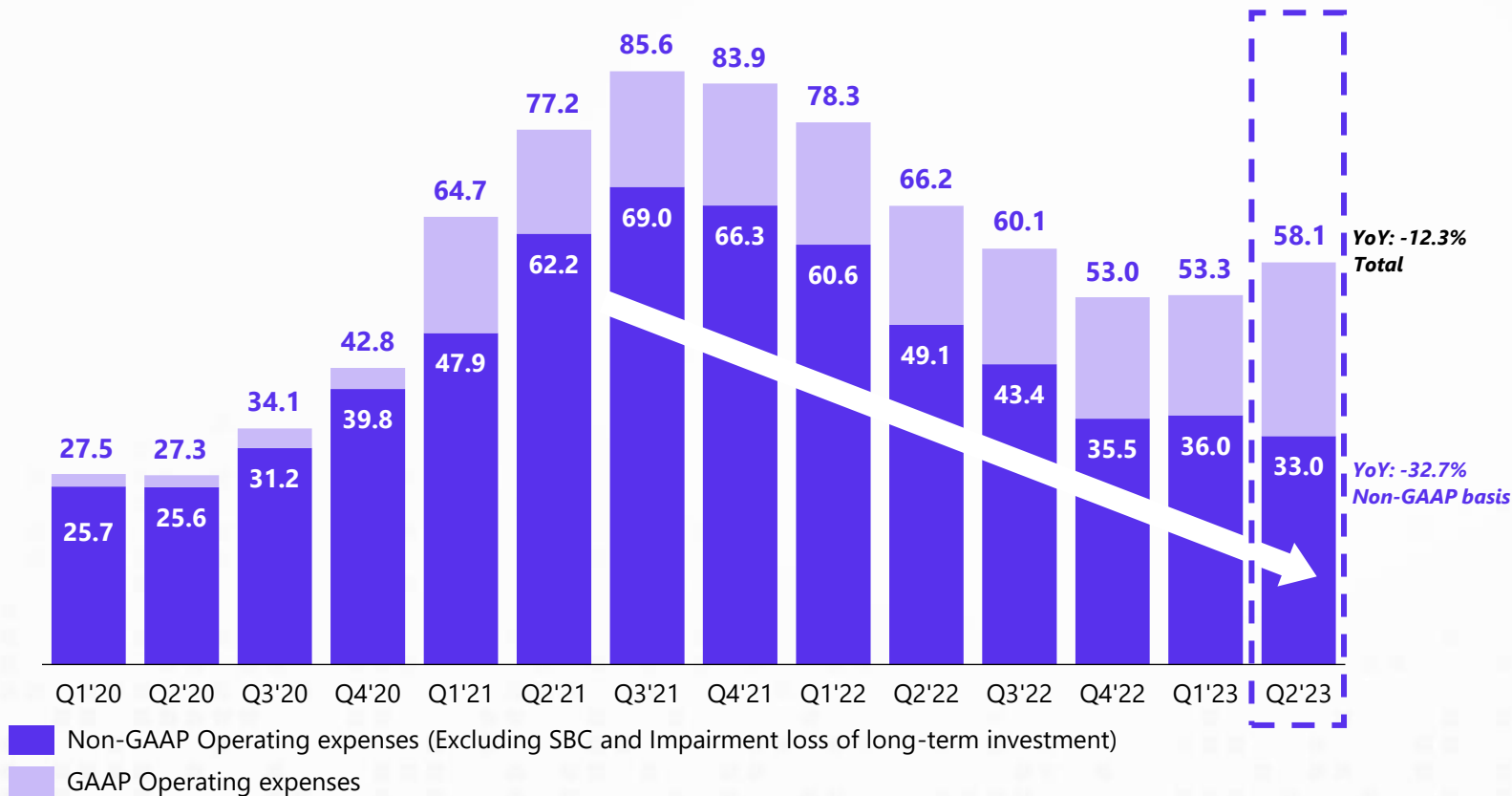
- Fluctuated mainly due to mix of services, including industry SaaS, 2B/2C VAS, customization projects, Cube smart private cloud solution

## Smart Device Distribution

- Increased **11.6** pps YoY to **23.0%** in Q2'23, primarily due to higher-value products solution provided to customers, such as smart central control, gateway etc.

# Operating Expense by Quarters

## Operating Expense, GAAP and Non-GAAP<sup>1</sup> (USD'M)



**OPEX** narrowed by 12.3% YoY mainly due to:

- **Non-GAAP OPEX** narrowed by 32.7% YoY mainly due to the decreases in basic payroll and benefits as a result of headcounts down to ~1,690 as of June end

YoY in details:

- ↓ 33.2% Payroll and benefits
- ↓ 51.6% Rental and leasing
- ↓ 70.1% Marketing and promoting
- ↓ 30.7% Professional fee

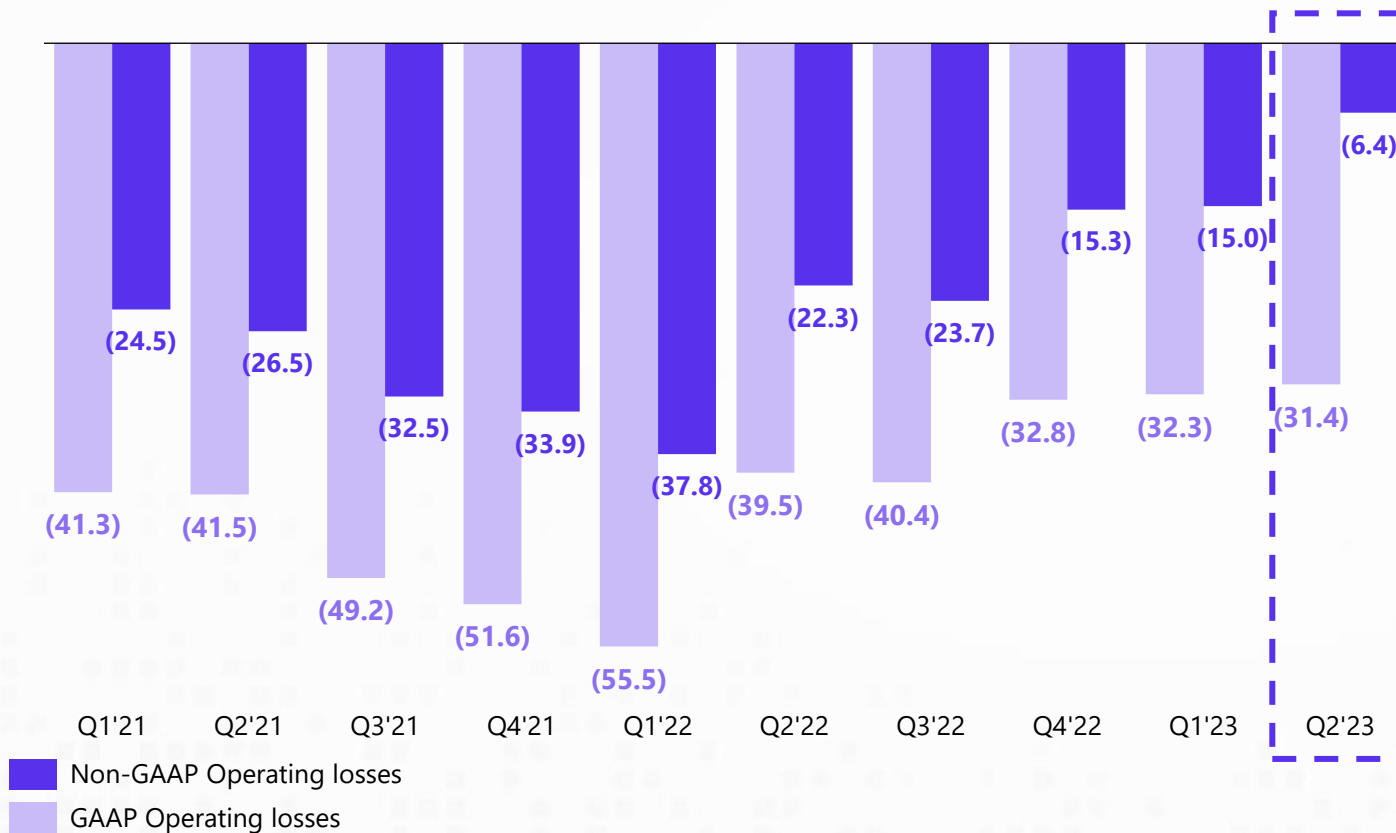
- SBC compensation approximately flat YoY in Q2'23 (*excluded by non-GAAP measures*)
- Recorded an one-time US\$8.1M of credit-related impairment loss of long-term investments in Q2'23 (Q2'22: nil) (*excluded by non-GAAP measures*)

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 Loss by Quarters

## Operating Loss, GAAP and Non-GAAP<sup>1</sup> (USD'M)



**Operating loss in Q2'23** narrowed by 20.4% YoY mainly due to:

- OPEX decreased significantly YoY
- Partially offset by a one-time credit-related impairment loss of long-term investments of US\$8.1 Million during the quarter (Q2'22: nil)

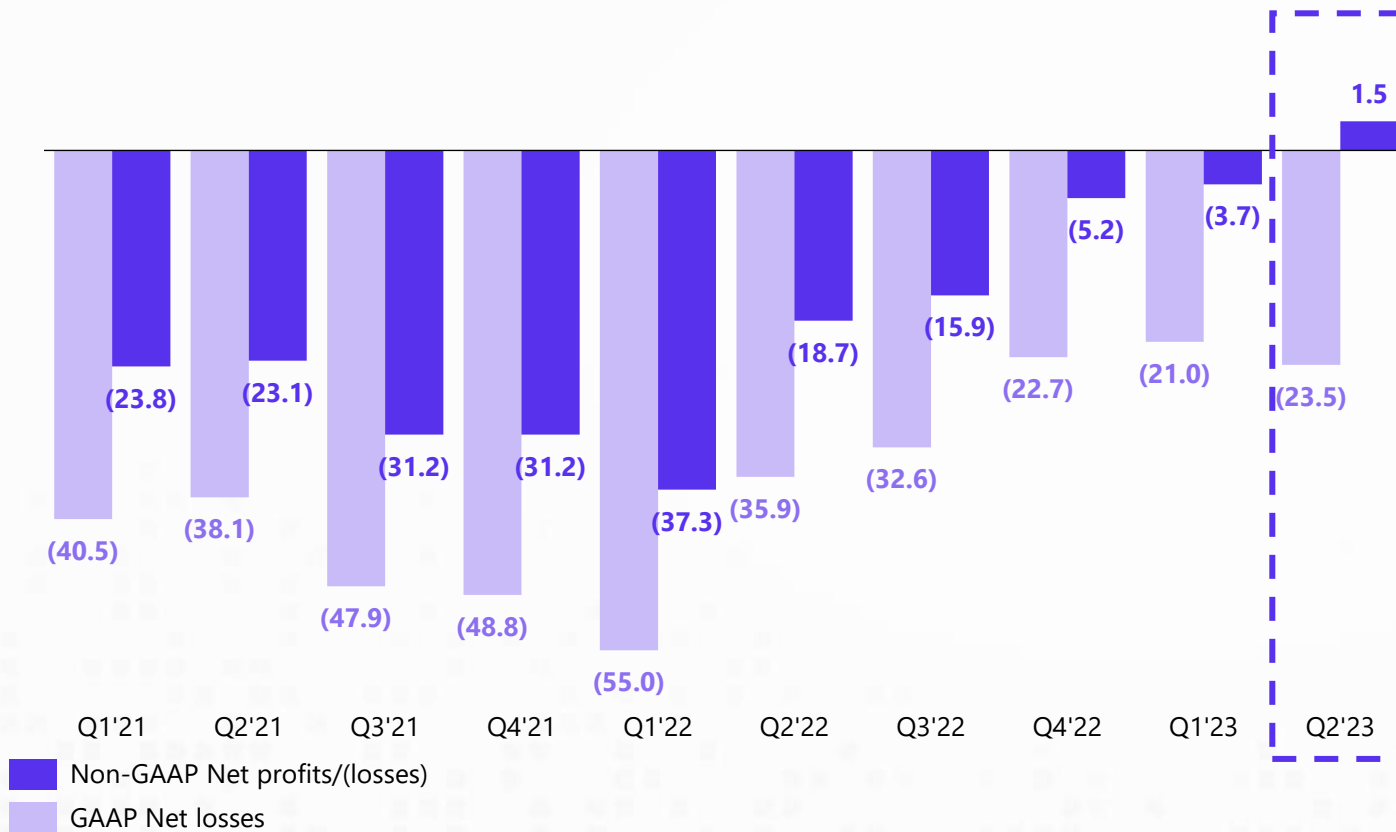
**Non-GAAP operating loss in Q2'23** narrowed by 71.5% YoY.

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.

# First-time Achievement of Non-GAAP Quarterly Breakeven

## Net Profit/(Loss), GAAP and Non-GAAP<sup>1</sup> (USD'M)



**Net loss in Q2'23** narrowed by 34.3% YoY mainly due to:

- Improvement in **operating loss**
- US\$12.1 million of interest income achieved in Q2'23 due to well-implemented treasury management strategies

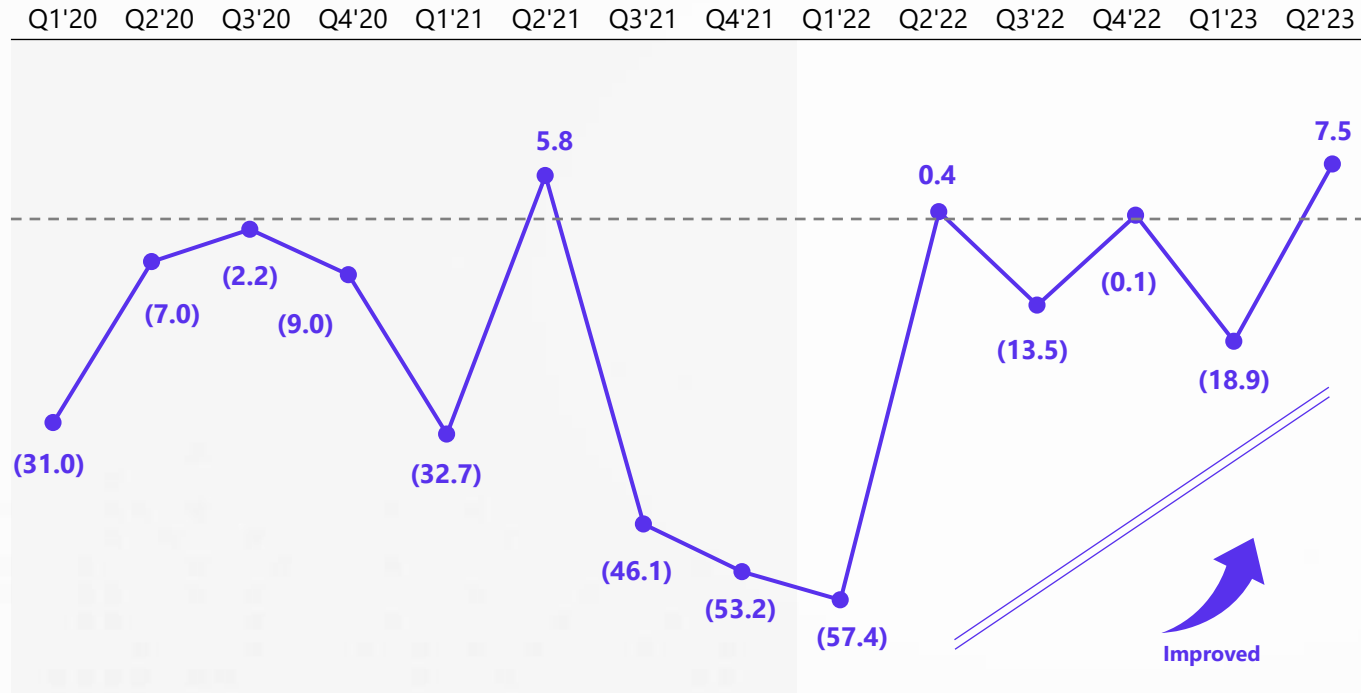
**Non-GAAP net profit** improved by 108.1% YoY to positive **\$1.5** million.

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 by Quarters

## Net Cash Generated/(Used) in Operating Activities (USD'M)



**US\$942 Mn**

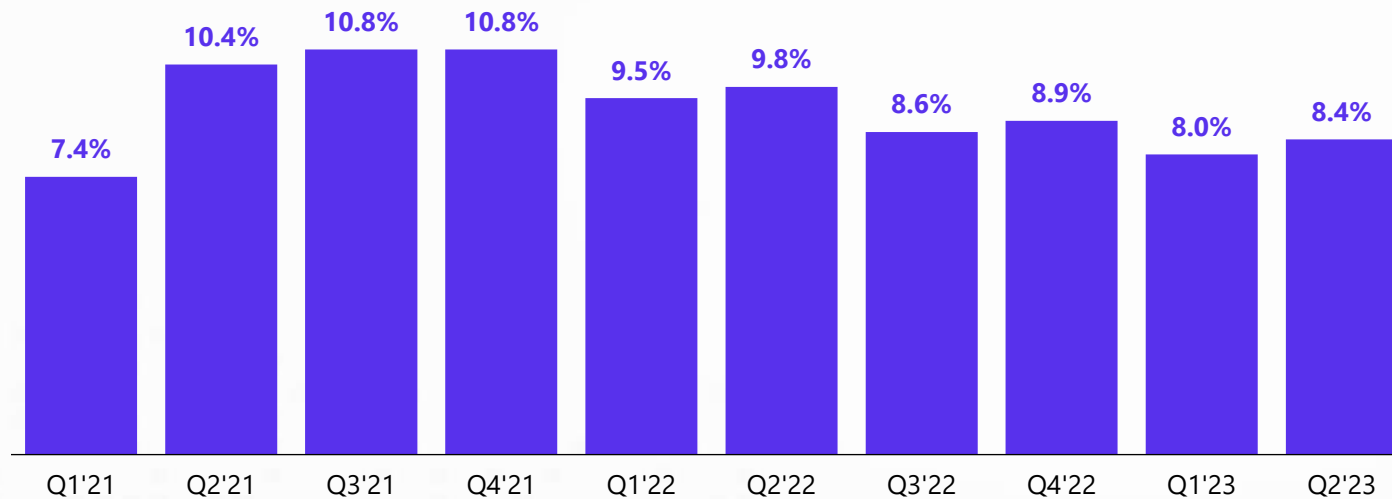
**Net cash<sup>1</sup>  
as at June 30, 2023**

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.

# Strong Balance Sheet Assures Long-term Operation

## Total Liabilities to Assets Ratio

(%)



### **No debt or capital commitments**

*Liabilities are mainly operating related, such as account payable, salary payable, advance from customers, etc.*

Note: Numbers are rounded for presentation purposes.

# Appendix



## Appendix: Q2'23 Reconciliation of Non-GAAP to GAAP

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2023
	USD'000	USD'000
<b>Reconciliation of operating expenses to non-GAAP operating expenses</b>		
Research and development expenses	(37,221)	(26,474)
Add: Share-based compensation	3,452	4,006
Adjusted Research and development expenses	(33,769)	(22,468)
Sales and marketing expenses	(15,061)	(9,826)
Add: Share-based compensation	1,847	1,620
Adjusted Sales and marketing expenses	(13,214)	(8,206)
General and administrative expenses	(17,130)	(24,273)
Add: Share-based compensation	11,871	11,386
Adjusted General and administrative expenses	(5,259)	(4,837)
<b>Reconciliation of loss from operations to non-GAAP loss from operations</b>		
Loss from operations	(39,460)	(31,418)
Add: Share-based compensation expenses	17,170	17,012
Non-GAAP Loss from operations	(22,290)	(6,356)
Non-GAAP operating margin	(35.6%)	(11.2%)
<b>Reconciliation of net loss to non-GAAP net (loss)/profit</b>		
Net loss	(35,869)	(23,549)
Add: Share-based compensation expenses	17,170	17,012
Non-GAAP net (loss)/profit	(18,699)	1,513
Non-GAAP net margin	(29.9%)	2.7%
Weighted average number of ordinary shares used in computing non-GAAP net (loss)/profit per share, basic	550,172,103	554,945,739
Weighted average number of ordinary shares used in computing non-GAAP net (loss)/profit per share, diluted	550,172,103	586,513,021
Non-GAAP net (loss)/profit per share attributable to ordinary shareholders - basic	(0.03)	0.00
Non-GAAP net (loss)/profit per share attributable to ordinary shareholders – diluted	(0.03)	0.00