# Investor Presentation

## Fourth Quarter and Fiscal Year 2021

March 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 (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.

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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.

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

# Global Influence in 2021 at A Glance

## 12 Gartner reports 👍 Tuya

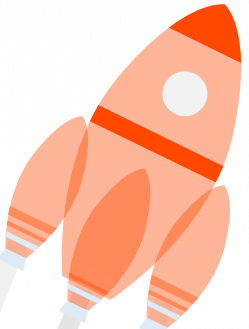
Selected by Gartner, the world's leading IT research firm, in 12 research reports including Digital Twins, IoT Platforms and IIOT[1]

## 2 influential industry events hosted

- Bluetooth Developer Conference
- Cellular Communication Developer & Outdoor Travel IoT Product Conference

## 7+Mn ADS repurchased (for a total of US$54 Mn)

Under the share repurchase plan[2], showing the management's long-term confidence



## 10+ Mn annual IoT PaaS deployments achieved by single customer for the first time

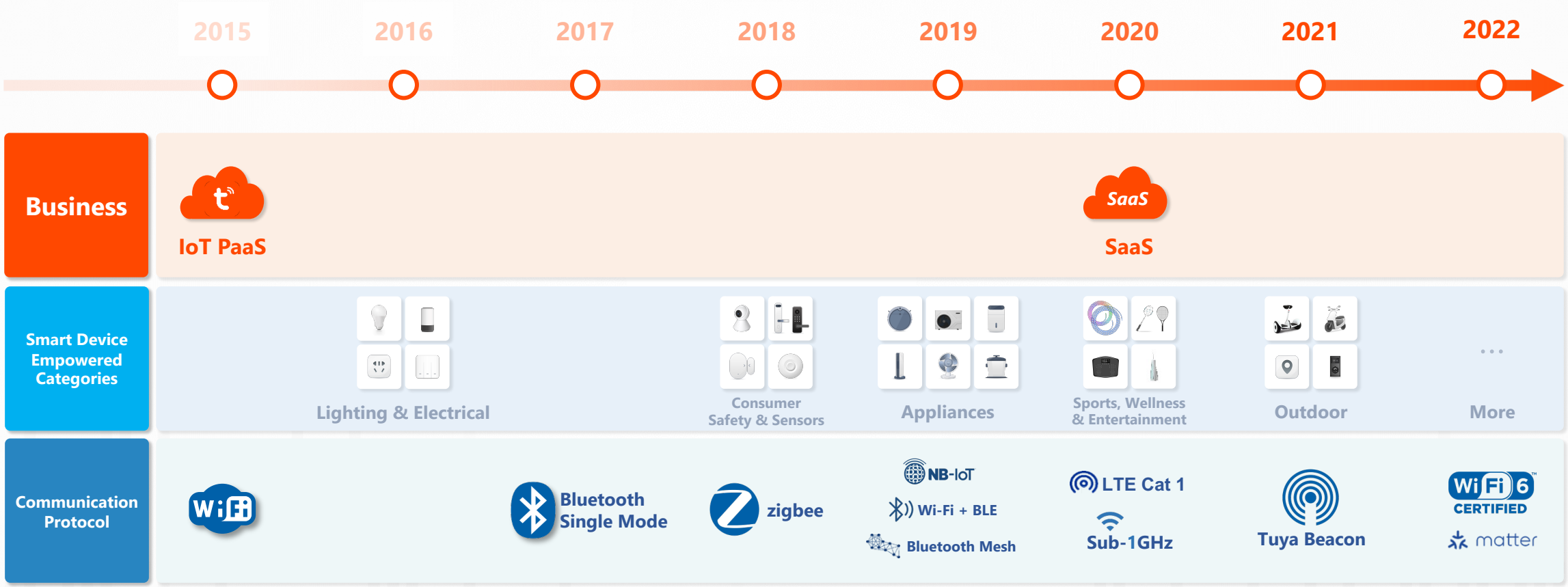
An international brands with 50 years history that cooperated with Tuya since 2018 with 52 PBT SKUs on the IoT development platform, achieved this outstanding milestone in 2021.

## ~50/30 Fortune500 customers (at 2021/2020 end)

Continue to implement a series of newly-launched plans and initiatives to facilitate targeted services to all types of customers, including, in particular, those KAs and PCs[3].

1. "IIOT" refers to Industry Internet of Things.
2. Tuya announced share repurchase program on August 30, 2021.
3. Refer to key accounts and premium customers.

# Tuya Product Launching Roadmap




Note: Icons and logos are for illustrative purpose.

# Expanding Customers

## EXPANDING ECOSYSTEM

Note: Selected customers as of December 31, 2021.

# Strong Performance in SaaS and Others

*Customers of Real Estate/Community/Park Solutions*

*Customers of Commercial Lighting/iBuilding SaaS*

*Customers of Hotel/Apartment(Residential) SaaS*

## Real Estate/Community/Park

- Re-align SaaS with a "IoT+PaaS+SaaS" model, enabling customers to pick and choose on demand
- Over 100 community projects delivered during the year
- Tens of large-scale community projects pipeline, including several ¥million-level projects

## Commercial Lighting/iBuilding SaaS[2]

- Globally served ~180 enterprise customers and 300+ projects in 12 countries and regions
- Expanded to and landed the first smart building project in Q4
- Series benchmark cases built, e.g.: achieve a ~65% lighting energy consumption/~270 tons of carbon emission reduction annually for FUXIN New Material[1]

## Hotel/Apartment(Residential) SaaS[3]

- Over 2,000 hotels covered (including the first PBT smart hotel in Malaysia), 9x rooms covered in China YoY
- 85% customer retention rate
- Target on China and European countries opportunities in 2022

## Value-added Services

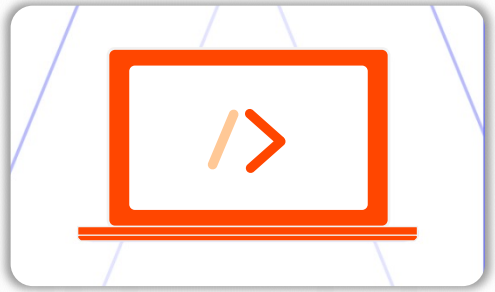
- Tripled monthly subscription revenue of end customers for VAS in 2021
- See strong demands for IoT cloud storage, message pushing, Cube private cloud, IoT algorithm, etc.

1. A large A-share listed high-new tech industry enterprise in China.
2. The apartment SaaS are now re-defined as "Residential SaaS" due to the products expansion strategies of focusing on specific markets including rental and residential.
3. The commercial lighting SaaS business expanded to smart building field, with a more comprehensive product "iBuilding SaaS" released in December 2021.

# Expanding Developer Ecosystem

## 510,000 Developers[1]

+14% Quarter over Quarter / +95% Year over Year



**Product Development**

**App Development**

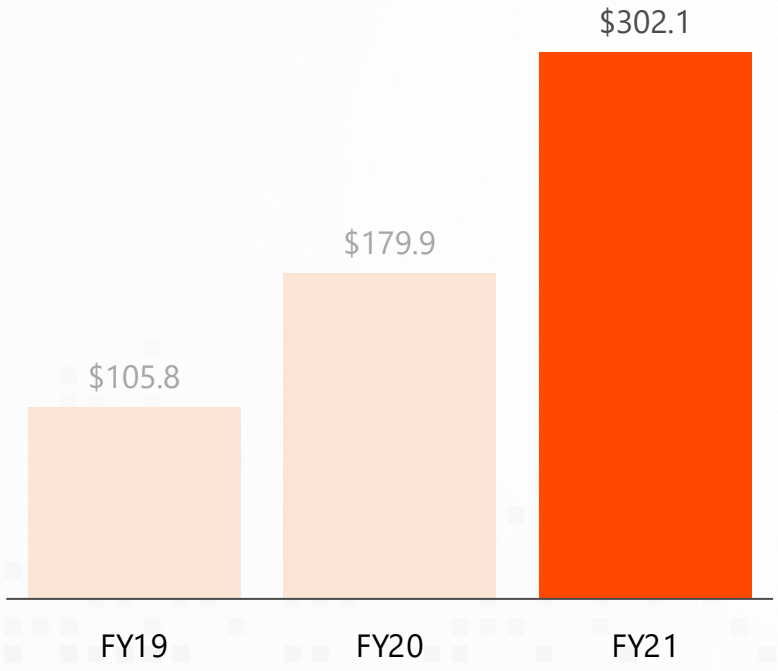
**Cloud Development**

1. "Developer" refers to registered developer, as of December 31, 2021.

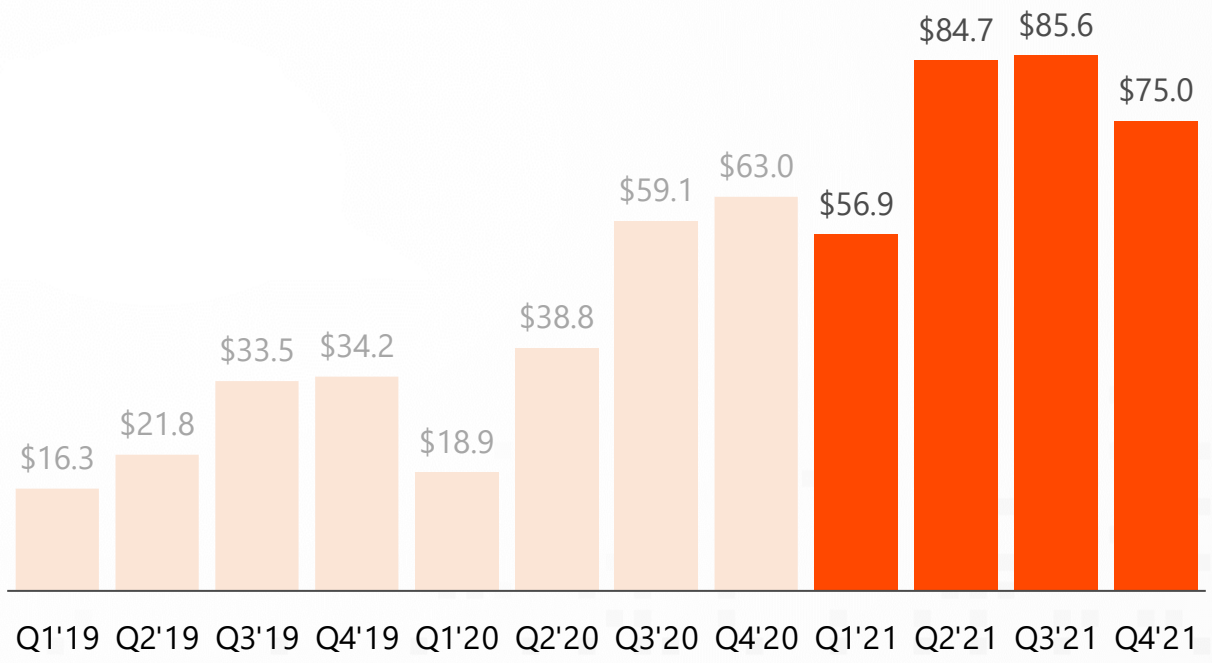
# Strong Revenue Growth

**Total revenue**
(USD'M)

**Annual revenue**
**68%** YoY Growth / **69%** 3-year CAGR



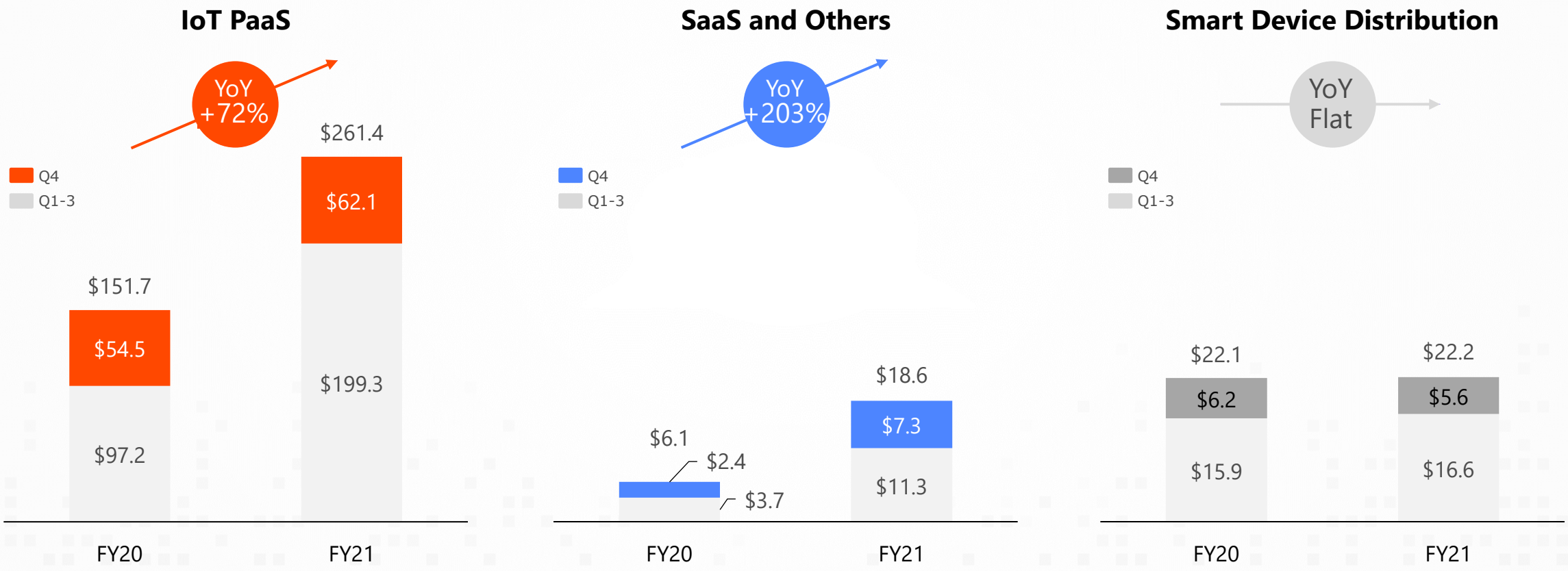

**Quarterly revenue**
**19%** YoY Growth in Q4'21



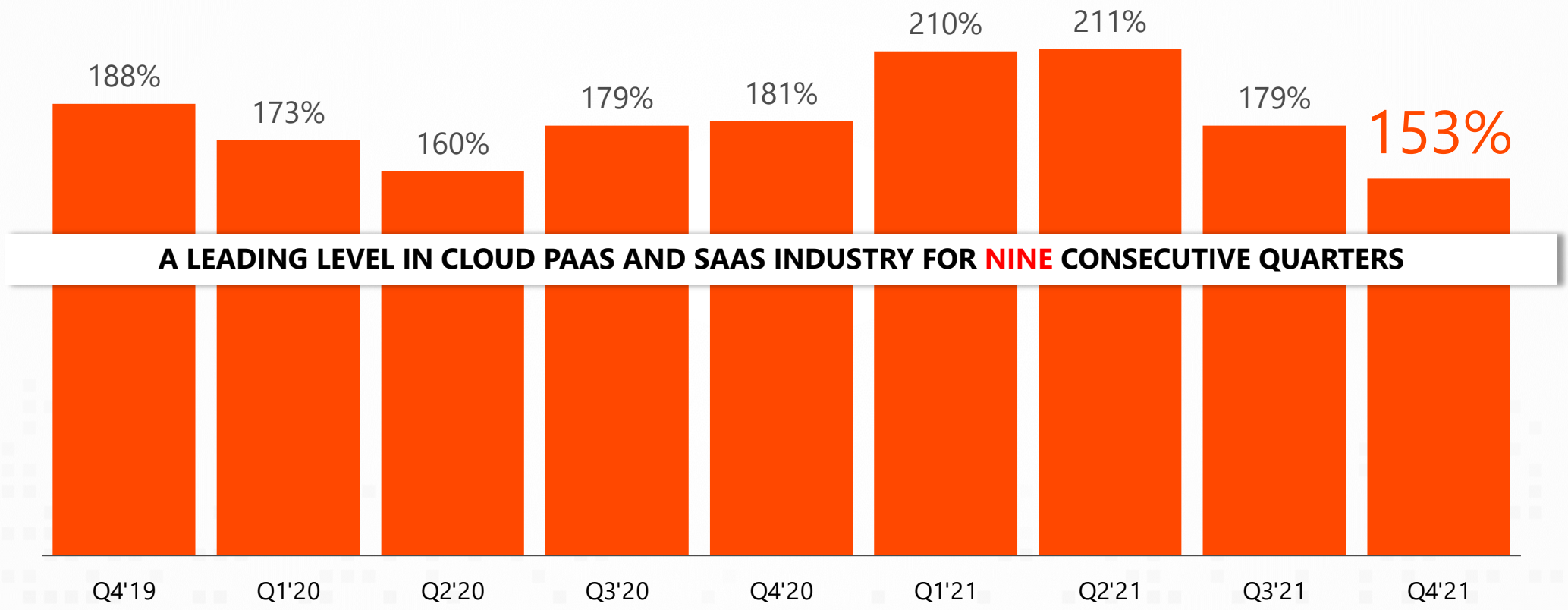

Note: Strong seasonality and quarterly fluctuation in fiscal year 2021 due to challenges in supply chain, international logistics disruptions, and high global inflation not seen in decades, but still achieved an excellent revenue momentum.

# Strong Revenue Growth

**Revenue breakdown for the year**
(USD'M)



# World-Class Dollar-Based Net Expansion Rate

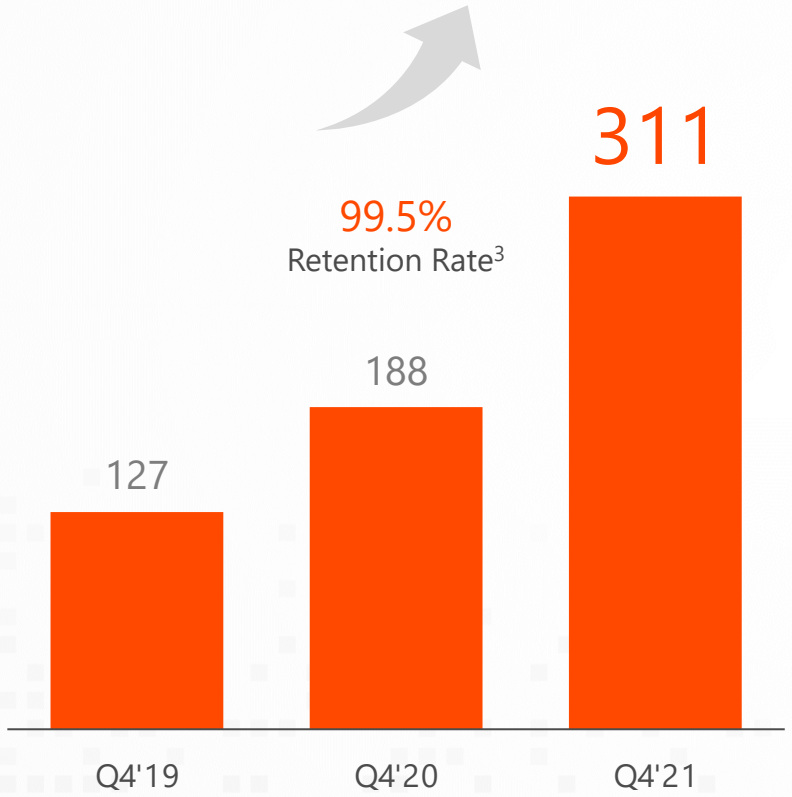



Note: Tuya calculates dollar-based net expansion rate of IoT PaaS for a trailing 12-month period by first identifying all customers in the prior 12-month period (i.e., those who have placed at least one order for IoT PaaS during that period), and then calculating the quotient by dividing the IoT PaaS revenue generated from such customers in the trailing 12-month period by the IoT PaaS revenue generated from the same group of customers in the prior 12-month period.

# Large Customer Growth

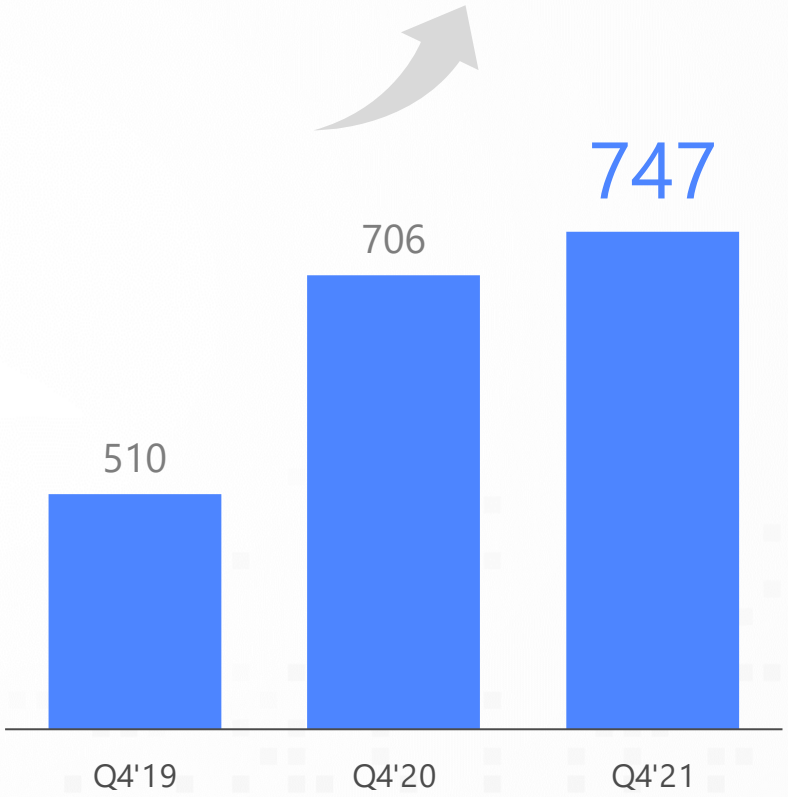
**Premium IoT PaaS customers[1]**

Contributed ~87/88% of Q4'21/FY21 IoT PaaS revenue




**Average LTM IoT PaaS revenue[2]**

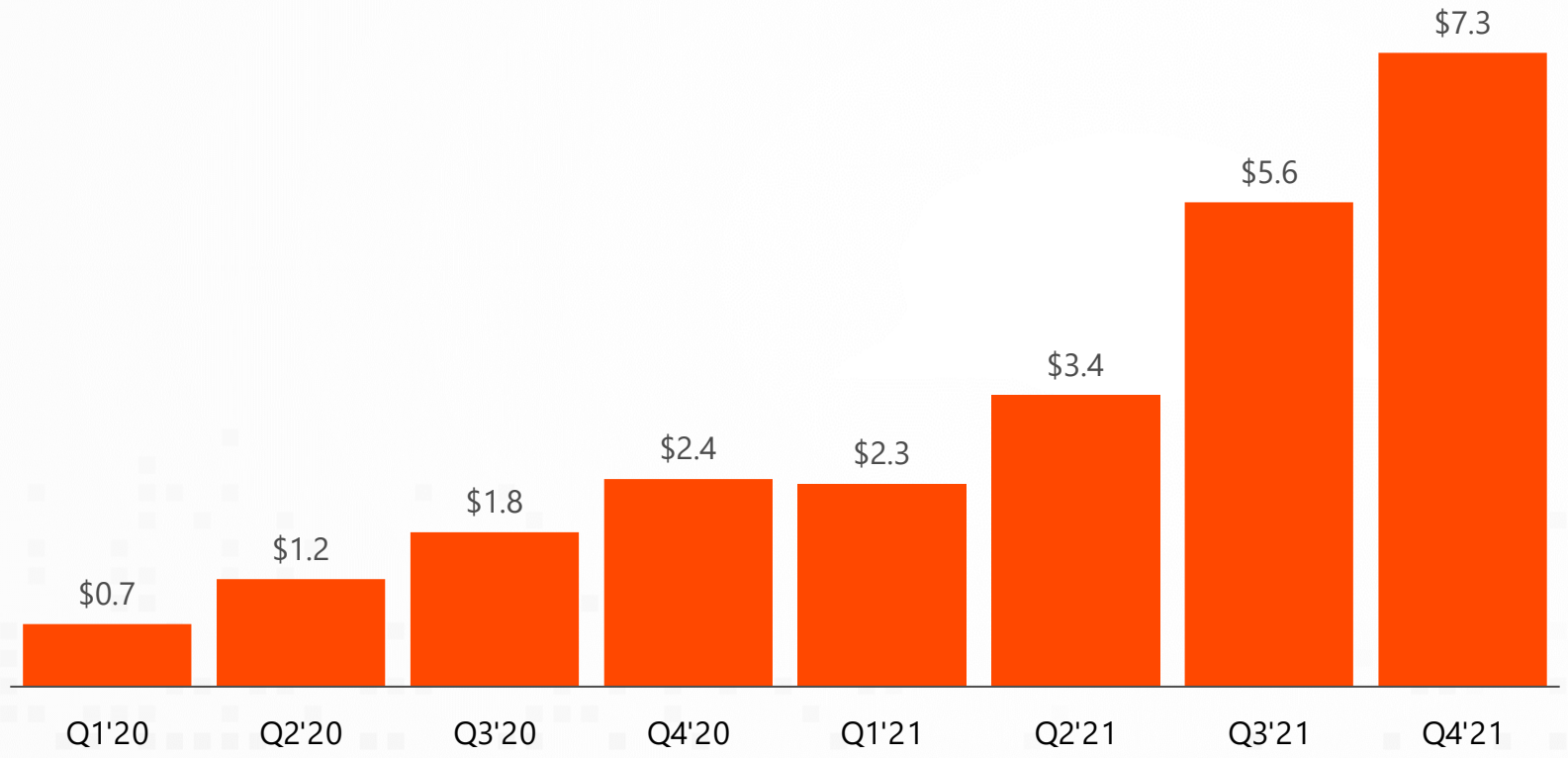
Per premium IoT PaaS customer (USD'K)




1. Tuya defines a premium IoT PaaS customer as a customer as of a given date that contributed more than US$100,000 of IoT PaaS revenue during the immediately preceding 12-month period.
2. A management metric calculated by dividing total IoT PaaS revenue contributed by premium IoT PaaS customers for last twelve-month period by total number of premium IoT PaaS customers during that period.
3. Retention rate, which measures Tuya's ability to maintain its relationships with its customers, refers to the percentage of customers from preceding period who have placed orders in the current period.

# Strong Revenue Growth in SaaS and Others

**SaaS and Others revenue**
(USD'M)

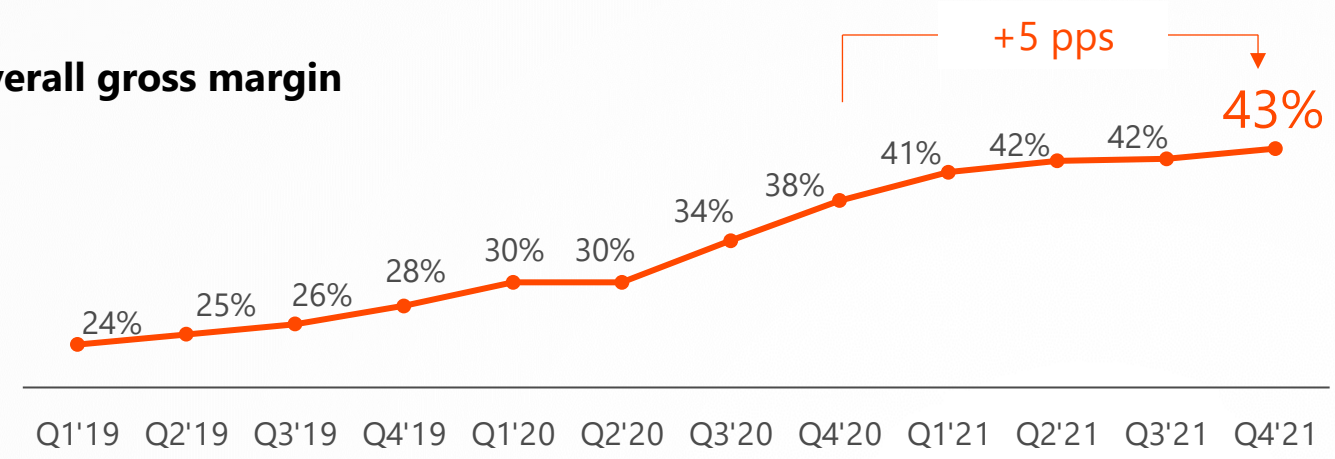



+205%

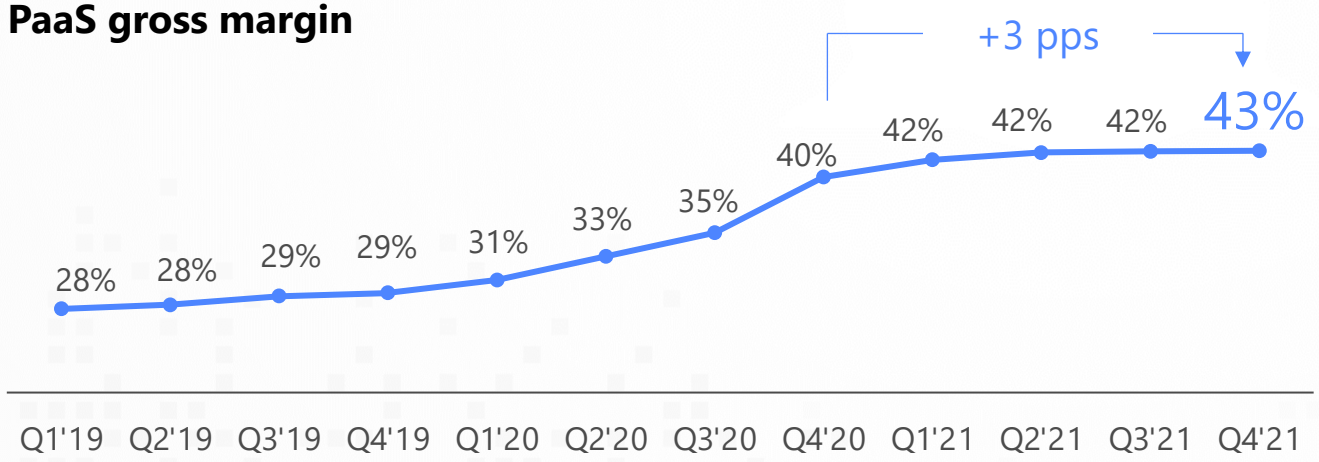
Q4 SaaS and Others Revenue Y/Y Growth

# Improving Gross Margin

**Overall gross margin**




**IoT PaaS gross margin**




**SaaS and Others gross margin** remained stable at 73%
**Smart Device Distribution gross margin** was 11%

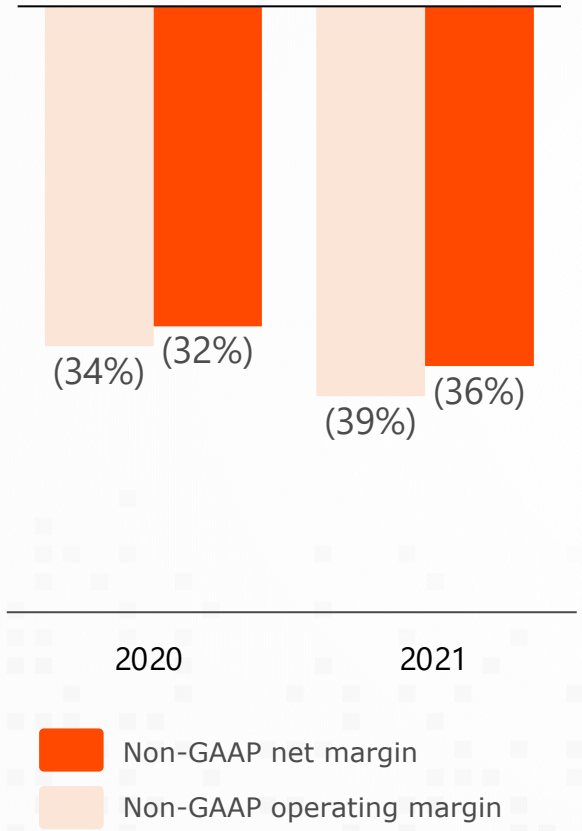
**Improvement drivers:**

- Increased economies of scale and cost savings
- Improved efficiency achieved through effective R&D
- Expansion into higher-margin IoT PaaS product lines

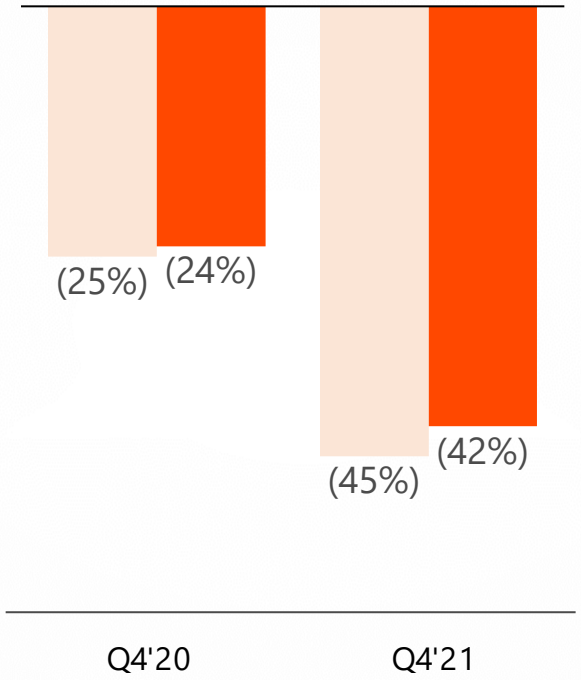
Note: Numbers are rounded for presentation purposes.

# Operating Margin and Net Margin

**Non-GAAP operating margin and net margin[1] (FY21)**




**Non-GAAP operating margin and net margin[1] (Q4'21)**




**Main factors:**

- Stable growth of gross margin

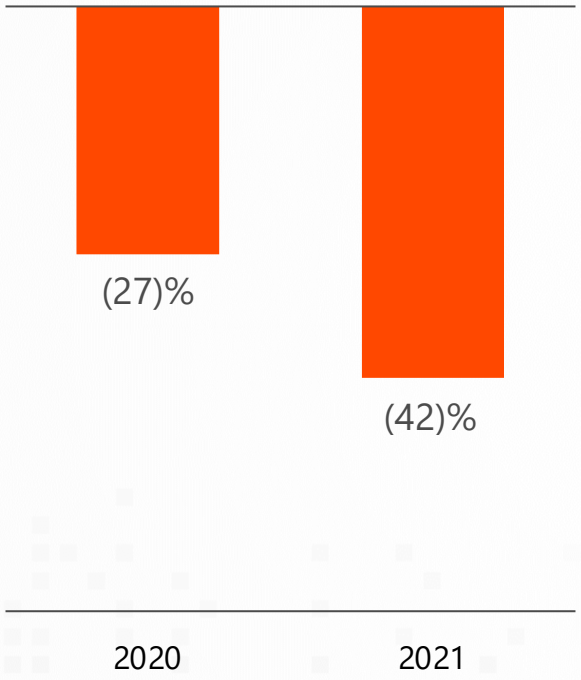
*…offset by…*

- Increased R&D personnel to keep sufficient reserve of talents
- Increased marketing efforts
- Increased professional service fees incurred by being a public company

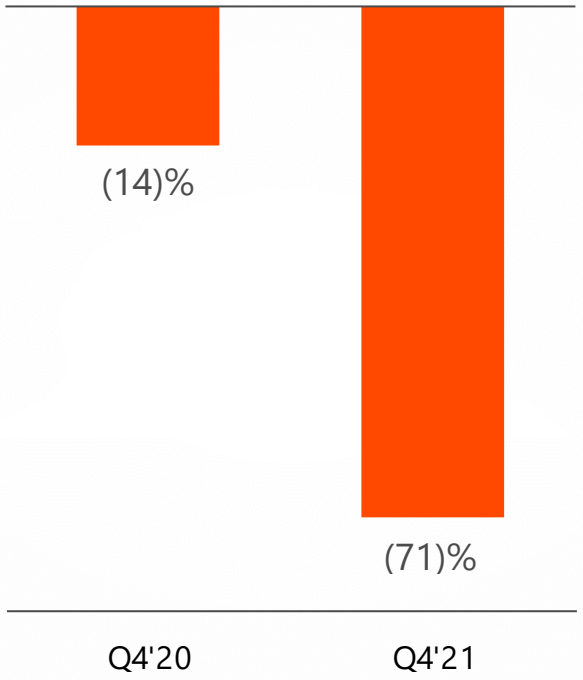
1. Non-GAAP measures. Please refer to the appendix for reconciliations of these non-GAAP measures to their most comparable GAAP equivalents.
Note: Numbers are rounded for presentation purposes.

# Operating Cashflows

**Net cash used in operating activities[1] as % of revenue (FY21)**




**Net cash used in operating activities[1] as % of revenue (Q4'21)**




**Main factors:**

- Increasing gross profits

*…offset by…*

- Increased payment for employee-related expenses
- Working capital changes[2] due to specific credit and payment terms agreed in sales and purchase activities for strategical purposes

1. Non-GAAP measures. Please refer to the appendix for reconciliations of these non-GAAP measures to their most comparable GAAP equivalents.
2. Primarily refers to account receivables, account payables and advance to suppliers.

Note: Numbers are rounded for presentation purposes.

# Building an IoT Developer Ecosystem

## Enabling Everything to Be Smart

# Appendix: Reconciliation of Non-GAAP to GAAP

| | For the Three Months Ended Dec 31, 2020 | For the Three Months Ended Dec 31, 2021 |
|---|---|---|
| | USD'000 | USD'000 |
| **Reconciliation of operating expenses to non-GAAP operating expenses** | | |
| Research and development expenses | (25,467) | (46,187) |
| Add: Share-based compensation | 961 | 4,093 |
| Adjusted Research and development expenses | (24,506) | (42,094) |
| Sales and marketing expenses | (11,792) | (18,433) |
| Add: Share-based compensation | 404 | 1,634 |
| Adjusted Sales and marketing expenses | (11,388) | (16,799) |
| General and administrative expenses | (6,220) | (21,011) |
| Add: Share-based compensation | 1,687 | 11,900 |
| Adjusted General and administrative expenses | (4,533) | (9,111) |
| | | |
| **Reconciliation of loss from operations to non-GAAP loss from operations** | | |
| Loss from operations | (18,705) | (51,556) |
| Add: Share-based compensation expenses | 3,052 | 17,627 |
| Non-GAAP Loss from operations | (15,653) | (33,929) |
| Non-GAAP operating margin | (24.8%) | (45.3%) |
| | | |
| **Reconciliation of net loss to non-GAAP net loss** | | |
| Net loss | (18,381) | (48,844) |
| Add: Share-based compensation expenses | 3,052 | 17,627 |
| Non-GAAP net loss | (15,329) | (31,217) |
| Non-GAAP net margin | (24.3%) | (41.6%) |
| Weighted average number of ordinary shares used in computing non-GAAP net loss per share, basic and diluted | 221,980,000 | 562,082,216 |
| Non-GAAP net loss per share attributable to ordinary shareholders - basic and diluted | (0.07) | (0.06) |