

SOHU.COM LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Three Months Ended		
	Jun. 30, 2024	Mar. 31, 2024	Jun. 30, 2023
Revenues:			
Brand advertising	\$ 19,853	\$ 16,070	\$ 23,883
Online games	146,997	117,812	118,426
Others	5,483	5,508	9,781
Total revenues	<u>172,333</u>	<u>139,390</u>	<u>152,090</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$1, \$0, and \$-21, respectively)	15,904	15,848	16,705
Online games (includes share-based compensation expense of \$0, \$0, and \$18, respectively)	35,588	14,482	15,839
Others	4,974	2,389	4,477
Total cost of revenues	<u>56,466</u>	<u>32,719</u>	<u>37,021</u>
Gross profit	115,867	106,671	115,069
Operating expenses:			
Product development (includes share-based compensation expense of \$10, \$3, and \$179, respectively)	65,209	66,209	69,492
Sales and marketing (includes share-based compensation expense of \$10, \$4, and \$-52, respectively)	83,936	54,806	57,153
General and administrative (includes share-based compensation expense of \$-421, \$77, and \$134, respectively)	11,012	12,534	11,372
Total operating expenses	<u>160,157</u>	<u>133,549</u>	<u>138,017</u>
Operating loss	(44,290)	(26,878)	(22,948)
Other income, net	5,572	4,489	5,131
Interest income	9,561	11,358	11,041
Exchange difference	231	(19)	3,067
Loss before income tax expense	<u>(28,926)</u>	<u>(11,050)</u>	<u>(3,709)</u>
Income tax expense	8,731	13,924	17,747
Net loss	<u>(37,657)</u>	<u>(24,974)</u>	<u>(21,456)</u>
Less: Net loss attributable to the noncontrolling interest shareholders	-	-	(261)
Net loss attributable to Sohu.com Limited	<u>(37,657)</u>	<u>(24,974)</u>	<u>(21,195)</u>
Basic net loss per share/ADS attributable to Sohu.com Limited ⁵	<u>\$ (1.16)</u>	<u>\$ (0.76)</u>	<u>\$ (0.62)</u>
Shares/ADSs used in computing basic net loss per share/ADS attributable to Sohu.com Limited	<u>32,492</u>	<u>33,033</u>	<u>34,091</u>
Diluted net loss per share/ADS attributable to Sohu.com Limited	<u>\$ (1.16)</u>	<u>\$ (0.76)</u>	<u>\$ (0.62)</u>
Shares/ADSs used in computing diluted net loss per share/ADS attributable to Sohu.com Limited	<u>32,492</u>	<u>33,033</u>	<u>34,091</u>

⁵ Each ADS represents one ordinary share.

SOHU.COM LIMITED
RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Three Months Ended Jun. 30, 2024			Three Months Ended Mar. 31, 2024			Three Months Ended Jun. 30, 2023		
	GAAP	Non-GAAP Adjustment	Non- GAAP	GAAP	Non-GAAP Adjustment	Non- GAAP	GAAP	Non-GAAP Adjustment	Non- GAAP
Brand advertising gross profit	\$ 3,949	\$ <u>1</u> ^(a)	\$ 3,950	\$ 222	\$ <u>-</u> ^(a)	\$ 222	\$ 7,178	\$ <u>(21)</u> ^(a)	\$ 7,157
Brand advertising gross margin	<u>20%</u>	<u>1</u>	<u>20%</u>	<u>1%</u>	<u>-</u>	<u>1%</u>	<u>30%</u>	<u>(21)</u>	<u>30%</u>
Online games gross profit	\$ 111,409	\$ <u>-</u> ^(a)	\$ 111,409	\$ 103,330	\$ <u>-</u> ^(a)	\$ 103,330	\$ 102,587	\$ <u>18</u> ^(a)	\$ 102,605
Online games gross margin	<u>76%</u>	<u>-</u>	<u>76%</u>	<u>88%</u>	<u>-</u>	<u>88%</u>	<u>87%</u>	<u>18</u>	<u>87%</u>
Others gross profit	\$ 509	\$ <u>-</u> ^(a)	\$ 509	\$ 3,119	\$ <u>-</u> ^(a)	\$ 3,119	\$ 5,304	\$ <u>-</u> ^(a)	\$ 5,304
Others gross margin	<u>9%</u>	<u>-</u>	<u>9%</u>	<u>57%</u>	<u>-</u>	<u>57%</u>	<u>54%</u>	<u>-</u>	<u>54%</u>
Gross profit	\$ 115,867	\$ <u>1</u> ^(a)	\$ 115,868	\$ 106,671	\$ <u>-</u> ^(a)	\$ 106,671	\$ 115,069	\$ <u>(3)</u> ^(a)	\$ 115,066
Gross margin	<u>67%</u>	<u>1</u>	<u>67%</u>	<u>77%</u>	<u>-</u>	<u>77%</u>	<u>76%</u>	<u>(3)</u>	<u>76%</u>
Operating expenses	\$ 160,157	\$ <u>401</u> ^(a)	\$ 160,558	\$ 133,549	\$ <u>(84)</u> ^(a)	\$ 133,465	\$ 138,017	\$ <u>(261)</u> ^(a)	\$ 137,756
Operating loss	\$ (44,290)	\$ <u>(400)</u> ^(a)	\$ (44,690)	\$ (26,878)	\$ <u>84</u> ^(a)	\$ (26,794)	\$ (22,948)	\$ <u>258</u> ^(a)	\$ (22,690)
Operating margin	<u>-26%</u>	<u>(400)</u>	<u>-26%</u>	<u>-19%</u>	<u>84</u>	<u>-19%</u>	<u>-15%</u>	<u>258</u>	<u>-15%</u>
Income tax expense	\$ 8,731	\$ <u>(3,764)</u> ^(c)	\$ 4,967	\$ 13,924	\$ <u>(3,691)</u> ^(c)	\$ 10,233	\$ 17,747	\$ <u>(3,061)</u> ^(c)	\$ 14,686
		(400) ^(a)			84 ^(a)			258 ^(a)	
		131 ^(b)			(398) ^(b)			-	
		<u>3,764</u> ^(c)			<u>3,691</u> ^(c)			<u>3,061</u> ^(c)	
Net loss before non-controlling interest	\$ (37,657)	\$ <u>3,495</u>	\$ (34,162)	\$ (24,974)	\$ <u>3,377</u>	\$ (21,597)	\$ (21,456)	\$ <u>3,319</u>	\$ (18,137)
		(400) ^(a)			84 ^(a)			258 ^(a)	
		131 ^(b)			(398) ^(b)			-	
		<u>3,764</u> ^(c)			<u>3,691</u> ^(c)			<u>3,061</u> ^(c)	
Net loss attributable to Sohu.com Limited for diluted net loss per share/ADS	\$ (37,657)	\$ <u>3,495</u>	\$ (34,162)	\$ (24,974)	\$ <u>3,377</u>	\$ (21,597)	\$ (21,195)	\$ <u>3,319</u>	\$ (17,876)
Diluted net loss per share/ADS attributable to Sohu.com Limited	\$ <u>(1.16)</u>		\$ <u>(1.05)</u>	\$ <u>(0.76)</u>		\$ <u>(0.65)</u>	\$ <u>(0.62)</u>		\$ <u>(0.52)</u>
Shares/ADSs used in computing diluted net loss per share/ADS attributable to Sohu.com Limited	<u>32,492</u>		<u>32,492</u>	<u>33,033</u>		<u>33,033</u>	<u>34,091</u>		<u>34,091</u>

Note:

- (a) To eliminate the impact of share-based awards.
(b) To adjust for changes in the fair value of the Company's investments.
(c) To adjust for the effect of the Toll Charge.