

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

	Three Months Ended		
	Jun. 30, 2023	Mar. 31, 2023	Jun. 30, 2022
Revenues:			
Brand advertising	\$ 23,883	\$ 22,524	\$ 24,923
Online games	118,426	129,463	157,294
Others	9,781	9,806	12,563
Total revenues	<u>152,090</u>	<u>161,793</u>	<u>194,780</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$-21, \$13, and \$14, respectively)	16,705	18,687	23,964
Online games (includes share-based compensation expense of \$18, \$18, and \$42, respectively)	15,839	19,028	25,691
Others	4,477	2,728	3,345
Total cost of revenues	<u>37,021</u>	<u>40,443</u>	<u>53,000</u>
Gross profit	115,069	121,350	141,780
Operating expenses:			
Product development (includes share-based compensation expense of \$179, \$269, and \$589, respectively)	69,492	73,048	65,098
Sales and marketing (includes share-based compensation expense of \$-52, \$35, and \$33, respectively)	57,153	52,443	53,359
General and administrative (includes share-based compensation expense of \$134, \$410, and \$708, respectively)	11,372	14,311	13,229
Total operating expenses	<u>138,017</u>	<u>139,802</u>	<u>131,686</u>
Operating profit/(loss)	(22,948)	(18,452)	10,094
Other income, net	5,131	3,797	7,235
Interest income	11,041	11,084	3,720
Exchange difference	3,067	(1,074)	4,943
Income/(loss) before income tax expense	<u>(3,709)</u>	<u>(4,645)</u>	<u>25,992</u>
Income tax expense	17,747	13,289	17,323
Net income/(loss)	<u>(21,456)</u>	<u>(17,934)</u>	<u>8,669</u>
Less: Net income/(loss) attributable to the noncontrolling interest shareholders	<u>(261)</u>	<u>(1)</u>	<u>1</u>
Net income/(loss) attributable to Sohu.com Limited	<u>(21,195)</u>	<u>(17,933)</u>	<u>8,668</u>
Basic net income/(loss) per share/ADS attributable to Sohu.com Limited ⁵	<u>\$ (0.62)</u>	<u>\$ (0.53)</u>	<u>\$ 0.25</u>
Shares/ADSs used in computing basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,091</u>	<u>34,091</u>	<u>34,535</u>
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.62)</u>	<u>\$ (0.53)</u>	<u>\$ 0.25</u>
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,091</u>	<u>34,091</u>	<u>34,535</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, 2023			Three Months Ended Mar. 31, 2023			Three Months Ended Jun. 30, 2022		
	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP
Brand advertising gross profit	\$ 7,178	(21) (a)	\$ 7,157	\$ 3,837	13 (a)	\$ 3,850	\$ 959	14 (a)	\$ 973
Brand advertising gross margin	<u>30%</u>	<u>(21)</u>	<u>30%</u>	<u>17%</u>	<u>13</u>	<u>17%</u>	<u>4%</u>	<u>14</u>	<u>4%</u>
Online games gross profit	\$ 102,587	18 (a)	\$ 102,605	\$ 110,435	18 (a)	\$ 110,453	\$ 131,603	42 (a)	\$ 131,645
Online games gross margin	<u>87%</u>	<u>18</u>	<u>87%</u>	<u>85%</u>	<u>18</u>	<u>85%</u>	<u>84%</u>	<u>42</u>	<u>84%</u>
Others gross profit	\$ 5,304	- (a)	\$ 5,304	\$ 7,078	- (a)	\$ 7,078	\$ 9,218	- (a)	\$ 9,218
Others gross margin	<u>54%</u>	<u>-</u>	<u>54%</u>	<u>72%</u>	<u>-</u>	<u>72%</u>	<u>73%</u>	<u>-</u>	<u>73%</u>
Gross profit	\$ 115,069	(3) (a)	\$ 115,066	\$ 121,350	31 (a)	\$ 121,381	\$ 141,780	56 (a)	\$ 141,836
Gross margin	<u>76%</u>	<u>(3)</u>	<u>76%</u>	<u>75%</u>	<u>31</u>	<u>75%</u>	<u>73%</u>	<u>56</u>	<u>73%</u>
Operating expenses	\$ 138,017	(261) (a)	\$ 137,756	\$ 139,802	(714) (a)	\$ 139,088	\$ 131,686	(1,330) (a)	\$ 130,356
Operating profit/(loss)	\$ (22,948)	258 (a)	\$ (22,690)	\$ (18,452)	745 (a)	\$ (17,707)	\$ 10,094	1,386 (a)	\$ 11,480
Operating margin	<u>-15%</u>	<u>258</u>	<u>-15%</u>	<u>-11%</u>	<u>745</u>	<u>-11%</u>	<u>5%</u>	<u>1,386</u>	<u>6%</u>
Income tax expense	\$ 17,747	(3,061) (d)	\$ 14,686	\$ 13,289	(2,420) (c,d)	\$ 10,869	\$ 17,323	(1,405) (c,d)	\$ 15,918
Net income/(loss) before non-controlling interest	\$ (21,456)	258 (a) - (b) - (c) 3,061 (d)	\$ (18,137)	\$ (17,934)	745 (a) 2,218 (b) (555) (c) 2,975 (d)	\$ (12,551)	\$ 8,669	1,386 (a) 978 (b) (244) (c) 1,649 (d)	\$ 12,438
Net income/(loss) attributable to Sohu.com Limited for diluted net income/(loss) per share/ADS	\$ (21,195)	258 (a) - (b) - (c) 3,061 (d)	\$ (17,876)	\$ (17,933)	745 (a) 2,218 (b) (555) (c) 2,975 (d)	\$ (12,550)	\$ 8,668	1,386 (a) 978 (b) (244) (c) 1,649 (d)	\$ 12,437
Diluted net income/(loss) per share/ADS attributable to Sohu.com Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	\$ (0.62)		\$ (0.52)	\$ (0.53)		\$ (0.37)	\$ 0.25		\$ 0.36
	<u>34,091</u>		<u>34,091</u>	<u>34,091</u>		<u>34,091</u>	<u>34,535</u>		<u>34,535</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 impacts of income tax related to changes in the fair value of the Company's investments
(d) To adjust for the effect of the Toll Charge.