

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

	Three Months Ended		
	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023
Revenues:			
Brand advertising	\$ 18,677	\$ 19,853	\$ 22,087
Online games	127,721	146,997	117,049
Others	5,594	5,483	6,294
Total revenues	<u>151,992</u>	<u>172,333</u>	<u>145,430</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of nil, \$1, and \$15, respectively)	17,040	15,904	18,745
Online games (includes share-based compensation expense of nil, nil, and \$18, respectively)	20,292	35,588	15,039
Others	2,283	4,974	687
Total cost of revenues	<u>39,615</u>	<u>56,466</u>	<u>34,471</u>
Gross profit	112,377	115,867	110,959
Operating expenses:			
Product development (includes share-based compensation expense of \$6, \$10, and \$280, respectively)	62,231	65,209	67,749
Sales and marketing (includes share-based compensation expense of \$9, \$10, and \$39, respectively)	48,494	83,936	53,040
General and administrative (includes share-based compensation expense of \$29, \$-421, and \$358, respectively)	14,692	11,012	10,801
Total operating expenses	<u>125,417</u>	<u>160,157</u>	<u>131,590</u>
Operating loss	(13,040)	(44,290)	(20,631)
Other income, net	3,635	5,572	10,869
Interest income	9,074	9,561	11,519
Exchange difference	(988)	231	(478)
Income/(loss) before income tax expense	<u>(1,319)</u>	<u>(28,926)</u>	<u>1,279</u>
Income tax expense	15,028	8,731	15,340
Net loss from continuing operations	<u>(16,347)</u>	<u>(37,657)</u>	<u>(14,061)</u>
Net income from discontinued operations, net of tax ⁶	-	-	35,426
Net income/(loss)	<u>(16,347)</u>	<u>(37,657)</u>	<u>21,365</u>
Less: Net loss from continuing operations attributable to the noncontrolling interest shareholders	-	-	(2)
Net loss from continuing operations attributable to Sohu.com Limited	<u>(16,347)</u>	<u>(37,657)</u>	<u>(14,059)</u>
Net income from discontinued operations attributable to Sohu.com Limited	-	-	35,426
Net income/(loss) attributable to Sohu.com Limited	<u>(16,347)</u>	<u>(37,657)</u>	<u>21,367</u>
Basic net loss from continuing operations per share/ADS attributable to Sohu.com Limited ⁷	<u>\$ (0.52)</u>	<u>\$ (1.16)</u>	<u>\$ (0.41)</u>
Basic net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.04</u>
Basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.52)</u>	<u>\$ (1.16)</u>	<u>\$ 0.63</u>
Shares/ADSs used in computing basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>31,729</u>	<u>32,492</u>	<u>34,190</u>
Diluted net loss from continuing operations per share/ADS attributable to Sohu.com Limited	<u>\$ (0.52)</u>	<u>\$ (1.16)</u>	<u>\$ (0.41)</u>
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.04</u>
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.52)</u>	<u>\$ (1.16)</u>	<u>\$ 0.63</u>
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>31,729</u>	<u>32,492</u>	<u>34,190</u>

⁶ See Footnote 1.

⁷ 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 Sep. 30, 2024			Three Months Ended Jun. 30, 2024			Three Months Ended Sep. 30, 2023		
	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP
Brand advertising gross profit	\$ 1,637	\$ - (a)	\$ 1,637	\$ 3,949	\$ 1 (a)	\$ 3,950	\$ 3,342	\$ 15 (a)	\$ 3,357
Brand advertising gross margin	9%		9%	20%	1	20%	15%	15	15%
Online games gross profit	\$ 107,429	\$ - (a)	\$ 107,429	\$ 111,409	\$ - (a)	\$ 111,409	\$ 102,010	\$ 18 (a)	\$ 102,028
Online games gross margin	84%		84%	76%		76%	87%	18	87%
Others gross profit	\$ 3,311	\$ - (a)	\$ 3,311	\$ 509	\$ - (a)	\$ 509	\$ 5,607	\$ - (a)	\$ 5,607
Others gross margin	59%		59%	9%		9%	89%		89%
Gross profit	\$ 112,377	\$ - (a)	\$ 112,377	\$ 115,867	\$ 1 (a)	\$ 115,868	\$ 110,959	\$ 33 (a)	\$ 110,992
Gross margin	74%		74%	67%	1	67%	76%	33	76%
Operating expenses	\$ 125,417	\$ (44) (a)	\$ 125,373	\$ 160,157	\$ 401 (a)	\$ 160,558	\$ 131,590	\$ (677) (a)	\$ 130,913
Operating loss	\$ (13,040)	\$ 44 (a)	\$ (12,996)	\$ (44,290)	\$ (400) (a)	\$ (44,690)	\$ (20,631)	\$ 710 (a)	\$ (19,921)
Operating margin	-9%		-9%	-26%	(400)	-26%	-14%	710	-14%
Income tax expense	\$ 15,028	\$ (3,883) (c)	\$ 11,145	\$ 8,731	\$ (3,764) (c)	\$ 4,967	\$ 15,340	\$ (3,149) (c)	\$ 12,191
Net loss before non-controlling interest	\$ (16,347)	\$ 3,927	\$ (12,420)	\$ (37,657)	\$ 3,495	\$ (34,162)	\$ (14,061)	\$ 3,859	\$ (10,202)
Net loss from continuing operations attributable to Sohu.com Limited for diluted net loss per ADS	\$ (16,347)	\$ 3,927	\$ (12,420)	\$ (37,657)	\$ 3,495	\$ (34,162)	\$ (14,059)	\$ 3,859	\$ (10,200)
Net income from discontinued operations attributable to Sohu.com Limited for diluted net loss per ADS ⁸	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,426	\$ -	\$ 35,426
Net income/(loss) attributable to Sohu.com Limited for diluted net income/(loss) per share/ADS	\$ (16,347)	\$ 3,927	\$ (12,420)	\$ (37,657)	\$ 3,495	\$ (34,162)	\$ 21,367	\$ 3,859	\$ 25,226
Diluted net loss from continuing operations per ADS attributable to Sohu.com Limited	\$ (0.52)		\$ (0.39)	\$ (1.16)		\$ (1.05)	\$ (0.41)		\$ (0.30)
Diluted net income from discontinued operations per ADS attributable to Sohu.com Limited	\$ -		\$ -	\$ -		\$ -	\$ 1.04		\$ 1.04
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	\$ (0.52)		\$ (0.39)	\$ (1.16)		\$ (1.05)	\$ 0.63		\$ 0.74
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	31,729		31,729	32,492		32,492	34,190		34,190

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.

⁸ See Footnote 1.