

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

	Three Months Ended		
	Sep. 30, 2023	Jun. 30, 2023	Sep. 30, 2022
Revenues:			
Brand advertising	\$ 22,087	\$ 23,883	\$ 25,762
Online games	117,049	118,426	148,895
Others	6,294	9,781	10,617
Total revenues	<u>145,430</u>	<u>152,090</u>	<u>185,274</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$15, \$-21, and \$19, respectively)	18,745	16,705	25,245
Online games (includes share-based compensation expense of \$18, \$18, and \$42, respectively)	15,039	15,839	24,451
Others	687	4,477	3,972
Total cost of revenues	<u>34,471</u>	<u>37,021</u>	<u>53,668</u>
Gross profit	110,959	115,069	131,606
Operating expenses:			
Product development (includes share-based compensation expense of \$280, \$179, and \$613, respectively)	67,749	69,492	64,688
Sales and marketing (includes share-based compensation expense of \$39, \$-52, and \$58, respectively)	53,040	57,153	73,347
General and administrative (includes share-based compensation expense of \$358, \$134, and \$720, respectively)	10,801	11,372	11,629
Total operating expenses	<u>131,590</u>	<u>138,017</u>	<u>149,664</u>
Operating loss	(20,631)	(22,948)	(18,058)
Other income, net	10,869	5,131	4,750
Interest income	11,519	11,041	4,808
Exchange difference	(478)	3,067	3,129
Income/(loss) before income tax expense	1,279	(3,709)	(5,371)
Income tax expense	15,340	17,747	16,213
Net loss from continuing operations	(14,061)	(21,456)	(21,584)
Net income from discontinued operations, net of tax ⁶	35,426	-	-
Net income/(loss)	<u>21,365</u>	<u>(21,456)</u>	<u>(21,584)</u>
Less: Net income/(loss) from continuing operations attributable to the noncontrolling interest shareholders	(2)	(261)	(1)
Net loss from continuing operations attributable to Sohu.com Limited	<u>(14,059)</u>	<u>(21,195)</u>	<u>(21,583)</u>
Net income from discontinued operations attributable to Sohu.com Limited	35,426	-	-
Net income/(loss) attributable to Sohu.com Limited	<u>21,367</u>	<u>(21,195)</u>	<u>(21,583)</u>
Basic net loss from continuing operations per share/ADS attributable to Sohu.com Limited ⁷	\$ (0.41)	\$ (0.62)	\$ (0.63)
Basic net income from discontinued operations per share/ADS attributable to Sohu.com Limited	\$ 1.04	\$ -	\$ -
Basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ 0.63</u>	<u>\$ (0.62)</u>	<u>\$ (0.63)</u>
Shares/ADSs used in computing basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,190</u>	<u>34,091</u>	<u>34,387</u>
Diluted net loss from continuing operations per share/ADS attributable to Sohu.com Limited	\$ (0.41)	\$ (0.62)	\$ (0.63)
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	\$ 1.04	\$ -	\$ -
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ 0.63</u>	<u>\$ (0.62)</u>	<u>\$ (0.63)</u>
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,190</u>	<u>34,091</u>	<u>34,387</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, 2023			Three Months Ended Jun. 30, 2023			Three Months Ended Sep. 30, 2022		
	GAAP	Non-GAAP Adjustment	Non- GAAP	GAAP	Non-GAAP Adjustment	Non- GAAP	GAAP	Non-GAAP Adjustment	Non- GAAP
Brand advertising gross profit	\$ 3,342	\$ 15 ^(a)	\$ 3,357	\$ 7,178	\$ (21) ^(a)	\$ 7,157	\$ 517	\$ 19 ^(a)	\$ 536
Brand advertising gross margin	15%		15%	30%		30%	2%		2%
Online games gross profit	\$ 102,010	\$ 18 ^(a)	\$ 102,028	\$ 102,587	\$ 18 ^(a)	\$ 102,605	\$ 124,444	\$ 42 ^(a)	\$ 124,486
Online games gross margin	87%		87%	87%		87%	84%		84%
Others gross profit	\$ 5,607	\$ - ^(a)	\$ 5,607	\$ 5,304	\$ - ^(a)	\$ 5,304	\$ 6,645	\$ - ^(a)	\$ 6,645
Others gross margin	89%		89%	54%		54%	63%		63%
Gross profit	\$ 110,959	\$ 33 ^(a)	\$ 110,992	\$ 115,069	\$ (3) ^(a)	\$ 115,066	\$ 131,606	\$ 61 ^(a)	\$ 131,667
Gross margin	76%		76%	76%		76%	71%		71%
Operating expenses	\$ 131,590	\$ (677) ^(a)	\$ 130,913	\$ 138,017	\$ (261) ^(a)	\$ 137,756	\$ 149,664	\$ (1,391) ^(a)	\$ 148,273
Operating loss	\$ (20,631)	\$ 710 ^(a)	\$ (19,921)	\$ (22,948)	\$ 258 ^(a)	\$ (22,690)	\$ (18,058)	\$ 1,452 ^(a)	\$ (16,606)
Operating margin	-14%		-14%	-15%		-15%	-10%		-9%
Income tax expense	\$ 15,340	\$ (3,149) ^(d)	\$ 12,191	\$ 17,747	\$ (3,061) ^(d)	\$ 14,686	\$ 16,213	\$ (1,884) ^(c,d)	\$ 14,329
		710 ^(a)		258 ^(a)			1,452 ^(a)		
		-		-			891 ^(b)		
		-		-			(224) ^(c)		
		3,149 ^(d)		3,061 ^(d)			2,108 ^(d)		
Net loss before non-controlling interest	\$ (14,061)	\$ 3,859	\$ (10,202)	\$ (21,456)	\$ 3,319	\$ (18,137)	\$ (21,584)	\$ 4,227	\$ (17,357)
		710 ^(a)		258 ^(a)			1,452 ^(a)		
		-		-			891 ^(b)		
		-		-			(224) ^(c)		
		3,149 ^(d)		3,061 ^(d)			2,108 ^(d)		
Net loss from continuing operations attributable to Sohu.com Limited for diluted net loss per ADS	\$ (14,059)	\$ 3,859	\$ (10,200)	\$ (21,195)	\$ 3,319	\$ (17,876)	\$ (21,583)	\$ 4,227	\$ (17,356)
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	\$ 21,367	\$ 3,859	\$ 25,226	\$ (21,195)	\$ 3,319	\$ (17,876)	\$ (21,583)	\$ 4,227	\$ (17,356)
Diluted net loss from continuing operations per ADS attributable to Sohu.com Limited	\$ (0.41)	\$ (0.30)	\$ (0.62)	\$ (0.62)	\$ (0.52)	\$ (0.52)	\$ (0.63)	\$ (0.50)	\$ (0.50)
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	\$ 0.63	\$ 0.74	\$ (0.62)	\$ (0.62)	\$ (0.52)	\$ (0.52)	\$ (0.63)	\$ (0.50)	\$ (0.50)
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	34,190	34,190	34,190	34,091	34,091	34,091	34,387	34,387	34,387

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.

⁸ See Footnote 1.