

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

	Three Months Ended		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Revenues:			
Brand advertising	\$ 16,070	\$ 20,195	\$ 22,524
Online games	117,812	114,759	129,463
Others	5,508	6,405	9,806
Total revenues	<u>139,390</u>	<u>141,359</u>	<u>161,793</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$0, \$0, and \$13, respectively)	15,848	16,966	18,687
Online games (includes share-based compensation expense of \$0, \$-44, and \$18, respectively)	14,482	15,123	19,028
Others	2,389	1,733	2,728
Total cost of revenues	<u>32,719</u>	<u>33,822</u>	<u>40,443</u>
Gross profit	106,671	107,537	121,350
Operating expenses:			
Product development (includes share-based compensation expense of \$3, \$-572, and \$269, respectively)	66,209	69,553	73,048
Sales and marketing (includes share-based compensation expense of \$4, \$4, and \$35, respectively)	54,806	50,813	52,443
General and administrative (includes share-based compensation expense of \$77, \$-393, and \$410, respectively)	12,534	12,450	14,311
Total operating expenses	<u>133,549</u>	<u>132,816</u>	<u>139,802</u>
Operating loss	(26,878)	(25,279)	(18,452)
Other income, net	4,489	15,949	3,797
Interest income	11,358	11,578	11,084
Exchange difference	(19)	(823)	(1,074)
Income/(loss) before income tax expense	<u>(11,050)</u>	<u>1,425</u>	<u>(4,645)</u>
Income tax expense	13,924	14,044	13,289
Net loss	<u>(24,974)</u>	<u>(12,619)</u>	<u>(17,934)</u>
Less: Net loss attributable to the noncontrolling interest shareholders	-	(1)	(1)
Net loss attributable to Sohu.com Limited	<u>(24,974)</u>	<u>(12,618)</u>	<u>(17,933)</u>
Basic net loss per share/ADS attributable to Sohu.com Limited ⁵	<u>\$ (0.76)</u>	<u>\$ (0.37)</u>	<u>\$ (0.53)</u>
Shares/ADSs used in computing basic net loss per share/ADS attributable to Sohu.com Limited	<u>33,033</u>	<u>34,061</u>	<u>34,091</u>
Diluted net loss per share/ADS attributable to Sohu.com Limited	<u>\$ (0.76)</u>	<u>\$ (0.37)</u>	<u>\$ (0.53)</u>
Shares/ADSs used in computing diluted net loss per share/ADS attributable to Sohu.com Limited	<u>33,033</u>	<u>34,061</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 Mar. 31, 2024			Three Months Ended Dec. 31, 2023			Three Months Ended Mar. 31, 2023		
	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP
Brand advertising gross profit	\$ 222	\$ - (a)	\$ 222	\$ 3,229	\$ - (a)	\$ 3,229	\$ 3,837	\$ 13 (a)	\$ 3,850
Brand advertising gross margin	1%		1%	16%		16%	17%		17%
Online games gross profit	\$ 103,330	\$ - (a)	\$ 103,330	\$ 99,636	\$ (44) (a)	\$ 99,592	\$ 110,435	\$ 18 (a)	\$ 110,453
Online games gross margin	88%		88%	87%		87%	85%		85%
Others gross profit	\$ 3,119	\$ - (a)	\$ 3,119	\$ 4,672	\$ - (a)	\$ 4,672	\$ 7,078	\$ - (a)	\$ 7,078
Others gross margin	57%		57%	73%		73%	72%		72%
Gross profit	\$ 106,671	\$ - (a)	\$ 106,671	\$ 107,537	\$ (44) (a)	\$ 107,493	\$ 121,350	\$ 31 (a)	\$ 121,381
Gross margin	77%		77%	76%		76%	75%		75%
Operating expenses	\$ 133,549	\$ (84) (a)	\$ 133,465	\$ 132,816	\$ 961 (a)	\$ 133,777	\$ 139,802	\$ (714) (a)	\$ 139,088
Operating loss	\$ (26,878)	\$ 84 (a)	\$ (26,794)	\$ (25,279)	\$ (1,005) (a)	\$ (26,284)	\$ (18,452)	\$ 745 (a)	\$ (17,707)
Operating margin	-19%		-19%	-18%		-19%	-11%		-11%
Income tax expense	\$ 13,924	\$ (3,691) (d)	\$ 10,233	\$ 14,044	\$ (3,667) (d)	\$ 10,377	\$ 13,289	\$ (2,420) (c,d)	\$ 10,869
		84 (a)			(1,005) (a)			745 (a)	
		(398) (b)			(827) (b)			2,218 (b)	
		- (c)			- (c)			(555) (c)	
		3,691 (d)			3,667 (d)			2,975 (d)	
Net loss before non-controlling interest	\$ (24,974)	\$ 3,377	\$ (21,597)	\$ (12,619)	\$ 1,835	\$ (10,784)	\$ (17,934)	\$ 5,383	\$ (12,551)
		84 (a)			(1,005) (a)			745 (a)	
		(398) (b)			(827) (b)			2,218 (b)	
		- (c)			- (c)			(555) (c)	
		3,691 (d)			3,667 (d)			2,975 (d)	
Net loss attributable to Sohu.com Limited for diluted net loss per share/ADS	\$ (24,974)	\$ 3,377	\$ (21,597)	\$ (12,618)	\$ 1,835	\$ (10,783)	\$ (17,933)	\$ 5,383	\$ (12,550)
Diluted net loss per share/ADS attributable to Sohu.com Limited	\$ (0.76)		\$ (0.65)	\$ (0.37)		\$ (0.32)	\$ (0.53)		\$ (0.37)
Shares/ADSs used in computing diluted net loss per share/ADS attributable to Sohu.com Limited	33,033		33,033	34,061		34,061	34,091		34,091

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 impact 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.