

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

	Three Months Ended		
	Sep. 30, 2017	Jun. 30, 2017	Sep. 30, 2016
Revenues:			
Online advertising			
Brand advertising	\$ 74,832	\$ 86,071	\$ 110,871
Search and search-related advertising	225,363	186,747	150,667
Subtotal	<u>300,195</u>	<u>272,818</u>	<u>261,538</u>
Online games	132,427	122,398	98,553
Others	83,439	65,952	50,491
Total revenues	<u>516,061</u>	<u>461,168</u>	<u>410,582</u>
Cost of revenues:			
Online advertising			
Brand advertising (includes stock-based compensation expense of \$278, \$182, \$265, respectively)	75,733	124,730	102,137
Search and search-related advertising (includes stock-based compensation expense of \$0, \$2, \$4 respectively)	115,422	96,692	76,457
Subtotal	<u>191,155</u>	<u>221,422</u>	<u>178,594</u>
Online games (includes stock-based compensation expense of \$4, \$44, \$26, respectively)	17,560	11,613	23,719
Others	53,679	45,159	20,571
Total cost of revenues	<u>262,394</u>	<u>278,194</u>	<u>222,884</u>
Gross profit	253,667	182,974	187,698
Operating expenses:			
Product development (includes stock-based compensation expense of \$2,247, \$4,925, \$4,105, respectively)	105,162	100,146	90,007
Sales and marketing (includes stock-based compensation expense of \$344, \$930, \$752, respectively)	111,935	94,845	110,584
General and administrative (includes stock-based compensation expense of \$3,682, \$6,597, \$8,018, respectively)	31,038	27,657	38,670
Goodwill impairment and impairment of intangibles via acquisitions of businesses	86,882	-	-
Total operating expenses	<u>335,017</u>	<u>222,648</u>	<u>239,261</u>
Operating loss	(81,350)	(39,674)	(51,563)
Other income/(loss)	(5,068)	3,306	3,678
Interest income	6,497	5,813	6,327
Interest expense	(1,141)	(205)	(209)
Exchange difference	(5,032)	(4,528)	702
Loss before income tax expense	<u>(86,094)</u>	<u>(35,288)</u>	<u>(41,065)</u>
Income tax expense	15,927	12,764	974
Net loss	<u>(102,021)</u>	<u>(48,052)</u>	<u>(42,039)</u>
Less: Net income attributable to the noncontrolling interest shareholders	1,939	40,131	32,775
Net loss attributable to Sohu.com Inc.	<u>(103,960)</u>	<u>(88,183)</u>	<u>(74,814)</u>
Basic net loss per share attributable to Sohu.com Inc.	\$ (2.67)	\$ (2.27)	\$ (1.93)
Shares used in computing basic net loss per share attributable to Sohu.com Inc.	<u>38,877</u>	<u>38,855</u>	<u>38,728</u>
Diluted net loss per share attributable to Sohu.com Inc.	\$ (2.67)	\$ (2.28)	\$ (1.94)
Shares used in computing diluted net loss per share attributable to Sohu.com Inc.	<u>38,877</u>	<u>38,855</u>	<u>38,728</u>