

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

	Three Months Ended		
	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Revenues:			
Brand advertising	\$ 23,770	\$ 33,638	\$ 30,741
Online games	157,854	143,708	176,495
Others	11,794	15,645	14,857
Total revenues	<u>193,418</u>	<u>192,991</u>	<u>222,093</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$23, \$-115, and \$19, respectively)	23,413	24,214	24,532
Online games (includes share-based compensation expense of \$41, \$43, and \$77, respectively)	21,971	23,053	18,560
Others	3,725	4,477	3,784
Total cost of revenues	<u>49,109</u>	<u>51,744</u>	<u>46,876</u>
Gross profit	144,309	141,247	175,217
Operating expenses:			
Product development (includes share-based compensation expense of \$607, \$437, and \$1,051, respectively)	63,839	68,392	69,319
Sales and marketing (includes share-based compensation expense of \$58, \$-186, and \$59, respectively)	51,707	54,793	36,988
General and administrative (includes share-based compensation expense of \$843, \$110, and \$1,093, respectively)	16,092	20,970	18,127
Total operating expenses	<u>131,638</u>	<u>144,155</u>	<u>124,434</u>
Operating profit/(loss)	12,671	(2,908)	50,783
Other income, net	4,879	12,982	3,882
Interest income	2,593	3,359	3,861
Interest expense	-	-	(2,511)
Exchange difference	(477)	(1,150)	(1,304)
Income before income tax expense	<u>19,666</u>	<u>12,283</u>	<u>54,711</u>
Income tax expense	16,997	8,695	23,177
Net income from continuing operations	<u>2,669</u>	<u>3,588</u>	<u>31,534</u>
Net income from discontinued operations, net of tax ⁶	-	-	52,252
Net income	<u>2,669</u>	<u>3,588</u>	<u>83,786</u>
Less: Net income/(loss) from continuing operations attributable to the noncontrolling interest shareholders	<u>3</u>	<u>(1)</u>	<u>(1)</u>
Less: Net income from discontinued operations attributable to the noncontrolling interest shareholders	-	-	34,591
Net income from continuing operations attributable to Sohu.com Limited	<u>2,666</u>	<u>3,589</u>	<u>31,535</u>
Net income from discontinued operations attributable to Sohu.com Limited	-	-	17,661
Net income attributable to Sohu.com Limited	<u>2,666</u>	<u>3,589</u>	<u>49,196</u>
Basic net income from continuing operations per share/ADS attributable to Sohu.com Limited ⁷	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ 0.80</u>
Basic net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.45</u>
Basic net income per share/ADS attributable to Sohu.com Limited	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ 1.25</u>
Shares/ADSs used in computing basic net income per share/ADS attributable to Sohu.com Limited	<u>36,802</u>	<u>39,373</u>	<u>39,509</u>
Diluted net income from continuing operations per share/ADS attributable to Sohu.com Limited	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ 0.80</u>
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.44</u>
Diluted net income per share/ADS attributable to Sohu.com Limited	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ 1.24</u>
Shares/ADSs used in computing diluted net income per share/ADS attributable to Sohu.com Limited	<u>36,802</u>	<u>39,373</u>	<u>39,509</u>

⁶ Following the completion on September 23, 2021 of the transaction with Tencent related to Sogou, Sohu no longer has any ownership interest in Sogou. Unless indicated otherwise, results presented in this release exclude results from Sogou operations. For historical statements, the results of operations of Sogou and the gain from its disposal are presented in separate line items as discontinued operations.

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 Mar. 31, 2022			Three Months Ended Dec. 31, 2021			Three Months Ended Mar. 31, 2021		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 357	\$ 23 (a)	\$ 380	\$ 9,424	\$ (115) (a)	\$ 9,309	\$ 6,209	\$ 19 (a)	\$ 6,228
Brand advertising gross margin	2%		2%	28%		28%	20%		20%
Online games gross profit	\$ 135,883	\$ 41 (a)	\$ 135,924	\$ 120,655	\$ 43 (a)	\$ 120,698	\$ 157,935	\$ 77 (a)	\$ 158,012
Online games gross margin	86%		86%	84%		84%	89%		90%
Others gross profit	\$ 8,069	\$ - (a)	\$ 8,069	\$ 11,168	\$ - (a)	\$ 11,168	\$ 11,073	\$ - (a)	\$ 11,073
Others gross margin	68%		68%	71%		71%	75%		75%
Gross profit	\$ 144,309	\$ 64 (a)	\$ 144,373	\$ 141,247	\$ (72) (a)	\$ 141,175	\$ 175,217	\$ 96 (a)	\$ 175,313
Gross margin	75%		75%	73%		73%	79%		79%
Operating expenses	\$ 131,638	\$ (1,499) (a)	\$ 130,139	\$ 144,155	\$ (361) (a)	\$ 143,794	\$ 124,434	\$ (2,203) (a)	\$ 122,231
Operating profit/(loss)	\$ 12,671	\$ 1,563 (a)	\$ 14,234	\$ (2,908)	\$ 289 (a)	\$ (2,619)	\$ 50,783	\$ 2,299 (a)	\$ 53,082
Operating margin	7%		7%	-2%		-1%	23%		24%
Income tax expense	\$ 16,997	\$ 125 (b,c)	\$ 17,122	\$ 8,695	\$ (2,863) (b,c)	\$ 5,832	\$ 23,177	\$ (618) (b,c)	\$ 22,559
		1,563 (a)			289 (a)			2,299 (a)	
		4,010 (b)			(4,900) (b)			1,677 (b)	
		1,213 (c)			1,230 (c)			1,178 (c)	
Net income before non-controlling interest	\$ 2,669	\$ 6,786	\$ 9,455	\$ 3,588	\$ (3,381)	\$ 207	\$ 31,534	\$ 5,154	\$ 36,688
		1,563 (a)			289 (a)			2,299 (a)	
		4,010 (b)			(4,900) (b)			1,677 (b)	
		1,213 (c)			1,230 (c)			1,178 (c)	
Net income from continuing operations attributable to Sohu.com Limited for diluted net loss per share/ADS	\$ 2,666	\$ 6,786	\$ 9,452	\$ 3,589	\$ (3,381)	\$ 208	\$ 31,535	\$ 5,154	\$ 36,689
Net income from discontinued operations attributable to Sohu.com Limited for diluted net loss per share/ADS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,556	\$ 405	\$ 17,961
Net income attributable to Sohu.com Limited for diluted net loss per share/ADS	\$ 2,666	\$ 6,786	\$ 9,452	\$ 3,589	\$ (3,381)	\$ 208	\$ 49,091	\$ 5,559	\$ 54,650
Diluted net income from continuing operations per share/ADS attributable to Sohu.com Limited	\$ 0.07		\$ 0.26	\$ 0.09		\$ 0.01	\$ 0.80		\$ 0.93
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	\$ -		\$ -	\$ -		\$ -	\$ 0.44		\$ 0.45
Diluted net income per share/ADS attributable to Sohu.com Limited	\$ 0.07		\$ 0.26	\$ 0.09		\$ 0.01	\$ 1.24		\$ 1.38
Shares/ADSs used in computing diluted net income per share/ADS attributable to Sohu.com Limited	36,802		36,802	39,373		39,373	39,509		39,509

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 Following the completion on September 23, 2021 of the transaction with Tencent related to Sogou, Sohu no longer has any ownership interest in Sogou. Unless indicated otherwise, results presented in this release exclude results from Sogou operations. For historical statements, the results of operations of Sogou and the gain from its disposal are presented in separate line items as discontinued operations.