

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

	Three Months Ended		
	Jun. 30, 2022	Mar. 31, 2022	Jun. 30, 2021
Revenues:			
Brand advertising	\$ 24,923	\$ 23,770	\$ 36,840
Online games	157,294	157,854	151,272
Others	12,563	11,794	16,290
Total revenues	<u>194,780</u>	<u>193,418</u>	<u>204,402</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$14, \$23, and \$90, respectively)	23,964	23,413	26,770
Online games (includes share-based compensation expense of \$42, \$41, and \$78, respectively)	25,691	21,971	17,026
Others	3,345	3,725	5,518
Total cost of revenues	<u>53,000</u>	<u>49,109</u>	<u>49,314</u>
Gross profit	141,780	144,309	155,088
Operating expenses:			
Product development (includes share-based compensation expense of \$589, \$607, and \$1,228, respectively)	65,098	63,839	65,254
Sales and marketing (includes share-based compensation expense of \$33, \$58, and \$212, respectively)	53,359	51,707	45,560
General and administrative (includes share-based compensation expense of \$708, \$834, and \$1,658, respectively)	13,229	16,092	19,493
Total operating expenses	<u>131,686</u>	<u>131,638</u>	<u>130,307</u>
Operating profit	10,094	12,671	24,781
Other income, net	7,235	4,879	7,509
Interest income	3,720	2,593	4,221
Interest expense	-	-	(2,488)
Exchange difference	4,943	(477)	(1,325)
Income before income tax expense	<u>25,992</u>	<u>19,666</u>	<u>32,698</u>
Income tax expense	17,323	16,997	10,847
Net income from continuing operations	<u>8,669</u>	<u>2,669</u>	<u>21,851</u>
Net income from discontinued operations, net of tax ⁷	-	-	55,882
Net income	<u>8,669</u>	<u>2,669</u>	<u>77,733</u>
Less: Net income from continuing operations attributable to the noncontrolling interest shareholders	<u>1</u>	<u>3</u>	<u>-</u>
Less: Net income from discontinued operations attributable to the noncontrolling interest shareholders	-	-	36,994
Net income from continuing operations attributable to Sohu.com Limited	<u>8,668</u>	<u>2,666</u>	<u>21,851</u>
Net income from discontinued operations attributable to Sohu.com Limited	-	-	18,888
Net income attributable to Sohu.com Limited	<u>8,668</u>	<u>2,666</u>	<u>40,739</u>
Basic net income from continuing operations per share/ADS attributable to Sohu.com Limited ⁸	<u>\$ 0.25</u>	<u>\$ 0.07</u>	<u>\$ 0.55</u>
Basic net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.48</u>
Basic net income per share/ADS attributable to Sohu.com Limited	<u>\$ 0.25</u>	<u>\$ 0.07</u>	<u>\$ 1.03</u>
Shares/ADSs used in computing basic net income per share/ADS attributable to Sohu.com Limited	<u>34,535</u>	<u>36,802</u>	<u>39,509</u>
Diluted net income from continuing operations per share/ADS attributable to Sohu.com Limited	<u>\$ 0.25</u>	<u>\$ 0.07</u>	<u>\$ 0.55</u>
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.48</u>
Diluted net income per share/ADS attributable to Sohu.com Limited	<u>\$ 0.25</u>	<u>\$ 0.07</u>	<u>\$ 1.03</u>
Shares/ADSs used in computing diluted net income per share/ADS attributable to Sohu.com Limited	<u>34,535</u>	<u>36,802</u>	<u>39,509</u>

⁷ 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.

⁸ 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 Jun. 30, 2022			Three Months Ended Mar. 31, 2022			Three Months Ended Jun. 30, 2021		
	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 959	\$ 14 (a)	\$ 973	\$ 357	\$ 23 (a)	\$ 380	\$ 10,070	\$ 90 (a)	\$ 10,160
Brand advertising gross margin	4%		4%	2%		2%	27%		28%
Online games gross profit	\$ 131,603	\$ 42 (a)	\$ 131,645	\$ 135,883	\$ 41 (a)	\$ 135,924	\$ 134,246	\$ 78 (a)	\$ 134,324
Online games gross margin	84%		84%	86%		86%	89%		89%
Others gross profit	\$ 9,218	\$ - (a)	\$ 9,218	\$ 8,069	\$ - (a)	\$ 8,069	\$ 10,772	\$ - (a)	\$ 10,772
Others gross margin	73%		73%	68%		68%	66%		66%
Gross profit	\$ 141,780	\$ 56 (a)	\$ 141,836	\$ 144,309	\$ 64 (a)	\$ 144,373	\$ 155,088	\$ 168 (a)	\$ 155,256
Gross margin	73%		73%	75%		75%	76%		76%
Operating expenses	\$ 131,686	\$ (1,330) (a)	\$ 130,356	\$ 131,638	\$ (1,499) (a)	\$ 130,139	\$ 130,307	\$ (3,098) (a)	\$ 127,209
Operating profit	\$ 10,094	\$ 1,386 (a)	\$ 11,480	\$ 12,671	\$ 1,563 (a)	\$ 14,234	\$ 24,781	\$ 3,266 (a)	\$ 28,047
Operating margin	5%		6%	7%		7%	12%		14%
Income tax expense	\$ 17,323	\$ (1,405) (b,c)	\$ 15,918	\$ 16,997	\$ 125 (b,c)	\$ 17,122	\$ 10,847	\$ (1,755) (b,c)	\$ 9,092
		1,386 (a)			1,563 (a)			3,266 (a)	
		734 (b)			4,010 (b)			(1,673) (b)	
		1,649 (c)			1,213 (c)			1,198 (c)	
		- (d)			- (d)			156 (d)	
Net income before non-controlling interest	\$ 8,669	\$ 3,769	\$ 12,438	\$ 2,669	\$ 6,786	\$ 9,455	\$ 21,851	\$ 2,947	\$ 24,798
		1,386 (a)			1,563 (a)			3,266 (a)	
		734 (b)			4,010 (b)			(1,673) (b)	
		1,649 (c)			1,213 (c)			1,198 (c)	
		- (d)			- (d)			156 (d)	
Net income from continuing operations attributable to Sohu.com Limited for diluted net income per share/ADS	\$ 8,668	\$ 3,769	\$ 12,437	\$ 2,666	\$ 6,786	\$ 9,452	\$ 21,851	\$ 2,947	\$ 24,798
Net income from discontinued operations attributable to Sohu.com Limited for diluted net income per share/ADS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,776	\$ 493	\$ 19,269
Net income attributable to Sohu.com Limited for diluted net income per share/ADS	\$ 8,668	\$ 3,769	\$ 12,437	\$ 2,666	\$ 6,786	\$ 9,452	\$ 40,627	\$ 3,440	\$ 44,067
Diluted net income from continuing operations per share/ADS attributable to Sohu.com Limited	\$ 0.25		\$ 0.36	\$ 0.07		\$ 0.26	\$ 0.55		\$ 0.63
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	\$ -		\$ -	\$ -		\$ -	\$ 0.48		\$ 0.49
Diluted net income per share/ADS attributable to Sohu.com Limited	\$ 0.25		\$ 0.36	\$ 0.07		\$ 0.26	\$ 1.03		\$ 1.12
Shares/ADSs used in computing diluted net income per share/ADS attributable to Sohu.com Limited	34,535		34,535	36,802		36,802	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.
- (d) To adjust for an impairment charge recognized for an investment unrelated to the Company's core businesses

⁹ 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.