

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

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2022	Sep. 30, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Revenues:					
Brand advertising	\$ 28,778	\$ 25,762	\$ 33,638	\$ 103,233	\$ 134,967
Online games	121,381	148,895	143,708	585,424	638,225
Others	10,241	10,617	15,645	45,215	62,384
Total revenues	<u>160,400</u>	<u>185,274</u>	<u>192,991</u>	<u>733,872</u>	<u>835,576</u>
Cost of revenues:					
Brand advertising (includes share-based compensation expense of \$-8, \$19, \$-115, \$48, and \$1, respectively) ⁶	14,020	25,245	24,214	86,642	99,522
Online games (includes share-based compensation expense of \$18, \$42, \$43, \$143, and \$276, respectively)	18,888	24,451	23,053	91,001	87,616
Others	2,888	3,972	4,477	13,930	17,533
Total cost of revenues	<u>35,796</u>	<u>53,668</u>	<u>51,744</u>	<u>191,573</u>	<u>204,671</u>
Gross profit	124,604	131,606	141,247	542,299	630,905
Operating expenses:					
Product development (includes share-based compensation expense of \$217, \$613, \$437, \$2,026, and \$3,904, respectively)	67,147	64,688	68,392	260,772	268,863
Sales and marketing (includes share-based compensation expense of \$-21, \$58, \$-186, \$128, and \$168, General and administrative (includes share-based compensation expense of \$332, \$720, \$110, \$2,594, and \$4,229, respectively))	47,067	73,347	54,793	225,480	182,690
Total operating expenses	<u>15,970</u>	<u>11,629</u>	<u>20,970</u>	<u>56,920</u>	<u>81,880</u>
Total operating expenses	<u>130,184</u>	<u>149,664</u>	<u>144,155</u>	<u>543,172</u>	<u>533,433</u>
Operating profit/(loss)	(5,580)	(18,058)	(2,908)	(873)	97,472
Other income, net	779	4,750	12,982	17,643	29,416
Interest income	6,190	4,808	3,359	17,311	15,641
Interest expense	-	-	-	-	(7,500)
Exchange difference	(1,071)	3,129	(1,150)	6,524	(3,462)
Income/(loss) before income tax expense	318	(5,371)	12,283	40,605	131,567
Income tax expense	7,413	16,213	8,695	57,946	62,296
Net income/(loss) from continuing operations	<u>(7,095)</u>	<u>(21,584)</u>	<u>3,588</u>	<u>(17,341)</u>	<u>69,271</u>
Net income from discontinued operations, net of tax ⁷	-	-	-	-	864,902
Net income/(loss)	<u>(7,095)</u>	<u>(21,584)</u>	<u>3,588</u>	<u>(17,341)</u>	<u>934,173</u>
Less: Net income/(loss) from continuing operations attributable to the noncontrolling interest shareholders	(1)	(1)	(1)	2	(3)
Less: Net loss from discontinued operations attributable to the noncontrolling interest shareholders	-	-	-	-	6,451
Net income/(loss) from continuing operations attributable to Sohu.com Limited	<u>(7,094)</u>	<u>(21,583)</u>	<u>3,589</u>	<u>(17,343)</u>	<u>69,274</u>
Net income from discontinued operations attributable to Sohu.com Limited	-	-	-	-	858,451
Net income/(loss) attributable to Sohu.com Limited	<u>(7,094)</u>	<u>(21,583)</u>	<u>3,589</u>	<u>(17,343)</u>	<u>927,725</u>
Basic net income/(loss) from continuing operations per share/ADS attributable to Sohu.com Limited ⁸	<u>\$ (0.21)</u>	<u>\$ (0.63)</u>	<u>\$ 0.09</u>	<u>\$ (0.50)</u>	<u>\$ 1.75</u>
Basic net income from discontinued operations per share/ADS attributable to Sohu.com Limited	-	-	-	-	21.74
Basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.21)</u>	<u>\$ (0.63)</u>	<u>\$ 0.09</u>	<u>\$ (0.50)</u>	<u>\$ 23.49</u>
Shares/ADSs used in computing basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,091</u>	<u>34,387</u>	<u>39,373</u>	<u>34,945</u>	<u>39,501</u>
Diluted net income/(loss) from continuing operations per share/ADS attributable to Sohu.com Limited	<u>\$ (0.21)</u>	<u>\$ (0.63)</u>	<u>\$ 0.09</u>	<u>\$ (0.50)</u>	<u>\$ 1.75</u>
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	-	-	-	-	21.74
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.21)</u>	<u>\$ (0.63)</u>	<u>\$ 0.09</u>	<u>\$ (0.50)</u>	<u>\$ 23.49</u>
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,091</u>	<u>34,387</u>	<u>39,373</u>	<u>34,945</u>	<u>39,501</u>

⁶ The cost of brand advertising revenues for the fourth quarter of 2022 included a waiver of unpaid long-term accounts payable of approximately US\$10 million recognized during the quarter.

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 Dec. 31, 2022			Three Months Ended Sep. 30, 2022			Three Months Ended Dec. 31, 2021		
	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 14,758	(8) (a)	\$ 14,750	\$ 517	19 (a)	\$ 536	\$ 9,424	(115) (a)	\$ 9,309
Brand advertising gross margin	<u>51%</u>	<u>(8)</u>	<u>51%</u>	<u>2%</u>	<u>19</u>	<u>2%</u>	<u>28%</u>	<u>(115)</u>	<u>28%</u>
Online games gross profit	\$ 102,493	18 (a)	\$ 102,511	\$ 124,444	42 (a)	\$ 124,486	\$ 120,655	43 (a)	\$ 120,698
Online games gross margin	<u>84%</u>	<u>18</u>	<u>84%</u>	<u>84%</u>	<u>42</u>	<u>84%</u>	<u>84%</u>	<u>43</u>	<u>84%</u>
Others gross profit	\$ 7,353	- (a)	\$ 7,353	\$ 6,645	- (a)	\$ 6,645	\$ 11,168	- (a)	\$ 11,168
Others gross margin	<u>72%</u>	<u>-</u>	<u>72%</u>	<u>63%</u>	<u>-</u>	<u>63%</u>	<u>71%</u>	<u>-</u>	<u>71%</u>
Gross profit	\$ 124,604	10 (a)	\$ 124,614	\$ 131,606	61 (a)	\$ 131,667	\$ 141,247	(72) (a)	\$ 141,175
Gross margin	<u>78%</u>	<u>10</u>	<u>78%</u>	<u>71%</u>	<u>61</u>	<u>71%</u>	<u>73%</u>	<u>(72)</u>	<u>73%</u>
Operating expenses	\$ 130,184	(528) (a)	\$ 129,656	\$ 149,664	(1,391) (a)	\$ 148,273	\$ 144,155	(361) (a)	\$ 143,794
Operating loss	\$ (5,580)	538 (a)	\$ (5,042)	\$ (18,058)	1,452 (a)	\$ (16,606)	\$ (2,908)	289 (a)	\$ (2,619)
Operating margin	<u>-3%</u>	<u>538</u>	<u>-3%</u>	<u>-10%</u>	<u>1,452</u>	<u>-9%</u>	<u>-2%</u>	<u>289</u>	<u>-1%</u>
Income tax expense	\$ 7,413	(1,954) (c,d)	\$ 5,459	\$ 16,213	(1,884) (c,d)	\$ 14,329	\$ 8,695	(2,863) (c,d)	\$ 5,832
Net income/(loss) before non-controlling interest	\$ (7,095)	538 (a) 2,442 (b) (610) (c) 2,564 (d)	\$ (2,161)	\$ (21,584)	1,452 (a) 891 (b) (224) (c) 2,108 (d)	\$ (17,357)	\$ 3,588	289 (a) (6,532) (b) 1,632 (c) 1,230 (d)	\$ 207
Net income/(loss) attributable to Sohu.com Limited for diluted net income/(loss) per share/ADS	\$ (7,094)	4,934	\$ (2,160)	\$ (21,583)	4,227	\$ (17,356)	\$ 3,589	(3,381)	\$ 208
Diluted net income/(loss) per share/ADS attributable to Sohu.com Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	\$ (0.21)		\$ (0.06)	\$ (0.63)		\$ (0.50)	\$ 0.09		\$ 0.01
	<u>34,091</u>		<u>34,091</u>	<u>34,387</u>		<u>34,387</u>	<u>39,373</u>		<u>39,373</u>

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.

SOHU.COM LIMITED
RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATION MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Twelve Months Ended Dec. 31, 2022			Twelve Months Ended Dec. 31, 2021		
	GAAP	Non-GAAP Adjustment	Non- GAAP	GAAP	Non-GAAP Adjustment	Non- GAAP
Brand advertising gross profit	\$ 16,591	\$ 48 (a)	\$ 16,639	\$ 35,445	\$ 1 (a)	\$ 35,446
Brand advertising gross margin	<u>16%</u>		<u>16%</u>	<u>26%</u>		<u>26%</u>
Online games gross profit	\$ 494,423	\$ 143 (a)	\$ 494,566	\$ 550,609	\$ 276 (a)	\$ 550,885
Online games gross margin	<u>84%</u>		<u>84%</u>	<u>86%</u>		<u>86%</u>
Others gross profit	\$ 31,285	\$ - (a)	\$ 31,285	\$ 44,851	\$ - (a)	\$ 44,851
Others gross margin	<u>69%</u>		<u>69%</u>	<u>72%</u>		<u>72%</u>
Gross profit	\$ 542,299	\$ 191 (a)	\$ 542,490	\$ 630,905	\$ 277 (a)	\$ 631,182
Gross margin	<u>74%</u>		<u>74%</u>	<u>76%</u>		<u>76%</u>
Operating expenses	\$ 543,172	\$ (4,748) (a)	\$ 538,424	\$ 533,433	\$ (8,301) (a)	\$ 525,132
Operating profit/(loss)	\$ (873)	\$ 4,939 (a)	\$ 4,066	\$ 97,472	\$ 8,578 (a)	\$ 106,050
Operating margin	<u>0%</u>		<u>1%</u>	<u>12%</u>		<u>13%</u>
Income tax expense	\$ 57,946	\$ (5,118) (c,d)	\$ 52,828	\$ 62,296	\$ (6,101) (c,d)	\$ 56,195
Net income/(loss) before non-controlling interest	\$ (17,341)	\$ 19,716	\$ 2,375	\$ 69,271	\$ 9,733	\$ 79,004
		4,939 (a)		8,578 (a)		
		9,659 (b)		(5,102) (b)		
		(2,416) (c)		1,274 (c)		
		7,534 (d)		4,827 (d)		
		-		156 (e)		
Net income/(loss) from continuing operations attributable to Sohu.com Limited for diluted net income/(loss) per ADS	\$ (17,343)	\$ 19,716	\$ 2,373	\$ 69,274	\$ 9,733	\$ 79,007
Net income from discontinued operations attributable to Sohu.com Limited for diluted net income per ADS ⁹	\$ -	\$ -	\$ -	\$ 858,431	1,216	\$ 859,647
Net income/(loss) attributable to Sohu.com Limited for diluted net income/(loss) per	\$ (17,343)	\$ 19,716	\$ 2,373	\$ 927,705	10,949	\$ 938,654
Diluted net income/(loss) from continuing operations per ADS attributable to Sohu.com Limited	\$ (0.50)		\$ 0.07	\$ 1.75		\$ 2.00
Diluted net income from discontinued operations per ADS attributable to Sohu.com	\$ -		-	\$ 21.74		\$ 21.76
Diluted net income/(loss) per ADS attributable to Sohu.com Limited ADS used in computing diluted net income/(loss) per ADS attributable to Sohu.com Limited	\$ (0.50)		0.07	\$ 23.49		\$ 23.76
	<u>34,945</u>		<u>34,945</u>	<u>39,501</u>		<u>39,501</u>

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 U.S. TCJA.
- (e) To adjust for the one-time 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.