

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

	Three Months Ended		
	Sep. 30, 2022	Jun. 30, 2022	Sep. 30, 2021
Revenues:			
Brand advertising	\$ 25,762	\$ 24,923	\$ 33,748
Online games	148,895	157,294	166,750
Others	10,617	12,563	15,592
Total revenues	<u>185,274</u>	<u>194,780</u>	<u>216,090</u>
Cost of revenues:			
Brand advertising (includes share-based compensation expense of \$19, \$14, and \$7, respectively)	25,245	23,964	24,006
Online games (includes share-based compensation expense of \$42, \$42, and \$78, respectively)	24,451	25,691	28,977
Others	3,972	3,345	3,754
Total cost of revenues	<u>53,668</u>	<u>53,000</u>	<u>56,737</u>
Gross profit	131,606	141,780	159,353
Operating expenses:			
Product development (includes share-based compensation expense of \$613, \$589, and \$1,188, respectively)	64,688	65,098	65,898
Sales and marketing (includes share-based compensation expense of \$58, \$33, and \$83, respectively)	73,347	53,359	45,349
General and administrative (includes share-based compensation expense of \$720, \$708, and \$1,368, respectively)	11,629	13,229	23,290
Total operating expenses	<u>149,664</u>	<u>131,686</u>	<u>134,537</u>
Operating profit/(loss)	(18,058)	10,094	24,816
Other income, net	4,750	7,235	5,043
Interest income	4,808	3,720	4,200
Interest expense	-	-	(2,501)
Exchange difference	3,129	4,943	317
Income/(loss) before income tax expense	<u>(5,371)</u>	<u>25,992</u>	<u>31,875</u>
Income tax expense	16,213	17,323	19,577
Net income/(loss) from continuing operations	<u>(21,584)</u>	<u>8,669</u>	<u>12,298</u>
Net income from discontinued operations, net of tax ⁷	-	-	756,768
Net income/(loss)	<u>(21,584)</u>	<u>8,669</u>	<u>769,066</u>
Less: Net income/(loss) from continuing operations attributable to the noncontrolling interest shareholders	(1)	1	(1)
Less: Net loss from discontinued operations attributable to the noncontrolling interest shareholders	-	-	(65,134)
Net income/(loss) from continuing operations attributable to Sohu.com Limited	<u>(21,583)</u>	<u>8,668</u>	<u>12,299</u>
Net income from discontinued operations attributable to Sohu.com Limited	-	-	821,902
Net income/(loss) attributable to Sohu.com Limited	<u>(21,583)</u>	<u>8,668</u>	<u>834,201</u>
Basic net income/(loss) from continuing operations per share/ADS attributable to Sohu.com Limited ⁸	<u>\$ (0.63)</u>	<u>\$ 0.25</u>	<u>\$ 0.31</u>
Basic net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20.75</u>
Basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.63)</u>	<u>\$ 0.25</u>	<u>\$ 21.06</u>
Shares/ADSs used in computing basic net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,387</u>	<u>34,535</u>	<u>39,614</u>
Diluted net income/(loss) from continuing operations per share/ADS attributable to Sohu.com Limited	<u>\$ (0.63)</u>	<u>\$ 0.25</u>	<u>\$ 0.31</u>
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20.75</u>
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>\$ (0.63)</u>	<u>\$ 0.25</u>	<u>\$ 21.06</u>
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	<u>34,387</u>	<u>34,535</u>	<u>39,614</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 Sep. 30, 2022			Three Months Ended Jun. 30, 2022			Three Months Ended Sep. 30, 2021		
	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustment	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 517	\$ 19 (a)	\$ 536	\$ 959	\$ 14 (a)	\$ 973	\$ 9,742	\$ 7 (a)	\$ 9,749
Brand advertising gross margin	2%		2%	4%		4%	29%		29%
Online games gross profit	\$ 124,444	\$ 42 (a)	\$ 124,486	\$ 131,603	\$ 42 (a)	\$ 131,645	\$ 137,773	\$ 78 (a)	\$ 137,851
Online games gross margin	84%		84%	84%		84%	83%		83%
Others gross profit	\$ 6,645	\$ - (a)	\$ 6,645	\$ 9,218	\$ - (a)	\$ 9,218	\$ 11,838	\$ - (a)	\$ 11,838
Others gross margin	63%		63%	73%		73%	76%		76%
Gross profit	\$ 131,606	\$ 61 (a)	\$ 131,667	\$ 141,780	\$ 56 (a)	\$ 141,836	\$ 159,353	\$ 85 (a)	\$ 159,438
Gross margin	71%		71%	73%		73%	74%		74%
Operating expenses	\$ 149,664	\$ (1,391) (a)	\$ 148,273	\$ 131,686	\$ (1,330) (a)	\$ 130,356	\$ 134,537	\$ (2,639) (a)	\$ 131,898
Operating profit/(loss)	\$ (18,058)	\$ 1,452 (a)	\$ (16,606)	\$ 10,094	\$ 1,386 (a)	\$ 11,480	\$ 24,816	\$ 2,724 (a)	\$ 27,540
Operating margin	-10%		-9%	5%		6%	11%		13%
Income tax expense	\$ 16,213	\$ (1,884) (b,c)	\$ 14,329	\$ 17,323	\$ (1,405) (b,c)	\$ 15,918	\$ 19,577	\$ (865) (b,c)	\$ 18,712
Net income/(loss) before non-controlling interest	\$ (21,584)	\$ 4,227	\$ (17,357)	\$ 8,669	\$ 3,769	\$ 12,438	\$ 12,298	\$ 5,013	\$ 17,311
Net income/(loss) from continuing operations attributable to Sohu.com Limited for diluted net income per share/ADS	\$ (21,583)	\$ 4,227	\$ (17,356)	\$ 8,668	\$ 3,769	\$ 12,437	\$ 12,299	\$ 5,013	\$ 17,312
Net income from discontinued operations attributable to Sohu.com Limited for diluted net income per share/ADS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 821,902	\$ 320	\$ 822,222
Net income/(loss) per share/ADS	\$ (21,583)	\$ 4,227	\$ (17,356)	\$ 8,668	\$ 3,769	\$ 12,437	\$ 834,201	\$ 5,333	\$ 839,534
Diluted net income/(loss) from continuing operations per share/ADS attributable to Sohu.com Limited	\$ (0.63)	\$ (0.50)	\$ 0.25	\$ 0.36	\$ 0.31	\$ 0.44	\$ 20.75	\$ 21.19	\$ 21.19
Diluted net income from discontinued operations per share/ADS attributable to Sohu.com Limited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.75	\$ 21.19	\$ 21.19
Diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	\$ (0.63)	\$ (0.50)	\$ 0.25	\$ 0.36	\$ 0.36	\$ 21.06	\$ 21.06	\$ 21.19	\$ 21.19
Shares/ADSs used in computing diluted net income/(loss) per share/ADS attributable to Sohu.com Limited	34,387	34,387	34,387	34,535	34,535	34,535	39,614	39,614	39,614

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.

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.