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**CHANGYOU.COM LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED, IN THOUSANDS EXCEPT PER ADS AMOUNTS)**

	Three Months Ended		
	Jun. 30, 2019	Mar. 31, 2019	Jun. 30, 2018
<b>Revenue:</b>			
Online game	\$ 102,147	\$ 99,054	\$ 94,252
Online advertising	4,022	3,382	5,550
Cinema advertising	12,540	20,109	11,604
IVAS	-	763	1,421
Total revenue	<u>118,709</u>	<u>123,308</u>	<u>112,827</u>
<b>Cost of revenue:</b>			
Online game (includes share-based compensation expense/ (benefit) of \$(17), \$0 and \$(23), respectively)	18,163	14,362	14,463
Online advertising	1,293	1,194	1,233
Cinema advertising	18,686	18,683	21,355
IVAS	150	1,043	1,340
Total cost of revenue	<u>38,292</u>	<u>35,282</u>	<u>38,391</u>
<b>Gross profit</b>	<b>80,417</b>	<b>88,026</b>	<b>74,436</b>
<b>Operating expenses:</b>			
Product development (includes share-based compensation expense/ (benefit) of \$(926), \$0 and \$(1,717), respectively)	30,372	30,961	28,481
Sales and marketing (includes share-based compensation expense/ (benefit) of \$(283), \$0 and \$(378), respectively)	13,707	10,579	14,341
General and administrative (includes share-based compensation expense/ (benefit) of \$(639), \$9 and \$(2,314), respectively)	23,228	5,311	5,919
Total operating expenses	<u>67,307</u>	<u>46,851</u>	<u>48,741</u>
<b>Operating profit</b>	<b>13,110</b>	<b>41,175</b>	<b>25,695</b>
Interest income, net	3,782	2,473	6,772
Foreign currency exchange gain	1,022	137	2,279
Other income, net	1,884	3,609	5,111
<b>Income before income tax expense</b>	<b>19,798</b>	<b>47,394</b>	<b>39,857</b>
Income tax expense	3,598	10,698	7,774
<b>Net income</b>	<b>16,200</b>	<b>36,696</b>	<b>32,083</b>
Less: Net loss attributable to non-controlling interests	(74)	(203)	(22)
<b>Net income attributable to Changyou.com Limited</b>	<b>\$ 16,274</b>	<b>\$ 36,899</b>	<b>\$ 32,105</b>
Basic net income attributable to Changyou.com Limited per ADS	<u>\$ 0.30</u>	<u>\$ 0.69</u>	<u>\$ 0.60</u>
ADSs used in computing basic net income attributable to Changyou.com Limited per ADS	<u>53,464</u>	<u>53,251</u>	<u>53,158</u>
Diluted net income attributable to Changyou.com Limited per ADS	<u>\$ 0.30</u>	<u>\$ 0.69</u>	<u>\$ 0.60</u>
ADSs used in computing diluted net income attributable to Changyou.com Limited per ADS	<u>53,673</u>	<u>53,665</u>	<u>53,610</u>



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CHANGYOU.COM LIMITED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED, IN THOUSANDS)

	<u>As of Jun. 30, 2019</u>	<u>As of Dec. 31, 2018</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 131,907	\$ 454,534
Restricted cash	4,766	4,775
Accounts receivable, net	40,686	57,389
Short-term investments	80,200	190,068
Prepaid and other current assets	<u>1,288,614</u>	<u>721,059</u>
<b>Total current assets</b>	<b><u>1,546,173</u></b>	<b><u>1,427,825</u></b>
<b>Non-current assets:</b>		
Fixed assets, net	166,154	170,746
Goodwill	10,257	10,257
Intangible assets, net	10,678	13,904
Deferred tax assets	14,601	13,467
Restricted time deposits	-	243,910
Other assets, net	<u>29,246</u>	<u>85,375</u>
<b>Total non-current assets</b>	<b><u>230,936</u></b>	<b><u>537,659</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,777,109</u></b>	<b><u>\$ 1,965,484</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Receipts in advance and deferred revenue	\$ 42,775	\$ 45,343
Accounts payable and accrued liabilities	1,230,614	753,071
Tax payables	<u>25,172</u>	<u>18,211</u>
<b>Total current liabilities</b>	<b><u>1,298,561</u></b>	<b><u>816,625</u></b>
<b>Long-term liabilities:</b>		
Deferred tax liabilities	87,910	83,026
Long-term tax payable	13,415	13,438
Long-term bank loans	-	220,000
Other long-term liabilities	<u>2,044</u>	<u>751</u>
<b>Total long-term liabilities</b>	<b><u>103,369</u></b>	<b><u>317,215</u></b>
<b>Total liabilities</b>	<b><u>1,401,930</u></b>	<b><u>1,133,840</u></b>
<b>SHAREHOLDERS' EQUITY</b>		
Changyou.com Limited shareholders' equity	373,547	829,735
Non-controlling interests	<u>1,632</u>	<u>1,909</u>
<b>Total shareholders' equity</b>	<b><u>375,179</u></b>	<b><u>831,644</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 1,777,109</u></b>	<b><u>\$ 1,965,484</u></b>

**CHANGYOU.COM LIMITED**  
**RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST**  
**COMPARABLE GAAP MEASURES**  
**(UNAUDITED, IN THOUSANDS, EXCEPT PER ADS AMOUNTS)**

	<u>Three Months Ended Jun. 30, 2019</u>		
	<u>Non-GAAP adjustments (a)</u>		
	<u>GAAP</u>	<u>Share-based compensation expense (b)</u>	<u>Non-GAAP</u>
Online game gross profit	\$ 83,984	(17)	83,967
Online advertising gross profit	2,729	-	2,729
Cinema advertising gross loss	(6,146)	-	(6,146)
IVAS gross loss	(150)	-	(150)
Gross profit	<u>\$ 80,417</u>	<u>(17)</u>	<u>80,400</u>
Gross margin	68%		68%
Operating expenses	67,307	1,848	69,155
Operating profit	<u>\$ 13,110</u>	<u>(1,865)</u>	<u>11,245</u>
Operating margin	11%		9%
Income tax expense	3,598		3,598
Net income	<u>\$ 16,200</u>	<u>(1,865)</u>	<u>14,335</u>
Less: Net loss attributable to non-controlling interests	(74)	-	(74)
Net income attributable to Changyou.com Limited	<u>\$ 16,274</u>	<u>(1,865)</u>	<u>14,409</u>
Net margin attributable to Changyou.com Limited	14%		12%
Diluted net income attributable to Changyou.com Limited per ADS	<u>\$ 0.30</u>		<u>0.27</u>
ADSs used in computing diluted net income attributable to Changyou.com Limited per ADS	<u>53,673</u>		<u>53,681</u>

Note:

(a) The Non-GAAP adjustment does not have an impact on income tax expense.

(b) To eliminate share-based compensation expense measured using the fair value method. The downward adjustment of share-based compensation expense was a result of fluctuations in the market price for the Company's ADS.

**CHANGYOU.COM LIMITED**  
**RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST**  
**COMPARABLE GAAP MEASURES**  
**(UNAUDITED, IN THOUSANDS, EXCEPT PER ADS AMOUNTS)**

	<b>Three Months Ended Mar. 31, 2019</b>		
	<b>Non-GAAP adjustments (a)</b>		
	<b>GAAP</b>	<b>Share-based compensation expense (b)</b>	<b>Non-GAAP</b>
Online game gross profit	\$ 84,692	-	84,692
Online advertising gross profit	2,188	-	2,188
Cinema advertising gross profit	1,426	-	1,426
IVAS gross loss	(280)	-	(280)
Gross profit	<u>\$ 88,026</u>	<u>-</u>	<u>88,026</u>
Gross margin	71%		71%
Operating expenses	46,851	(9)	46,842
Operating profit	<u>\$ 41,175</u>	<u>9</u>	<u>41,184</u>
Operating margin	33%		33%
Income tax expense	10,698		10,698
Net income	<u>\$ 36,696</u>	<u>9</u>	<u>36,705</u>
Less: Net loss attributable to non-controlling interests	(203)	-	(203)
Net income attributable to Changyou.com Limited	<u>\$ 36,899</u>	<u>9</u>	<u>36,908</u>
Net margin attributable to Changyou.com Limited	30%		30%
Diluted net income attributable to Changyou.com Limited per ADS	<u>\$ 0.69</u>		<u>0.69</u>
ADSS used in computing diluted net income attributable to Changyou.com Limited per ADS	<u>53,665</u>		<u>53,680</u>

**CHANGYOU.COM LIMITED**  
**RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST**  
**COMPARABLE GAAP MEASURES**  
**(UNAUDITED, IN THOUSANDS, EXCEPT PER ADS AMOUNTS)**

	<b>Three Months Ended Jun. 30, 2018</b>		
	<b>Non-GAAP adjustments (a)</b>		
	<b>GAAP</b>	<b>Share-based compensation expense (b)</b>	<b>Non-GAAP</b>
Online game gross profit	\$ 79,789	(23)	79,766
Online advertising gross profit	4,317	-	4,317
Cinema advertising gross loss	(9,751)	-	(9,751)
IVAS gross profit	81	-	81
Gross profit	<u>\$ 74,436</u>	<u>(23)</u>	<u>74,413</u>
Gross margin	66%		66%
Operating expenses	48,741	4,409	53,150
Operating profit	<u>\$ 25,695</u>	<u>(4,432)</u>	<u>21,263</u>
Operating margin	23%		19%
Income tax expense	7,774		7,774
Net loss	<u>\$ 32,083</u>	<u>(4,432)</u>	<u>27,651</u>
Less: Net loss attributable to non-controlling interests	(22)	-	(22)
Net income attributable to Changyou.com Limited	<u>\$ 32,105</u>	<u>(4,432)</u>	<u>27,673</u>
Net margin attributable to Changyou.com Limited	28%		25%
Diluted net income attributable to Changyou.com Limited per ADS	<u>\$ 0.60</u>		<u>0.52</u>
ADSS used in computing diluted net income attributable to Changyou.com Limited per ADS	<u>53,610</u>		<u>53,695</u>