

# **Match.com International Limited**

## **Strategic Report, Directors' Report and Financial Statements**

Year ended 31 December 2019

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## Company information

### Directors

P Eigenmann

J Sine

A Willis

### Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

### Bankers

JP Morgan

25 Bank Street

Canary Wharf

E14 5JP

### Registered Office

C/O Skadden

40 Bank Street

Canary Wharf

London E14 5DS

## Strategic report

### Principal activities

Match.com provides users with access to other users' personal profiles and also enables a user interested in meeting another user to send e-mail messages to that user through Match.com's double-blind anonymous e-mail system. E-mail recipients respond depending on their interest in the sender. It is free to post a profile on Match.com and to use any of the searching and matching tools available on the site. Match.com charges subscription fees to users who wish to initiate or respond to an e-mail from a Match.com member, starting with a single month term, with discounts for longer term subscription.

Match.com has entered into partnerships and strategic alliances with third parties in order to increase subscriptions in general, as well as to target particular segments of its potential subscriber base. Typically, these partners earn a commission on each customer subscription they sell into the Match.com service.

### Review of business

In August 2019, the Company received payment for an intercompany loan receivable of €7,046,913 from Match.com Foreign Holdings Limited ("MFH").

### Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2019	2018	Change
	£000	£000	%
Total Turnover	26,449	29,168	(9)%
Operating (loss) profit before taxation	4,601	(46,805)	NM

NM = not meaningful

Turnover has decreased primarily due to a decrease in average subscribers from 2018 to 2019.

The loss on ordinary activities, before taxation, turned to profit on ordinary activities primarily due to the impairment of investments and intangible assets in 2018. An impairment analysis was performed related to the 2018 balance. A non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

### Principal risks and uncertainties

The Company is reliant upon its ability to attract users to its websites, encourage such users to register on its website and ultimately to convert these registered users to subscribing members. This is contingent on the effectiveness of on-line and off-line advertising, the quality of the company's websites and applications, and the Company's ability to maintain productive relationships with its affiliate networks. No assurances can be provided that the Company will continue to be able to effectively attract registered users to their websites and applications and convert such registered users to subscribing members. Failure to do so would adversely affect the Company's business, financial condition and results of operations. The subsidiaries manage this risk by monitoring site performance on an ongoing basis, providing a range of value added services to its subscribers and providing excellent customer service.

The Directors have reviewed the potential implications associated with the pending departure of the United Kingdom from the European Union and do not believe there to be any risks to the operations of the Company.

## Strategic report (continued)

### Impacts of Brexit

At regular intervals since the referendum in 2016, the company has identified business risks arising from the UK's exit from the European Union. Based on what the company knows to date and given many continuing uncertainties surrounding Brexit, the company believes that it has mitigated the identified risks as best it can in the circumstances. Management has reviewed the likely staffing impacts, software requirements and tax reporting requirements used in the company's operations and have appropriately addressed these risks to the extent possible.

### Impacts of the Coronavirus

In January 2020, an outbreak of a new strain of Coronavirus, COVID-19, was identified. The virus has spread globally including the UK and Europe and the World Health Organisation (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments, including the UK government, have imposed restrictions to reduce the risk of further spread of the disease – closing borders, ordering home quarantine, and cancelling public events. The company is a provider of online dating services and has continued to provide these services subsequent to the year end, however the company has seen a decline in the number of subscribers impacting revenue as a result of the pandemic. Whilst it is expected that the unprecedented situation will be temporary, there could be a long period of business interruption during which the revenues, profitability, and cashflows of the company could be negatively impacted.

Therefore as part of the ongoing monitoring management have identified the COVID-19 outbreak as a risk that could cause significant disruption to the company. Match Group, Inc., the ultimate parent company, has fared well through the pandemic with group revenues and operating income increasing from comparable periods a year prior. Match Group, Inc. reporting operating cash flow of over \$500 million for the nine months ended September, 30, 2020 along with global cash on hand of approximately \$400 million. The company is dependent on continued support from the ultimate parent company, referred to further in the going concern statement.

### Ultimate Parent Company


On 30 June 2020 the companies formerly known as Match Group, Inc. (referred to as "Former Match Group") and IAC/InterActiveCorp (referred to as "Former IAC") completed the separation of Former Match Group from IAC through a series of transactions that resulted in two, separate public companies — (1) Match Group, Inc., which consists of the businesses of Former Match Group and certain financing subsidiaries previously owned by Former IAC, and (2) IAC/InterActiveCorp, formerly known as IAC Holdings, Inc. ("IAC"), consisting of Former IAC's businesses other than Match Group (the "Separation"). After the Separation, the Company's ultimate parent is Match Group, Inc.

## Strategic report (continued)

### Financial Risk Management

The Company's activities expose it to liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors. The Company does not use derivative financial instruments for speculative purposes. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company obtain loans from the group undertakings. In addition, the Company aims to mitigate the risks associated with its liquidity by managing cash generation by its subsidiary operations and cash collection targets to ensure sufficient cash flows are available for repayment of liabilities when they become due.

### ON BEHALF OF THE BOARD:

DocuSigned by:  
  
865E318E7FA34B5  
\_\_\_\_\_  
P. Eigenmann  
Director

Date: 21 December 2020

## Directors' report

The directors present their report with the audited financial statements for the year ended 31 December 2019.

### Results and dividends

The net profit for the year after taxation amounted to £4,474,000 (2018 - loss of £46,773,000). No dividends were distributed for the year ended 31 December 2019.

### Directors

The current directors are shown on page 1.

### Going concern

The ultimate parent company, Match Group, Inc. has agreed to provide continued support to the company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of approval of these financial statements to the extent that the company is unable to meet its liabilities.

Match Group, Inc. released its Q3 2020 results on 5 November 2020, which included increases in revenue and operating income over the comparable prior year period, operating cash flow of over \$500 million for the nine months ended 30 September 2020, and cash on hand of approximately \$400 million. Based on this information and on enquiries, the Directors believe that the Ultimate parent company, Match Group, Inc. has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent company, and their assessment of the impact on the Company summarised in the post balance sheet events in the strategic report, the Directors are of the view, to the best of their knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Future Developments

In 2020, the company will continue executing its strategy by strengthening the operational, technical and marketing synergies between Match.Com (US) and Meetic S.A.S, its parent company. It will fully benefit from the results of actions implemented throughout 2019 and the knowledge acquired. In particular, the company will continue to benefit from the expertise of Match.Com for the optimisation of its products and the improvement of websites in order to improve monetisation rates on online group services.

By implementing these synergies, Match.Com (US), Meetic S.A.S and Match.Com International Limited are ideally positioned to capture new growth opportunities and to continue to offer their customers the level of innovation and service that has made the reputation of those three companies.

### Financial Instruments

The company finances its activities with trade receivables: cash is collected several times per month coming from a high number of individual clients. The company has implemented a prudent financing strategy based, in particular, on investment of its excess cash in riskless financial investments. The company's policy is to allocate its investments on monetary instruments with short maturity, usually for less than 1 month, respecting the rules of diversification and counterpart quality. The company does not use derivatives.

### Research and Development

Research and development are handled at the Parent Company level Meetic S.A.S. Meetic S.A.S maintains a high level of technological innovation to continually adapt to the markets to which it is addressed with the development of many new applications and sites.

## Directors' report (continued)

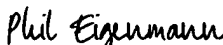
### Political Donations and Expenditure

The company made no political or charitable donations during the year (2018: £nil).

### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

### ON BEHALF OF THE BOARD:

DocuSigned by:  
  
865E31BF7FA34B5  
P. Eigenmann  
Director

Date: 21 December 2020



## **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# **Independent auditors' report**

## **to the members of Match.com International Limited**

### **Opinion**

We have audited the financial statements of Match.com International Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Other Comprehensive Loss/Income, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter - subsequent event COVID-19 pandemic**

We draw attention to the Strategic Report and note 24 of the financial statements, which describe the financial and operational disruption the company is facing as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

# **Independent auditors' report (continued)**

## **to the members of Match.com International Limited**

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Independent auditors' report (continued)

to the members of Match.com International Limited

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Stuart Darrington (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place  
London  
SE1 2AF

23 December 2020

**Income statement**

for the year ended 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
		<i>(in £000s)</i>	
<b>Turnover</b>	3	26,449	29,168
Cost of sales		<u>(1,452)</u>	<u>(4,811)</u>
<b>Gross profit</b>		24,997	24,357
Administrative expenses		(19,145)	(27,607)
Other operating (expense)/income		<u>(1,039)</u>	<u>28</u>
<b>Operating profit (loss)</b>		4,813	(3,222)
Interest receivable and similar income	5	826	652
Interest payable and similar charges	6	(1,015)	(1,007)
Other expense	7	—	(43,228)
Finance costs	12	<u>(23)</u>	<u>—</u>
<b>Operating profit (loss) before taxation</b>	8	4,601	(46,805)
Tax on profit (loss)	9	<u>(127)</u>	<u>32</u>
<b>Profit (loss) for the financial year</b>		<u><u>4,474</u></u>	<u><u>(46,773)</u></u>

*All amounts relate to continuing operations.*

## Other comprehensive income/loss

for the year ended 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
		<i>(in £000s)</i>	
<b>Profit (loss) for the financial year</b>		4,474	(46,773)
Other comprehensive income		—	—
<b>Total comprehensive income (loss) for the year</b>		<u>4,474</u>	<u>(46,773)</u>

## Balance sheet

at 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
		<i>(in £000s)</i>	
<b>Fixed Assets</b>			
Intangible Assets	10	—	—
Tangible Assets	11	92	124
Right-of-use assets	12	438	—
Investments	13	—	—
		<u>530</u>	<u>124</u>
<b>Current Assets</b>			
Debtors	14	35,432	35,559
Cash at bank		10,476	6,875
		<u>45,908</u>	<u>42,434</u>
<b>Creditors</b>			
Amounts falling due within one year	15	15,971	17,039
<b>Net Current Assets</b>		<u>29,937</u>	<u>25,395</u>
<b>Total Assets Less Current Liabilities</b>		30,467	25,519
<b>Creditors</b>			
Amounts falling due after more than one year	16	17,058	16,701
Provision for liabilities	17	88	88
<b>Net Assets</b>		<u>13,321</u>	<u>8,730</u>
<b>Capital and Reserves</b>			
Called up share capital	17	6,589	6,589
Share based payment reserve	19	873	756
Retained earnings	19	5,859	1,385
<b>Total Equity</b>		<u>13,321</u>	<u>8,730</u>

The financial statements were approved by the board of Directors on 21 December 2020 and were signed on its behalf by:

DocuSigned by:

*Phil Eigenmann*  
865E31BF7FA34B5

P. Eigenmann  
Director

**Statement of changes in equity**

at 31 December 2019

	Called up share capital	Share based payment reserve	Retained earnings	Total equity
	<i>(in £000s)</i>			
<b>Balance at 1 January 2018</b>	6,589	637	48,158	55,384
<b>Changes in equity</b>				
Share based payments	—	119	—	119
Total comprehensive loss	—	—	(46,773)	(46,773)
<b>Balance at 31 December 2018</b>	6,589	756	1,385	8,730
<b>Changes in equity</b>				
Share based payments	—	117	—	117
Total comprehensive income	—	—	4,474	4,474
<b>Balance at 31 December 2019</b>	6,589	873	5,859	13,321



## Notes to the financial statements

for the year ended 31 December 2019

### 1. Authorisation of Financial Statements and Compliance

The financial statements of Match.com International Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 21 December 2020 and the balance sheet was signed on the board's behalf by P. Eigenmann. Match.com International Limited is incorporated and domiciled in England and Wales.

### 2. Accounting policies

#### Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The company is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group headed by Match Group, Inc., the parent undertaking established under the law of America. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Meetic S.A.S., the company has taken advantage of the exemption contained in Financial Reporting Standards 101 and has therefore not disclosed transactions on balances which form part of the group (or investees of the group qualifying as related parties).

## Notes to the financial statements

for the year ended 31 December 2019

### 2. Accounting policies (continued)

#### Basis of preparation (continued)

The impact of the new International Financial Reporting Standards effective for the entity as of 1 January 2019 is set out below:

- IFRS 16 'Leases' - this standard was adopted using the modified retrospective approach from the date of initial application - 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the lessee's Balance Sheet, unless the term is 12 months or less or the lease is for a low-value asset. The adoption had no impact on the Company's income statement.

#### Going concern

The ultimate parent company, Match Group, Inc. has agreed to provide continued support to the company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of approval of these financial statements to the extent that the company is unable to meet its liabilities.

Match Group, Inc. released its Q3 2020 results on 5 November 2020, which included increases in revenue and operating income over the comparable prior year period, operating cash flow of over \$500 million for the nine months ended 30 September 2020, and cash on hand of approximately \$400 million. Based on this information and on enquiries, the Directors believe that the Ultimate parent company, Match Group, Inc. has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent company, and their assessment of the impact on the Company summarised in the post balance sheet events in the strategic report, the Directors are of the view, to the best of their knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Turnover

Subscription fee revenue is generated from customers who subscribe to online matchmaking services on Match.Com and related websites. Subscription fee revenue is recognised over the period the services are provided. Royalty revenue is generated from group companies, using the intangible assets owned by the company. Royalty is recognised over the period the intangible asset is used.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes the principles that an entity applies when reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. The Company has adopted IFRS 15 for the reporting period commencing 1 January 2018 using the modified retrospective approach. The Company's adoption did not have a material effect on its financial statements.

#### Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all property and equipment on a straight-line basis over its estimated useful life as follows:

Asset Category	Estimated Useful Lives
Computer equipment and capitalized software	2 to 3 years
Furniture and other equipment	5 years
Leasehold improvements	5 years

## Notes to the financial statements

for the year ended 31 December 2019

### 2. Accounting policies (continued)

#### Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from the goodwill if the fair value can be measured reliably on recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising from the acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profit and loss in the year in which it is incurred.

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that carrying value may not be recoverable. Domain names are not amortised as it is considered that their useful life is not limited. The carrying value are reviewed annually by the Directors to determine whether there has been any permanent impairment in value and any such reduction in their value is taken to the profit and loss accounts. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### Leases

The Company leases office space used in connection with its operations under various operating leases. Right-of-use ("ROU") assets represent the Company's right to use the underlying assets for the lease term and lease liabilities represent the present value of the Company's obligation to make payments arising from leases. ROU assets and related lease liabilities are based on the present value of fixed lease payments over the lease term using the Company's respective incremental borrowing rates on the lease commencement date or 1 January 2019 for leases that commenced prior to that date. The Company combines the lease and non-lease components of lease payments in determining ROU assets and related lease liabilities. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Company will exercise the option. Leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying consolidated balance sheet. Lease expense is recognized on a straight-line basis over the term of the lease.

Variable lease payments consist primarily of common area maintenance, utilities, and taxes, which are not included in the recognition of ROU assets and related lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

#### Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand or of less than three months duration, less overdrafts repayable on demand.

#### Foreign currency transaction

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes to the financial statements

for the year ended 31 December 2019

### 2. Accounting policies (continued)

#### Pensions

The company operates a defined contribution pension scheme. Contributions to the scheme are recognised in the profit and loss account in the period in which they are payable.

#### Investments

Fixed asset investments are stated at cost less provision for impairments in value. The carrying values of investments are reviewed for impairment when events indicate the carry value may not be recoverable.

#### Share based payments

The share option programme allows employees to acquire shares of the parent company, Match Group Inc (US). The grant date fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

#### Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules enacted or substantially enacted by the balance sheet date.

The charge for tax is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment for reporting purposes and tax purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accountings purposes which have arisen but not reversed by the balance sheet date except as otherwise required by IAS 12.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### Management assumptions

In preparing the financial statements, there are no significant management assumptions above or beyond items previously disclosed above.

### 3. Turnover

Turnover represents the net invoiced sales value arising from the provision of internet dating services, sales of internet advertising and royalty income, stated net of Value Added Tax.

Subscription fee revenue is generated from customers who subscribe to online matchmaking services on the Company's website. Subscribers pay in advance, primarily by credit card, and subject to certain conditions identified in the terms and conditions, generally all purchases are final and nonrefundable. Revenue is initially deferred and is recognised using the straight-line method over the term of the applicable subscription period.

## Notes to the financial statements

for the year ended 31 December 2019

### 3. Turnover (continued)

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Online sales	26,441	28,979
Advertising sales	8	189
Total	<u>26,449</u>	<u>29,168</u>

Analysis of revenue by geography:

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
United Kingdom	25,030	27,659
Sweden	104	70
Other European countries	1,315	1,439
	<u>26,449</u>	<u>29,168</u>

Assets and liabilities related to contracts with customers are \$0.1 million and \$4.2 million, respectively, for the year ended 31 December 2019.

### 4. Employees and Directors

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Wages and salaries	500	840
Pension cost	12	20
Social security cost	179	314
	<u>691</u>	<u>1,174</u>

The number of employees at year end was as follows:

	31 Dec 2019	31 Dec 2018
Management	—	—
Administration	2	3
Operations	2	4
Sales	—	3
	<u>4</u>	<u>10</u>

The directors' remuneration for 2019 and 2018 was borne and paid for by a fellow group undertaking. It is impractical to determine the share of remuneration attributable to their services as a director of Match.com International Limited.

## Notes to the financial statements

for the year ended 31 December 2019

### 5. Interest Receivable and Similar Income

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Deposit account interest	826	652

### 6. Interest Payable and Similar Expenses

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Interest payable	1,015	1,007

### 7. Other expense

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Non-cash impairment charge on investment in subsidiary	—	(49,418)
Gain on sale of intellectual property	—	6,190
	—	(43,228)

### 8. Profit/(Loss) before Taxation

The profit/(loss) before taxation is stated after charging/(crediting):

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Non-cash impairment charge on investment in subsidiary	—	49,418
Non-cash impairment charge on intangibles	—	254
Depreciation of tangible fixed assets	32	62
Contributions to defined contribution pension scheme	12	20
Foreign exchange loss/(gain)	1,039	(203)
Operating lease - land and buildings	—	78
Auditors' remuneration - audit of these financial statements	59	111

An impairment analysis was performed related to the 2018 balance. In 2018 a non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

## Notes to the financial statements

for the year ended 31 December 2019

### 9. Taxation

#### Analysis of tax income

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Current tax:		
Current tax on profits for the year	—	—
Deferred tax		
Current year	(159)	(35)
Adjustment in respect of previous periods	21	—
Effect of changes in tax rates	17	3
Valuation allowance	248	—
	<u>127</u>	<u>(32)</u>
Total tax benefit in income statement	<u>127</u>	<u>(32)</u>

#### Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Profit/(Loss) on ordinary activities before income tax	<u>4,601</u>	<u>(46,805)</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	<u>874</u>	<u>(8,893)</u>
Effects of:		
Effects of group relief	—	593
Non tax-deductible expenses	1	8,265
Tax rate changes	17	4
Adjustments in respect of prior years	21	—
Share options	(187)	(1)
Valuation allowance	248	—
Transfer pricing adjustments	(847)	—
Tax expense/(benefit)	<u>127</u>	<u>(32)</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 9. Taxation (continued)

#### Deferred tax

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Deferred tax asset:		
Temporary differences trading	274	130
Losses	134	—
Fixed Assets	2	(3)
	<u>410</u>	<u>127</u>
Valuation allowance	(410)	—
Net deferred tax asset	<u>—</u>	<u>127</u>

The company has \$410,000 (2018: \$127,000) in relation to unrecognised deferred tax assets. The directors believe that the company will not be sufficiently profitable in the future to recognise these amounts, and as such, do not believe they meet the recognition criteria of an asset. The directors will continue to review the future profitability of the company and will recognise these assets if they believe the company can generate sufficient future profits in order to benefit from them.

### 10. Intangible Fixed Assets

	Patents and licences
	<i>(in £000s)</i>
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	254
<b>Impairment</b>	
At 1 January 2019	254
Impairment for the year	—
At 31 December 2019	<u>254</u>
<b>Net book value</b>	
At 31 December 2019	<u>—</u>
At 31 December 2018	<u>—</u>



## Notes to the financial statements

for the year ended 31 December 2019

### 11. Tangible Fixed Assets

	Leasehold improvements	Fixtures and fittings	Total
	<i>(in £000s)</i>		
<b>Cost</b>			
At 1 January 2019	721	219	940
Retirements / Disposals	—	—	—
At 31 December 2019	721	219	940
<b>Depreciation</b>			
At 1 January 2019	624	192	816
Charge for year	25	7	32
Retirements / Disposals	—	—	—
At 31 December 2019	649	199	848
<b>Net book value</b>			
At 31 December 2019	<u>72</u>	<u>20</u>	<u>92</u>
At 31 December 2018	<u>97</u>	<u>27</u>	<u>124</u>

### 12. Leases

The Company leases office space and equipment used in connection with its operations under various operating leases. The amounts recognised in the financial statements in relation to the leases are as follows:

	31 Dec 2019	1 Jan 2019
	<i>(in £000s)</i>	
<b>Assets:</b>		
Right-of-use assets	438	557
<b>Lease liabilities:</b>		
Current	159	157
Non-current	357	516
Total lease liabilities	<u>516</u>	<u>673</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 12. Leases (continued)

	31 Dec 2019
	<i>(in £000s)</i>
Depreciation charge of right-of-use assets	116
Interest expense	23
Expense relating to variable lease payments not included in lease liabilities	32
	<u>55</u>

Future minimum lease payments as at 31 December 2019 are as follows:

	2019
	<i>(in £000s)</i>
Not later than one year	165
Later than one year and not later than five years	384
Later than five years	—
Total gross payments	<u>549</u>
Impact of finance expenses	<u>(33)</u>
Carrying amount of liability	<u>516</u>

### 13. Investments

	Shares in group undertakings
	<i>(in £000s)</i>
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	49,418
<b>Impairment</b>	
At 1 January 2019	(49,418)
Adjustment for the year	—
At 31 December 2018	<u>(49,418)</u>
<b>Net book value</b>	
At 31 December 2019	<u>—</u>
At 31 December 2018	<u>—</u>

An impairment analysis was performed related to the 2018 balance. In 2018 a non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

## Notes to the financial statements

for the year ended 31 December 2019

### 13. Investments (continued)

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

Company	Country of Incorporation	Principal Activity	Share Capital	Interest
Match.com International II Limited	UK	Holding company	Ordinary shares	100% direct

### 14. Debtors

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Amounts falling due within one year:		
Trade debtors	1,938	1,291
Amounts owed by group undertakings	10,809	10,648
Prepayments and accrued income	336	256
Deferred tax	—	127
	<u>13,083</u>	<u>12,322</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>22,349</u>	<u>23,237</u>
Total	<u>35,432</u>	<u>35,559</u>

Amounts owed by group undertakings will become due between January 2020 and June 2020 and bear an interest rate of 3.50%.

### 15. Creditors: Amounts Falling due with one Year

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Trade creditors	670	52
Amounts owed to group undertakings	10,063	9,284
Accrued expenses	4,973	7,127
VAT	265	576
	<u>15,971</u>	<u>17,039</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 16. Creditors: Amounts Falling due after more than one year

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Amounts owed to group undertakings	16,701	16,701
Lease Liabilities	357	—
	<u>17,058</u>	<u>16,701</u>

Loan advanced will become due in September 2022 and bears interest at 6.00%.

### 17. Provisions for Liabilities

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Deferred tax (note 9)	—	(126)
Other provisions (note 24)	88	88
	<u>88</u>	<u>(38)</u>

	Deferred tax
	<i>(in £000s)</i>
Balance at 1 January 2019	(126)
Provided during year	(284)
Valuation allowance	410
Balance at 31 December 2019	<u>—</u>

### 18. Called Up Share Capital

	31 Dec 2019	31 Dec 2018
	<i>(in £000s)</i>	
Allotted, issued and fully paid:		
Number:	Class	Nominal value:
6,589,001 (2018: 6,589,001)	Ordinary	£1
	<u>6,589</u>	<u>6,589</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 19. Reserves

	Retained earnings	Share based payment reserve <i>(in £000s)</i>	Total
At 1 January 2019	1,385	756	2,141
Profit for the year	4,474	—	4,474
Contribution of interest	—	117	117
At 31 December 2019	<u>5,859</u>	<u>873</u>	<u>6,732</u>

### 20. Related Party Disclosures

As the Company is a wholly-owned subsidiary of Meetic S.A.S., which in turn, is a majority-owned subsidiary of Match Group Inc., the Company has taken advantage of the exemption contained in FRS 101 Related Parties Disclosures and has therefore not disclosed transactions or balances with entities which form part of the group.

### 21. Ultimate Parent Company

The Company is a wholly-owned subsidiary of Meetic S.A.S., a company which is incorporated in France, which in turn, is a majority-owned subsidiary of Match Group Inc., a company incorporated in the USA.

Match Group, Inc. heads the largest group of which Match.com International Limited is a member for which group accounts are prepared.

The group accounts for Match Group, Inc. are available at 8750 North Central Expressway, Dallas, TX 75231.

### 22. Share Based Payment Transactions

Share options in Group Companies are granted to senior executives.

In respect of older schemes established in respect of Match Group, Inc. (US) shares which had not vested in full at 31 December 2019, the exercise price of the outstanding options is equal to \$13,000 (the market price of the shares on the grant date). Options vest equally over four years while the employee remains in the group's employment. The contractual life of each option is 10 years. There are no cash alternatives.

The company awarded share options, to employees, in Match Group, Inc. (US) shares in 2016, totaling \$1,260,225. At 31 December 2019 the exercise price of these outstanding options was \$126,000. Options vest equally over four years while the employee remains in group's employment. The contractual life of each option is 10 years. There are no cash alternatives.

The company awarded share options to employees in Match Group Inc (US) shares on 9 February 2017 totaling \$898,580. At 31 December 2019 the exercise price of these outstanding options was \$238,000. Options vest equally over four years while the employee remains in group's employment. The contractual life of each option is 10 years. There are no cash equivalents.

The company awarded restricted share units ("RSU") to employees in Match Group Inc (US) shares on 15 February 2018 totaling \$200,000. At 31 December 2019, all \$200,000 of these awards remain outstanding. RSUs vest equally over four years while the employee remains in group's employment.

The company awarded restricted share units ("RSU") to employees in Match Group Inc (US) shares on 14 February 2019 totaling \$125,000. At 31 December 2019, all \$125,000 of these awards remain outstanding. RSUs vest equally over four years while the employee remains in group's employment.

## Notes to the financial statements

for the year ended 31 December 2019

### 23. Provisions

	<u>Lease Dilapidation</u> <i>(in £000s)</i>
At 1 January 2019 and 31 December 2019	88
Of which non-current	<u>88</u>

The company makes full provision for the future dilapidation costs on any such lease which requires the company to fulfill obligations to restore a site back to its original condition. The provision for dilapidation costs at the end of the lease's contracted life has been estimated using existing technology at current prices or future assumptions, depending on the expected timing of the activity. The weighted average period over which these costs are generally expected to be incurred is estimated to be approximately 5 years. While the provision is based on the best estimate of future costs and the lease life, there is uncertainty regarding both the amount and timing of these costs.

### 24. Subsequent Events

#### Impacts of the Coronavirus

In January 2020, an outbreak of a new strain of Coronavirus, COVID-19, was identified. The virus has spread globally including the UK and Europe and the World Health Organisation (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments, including the UK government, have imposed restrictions to reduce the risk of further spread of the disease – closing borders, ordering home quarantine, and cancelling public events. The company is a provider of online dating services and has continued to provide these services subsequent to the year end, however the company has seen a decline in the number of subscribers impacting revenue as a result of the pandemic. Whilst it is expected that the unprecedented situation will be temporary, there could be a long period of business interruption during which the revenues, profitability, and cashflows of the company could be negatively impacted.

Therefore as part of the ongoing monitoring management have identified the COVID-19 outbreak as a risk that could cause significant disruption to the company. Match Group, Inc., the ultimate parent company, has fared well through the pandemic with group revenues and operating income increasing from comparable periods a year prior. Match Group, Inc. reporting operating cash flow of over \$500 million for the nine months ended September, 30, 2020 along with global cash on hand of approximately \$400 million. The company is dependent on continued support from the ultimate parent company, referred to further in the going concern statement.

#### Ultimate Parent Company

On 30 June 2020 the companies formerly known as Match Group, Inc. (referred to as "Former Match Group") and IAC/InterActiveCorp (referred to as "Former IAC") completed the separation of Former Match Group from IAC through a series of transactions that resulted in two, separate public companies —(1) Match Group, Inc., which consists of the businesses of Former Match Group and certain financing subsidiaries previously owned by Former IAC, and (2) IAC/InterActiveCorp, formerly known as IAC Holdings, Inc. ("IAC"), consisting of Former IAC's businesses other than Match Group (the "Separation"). After the Separation, the Company's ultimate parent is Match Group, Inc.