

Match.com Global Services Limited

Registered No. 06806594

Match.com Global Services Limited

Strategic Report, Directors' Report and Financial Statements

Year ended 31 December 2021

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for the year ended 31 December 2021

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Match.com Global Services Limited

Company information

Directors

P Eigenmann
J Sine
R Shaffer

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

JP Morgan
125 London Wall
London EC2Y 5AJ

Solicitors

Eversheds
1 Royal Standard Place
Nottingham NG1 6FZ

Registered Office

C/O Skadden
40 Bank Street
Canary Wharf
London E14 5DS

Match.com Global Services Limited

Strategic report

Principal activities

The Company's principal activity during the year continued to be the provision of dating services. The Company consists primarily of Match.com brand servicing markets in Asia, and Australia. The Company's properties serviced approximately 33,037 payers as of 31 December 2021 (2020: 37,269).

The Company's principal activity during the year continued to be the provision of dating services. The Company provides users with access to other users' personal profiles and also enables a user interested in meeting another user to send messages to that user through Match.com's double-blind anonymous system. 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 a subscription fee to users who wish to correspond with another Match.com member. Such subscriptions start with a single-month term, with discounts for longer term subscription.

Match.com has entered into various partnerships and strategic alliances with third parties in order to increase subscriptions in general, as well as to target particular segments of its subscriber base. Typically, these partners earn commission based upon the Internet traffic or customer subscriptions they ultimately generate for the Match.com service.

Review of the business

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

	2021	2020	Change %
	<i>(in \$000s)</i>		
Turnover	\$ 9,868	\$ 10,990	(10)%
Gross Profit	\$ 8,996	\$ 9,986	(10)%
(Loss)/Profit on ordinary activities before taxation	\$ (940)	\$ 3,277	(129)%
Equity shareholders' funds	\$ 16,730	\$ 17,670	(5)%
Current assets as % of current liabilities ('quick ratio')	236 %	254 %	
Average number of employees	2	2	

Turnover decreased in 2021 as compared to 2020 as a result of the decrease in subscribers. The loss for the year, before taxation, amounts to \$940,000 (2020 - profit of \$3,277,000). The profit turned into a loss in the current year primarily attributable to losses on foreign currency.

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 and its parent company's websites and applications, and the Company's and its parent company's ability to maintain productive relationships with affiliate networks. No assurances can be provided that the Company and its parent company will continue to be able to effectively attract registered users to their websites 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 Company and its parent company manages 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.

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 obtains 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.

Impacts of Brexit

The Company has considered any risks arising as a result of the UK's departure from the European Union ("EU"). The UK left the EU on 31 January 2020, signing the EU-UK Trade Co-operation Agreement on 30 December 2020. The free trade deal between the UK and the EU came into force on 1 January 2021. The Company has not seen any impacts nor does it expect any in the future regarding the UK's departure from the EU.

Impacts of the Coronavirus

In January 2020, an outbreak of a new strain of Coronavirus, COVID-19, was identified. The virus spread globally and the World Health Organisation (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments around the world, including the United Kingdom government, imposed restrictions during this time to reduce the risk of further spread of the disease including closing borders, ordering home quarantine, and cancelling public events. Some of these measures were relaxed in certain parts of the world throughout 2020 and even more so into 2021, and in 2022 the majority of the restrictions have been fully relaxed. However, if some of these measures were to be reinstituted in the event of repeat waves of the virus, these restrictions would likely have an adverse impact on global economic conditions and consumer confidence and spending and could affect the demands, or users ability to pay for our products and services. Management continue to monitor the impact of COVID-19 on the business. At Match Group, Inc., despite an initial reduction in users' engagement at the onset of the pandemic, as people became adjusted to the new social restrictions, user engagement increased as did the users' propensity to pay, resulting in continued revenue growth in the overall business.

The business was able to continue to operate despite office closures, with the employees working from home, with limited disruptions due to the utilization of technology platforms in place prior to the pandemic.

Foreign currency risk

Sales are typically made in local currencies whereas the Company's functional currency is the US Dollar. The Company is therefore exposed to movements in the international currency markets against the US Dollar.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments. The Company manages this risk by *monitoring cash flow projection on a monthly basis to ensure that appropriate facilities are available to be drawn upon as necessary.*

Strategic report (continued)

Credit risk

The credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's principle financial assets are bank balances, cash, trade receivables, and other receivables. The Company's credit risk is primarily attributable to its trade receivables which consist predominantly of credit card sales settlements in transit. The Company contracts with gateway and payment service providers to authorise and validate the legitimacy of credit cards used to minimise such losses. The group has not had in the past experienced significant bad debts.

Climate risk

The Company has considered the potential impacts of climate change; however, has not identified specific impacts to the business of the Company.

Cyber risk

The Company is exposed to the risk of cyberattacks through its operations. The Company receives, processes, stores, and transmits a significant amount of personal user and other confidential or sensitive information, including credit card information and user-to-user communications, and enables their users to share their personal information with each other. In some cases, the Company engages third party service providers to store this information. The Company is regularly under attack by perpetrators of random or targeted malicious technology-related events, such as cyberattacks, computer viruses, worms, bot attacks or other destructive or disruptive software, distributed denial of service attacks and attempts to misappropriate customer information, including personal user data, credit card information and account login credentials. The Company and its parent company have invested (and continue to invest) in the protection of their systems and infrastructure, in related personnel and training and in employing a data minimization strategy, where appropriate, there can be no assurance that the Company's efforts will prevent significant breaches in the systems or other such events from occurring. The impact of cyber or similar attacks experienced by third parties who provide services to the Company or otherwise process data on our behalf could have a similar effect on us.

Impacts of the ongoing Ukrainian-Russia conflict

In February 2022, Russia invaded Ukraine resulting in an armed conflict that continues today. The Company has not seen any impacts from the conflict on its operations and does not expect any future impacts due to this ongoing conflict. The Company will continue to monitor its operations for impacts arising from the Ukrainian-Russia conflict.

Impacts of inflation from energy prices

As a result of the Ukrainian-Russia conflict, deliveries of natural gas to the United Kingdom and European Union have been reduced resulting in increasing energy prices across the region. These increases in energy costs have led to increased inflation for many goods and supplies globally. The impact on the Company has been generally limited and will continue to monitor the impacts.

Match.com Global Services Limited

Strategic report (continued)

ON BEHALF OF THE BOARD:

DocuSigned by:

Phil Eigenmann

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P. Eigenmann

Director

Date: 2 December 2022

Match.com Global Services Limited

Directors' report

The directors present their report with the audited financial statements for the year ended 31 December 2021.

Results and dividends

The net loss for the year after taxation amounted to \$(940,000) (2020 - profit of \$3,277,000). No dividends were distributed for the year ended 31 December 2021.

Directors

The current directors are shown on page 1. A Willis resigned 18 August 2022 and R Shaffer was appointed 18 August 2022.

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 period of twelve months from the date of approval of the balance sheet, to the extent that the company is unable to meet its liabilities.

Match Group, Inc. released its Q3 2022 results on 1 November 2022, which included increases in revenue and adjusted operating income over the comparable prior year to date period and cash on hand of approximately \$391 million. Additionally, total revenue and adjusted operating income for 2022 were forecasted at more than \$3 billion and more than \$1 billion, respectively. 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.

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:



P. Eigenmann

Director

Date: 2 December 2022

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) including FRS 101. 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 Global Services Limited

Opinion

We have audited the financial statements of Match.com Global Services Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive income/loss, the Balance Sheet, 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 including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its loss 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

Independent auditors' report (continued)

to the members of Match.com Global Services Limited

Opinions 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 not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 7, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, FRS 101 "Reduced Disclosure Framework", Companies Act 2006, Data Protection

Independent auditors' report (continued)

to the members of Match.com Global Services Limited

Act 1998, Proceeds of Crime Act 2002, Money Laundering Regulations 2003, UK Bribery Act, UK Tax Regulation and Health and safety regulations.

- We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures and noted that there was no contradictory evidence. We identified management's attitude and tone from the top to embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and determined the compliance with the above laws with management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the business processes, obtaining and reading internal policies, holding enquiries of management as to any fraud risk framework within the entity.
- We reperformed journal entry postings between revenue, trade receivables and cash and investigated key items that fell outside of our expectations. To further supplement this procedure, we traced a sample of cash collections to supporting external billing reports and bank statements.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved
 - Enquiry of management as to any fraud risk framework within the entity.
 - Enquiry of management around actual and potential litigation and claims.
 - We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
 - Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence.
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.

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.



Stuart Darrington (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 2 December 2022

Match.com Global Services Limited

Income statement

for the year ended 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
		<i>(in \$000s)</i>	
Turnover	3	\$ 9,868	\$ 10,990
Cost of sales		(872)	(1,004)
Gross profit		8,996	9,986
Administrative expenses		(7,996)	(7,772)
Other operating (expense)/income		(1,939)	999
Operating (loss) profit		(939)	3,213
Interest receivable and similar income		(1)	35
Operating (loss) profit on ordinary activities before taxation	5	(940)	3,248
Tax on (loss) profit on ordinary activities	6	—	29
(Loss) profit for the financial year		\$ (940)	\$ 3,277

All amounts relate to continuing operations.

Match.com Global Services Limited

Other comprehensive loss/income

for the year ended 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
		(in \$000s)	
(Loss) profit for the financial year		\$ (940)	\$ 3,277
Other comprehensive income		—	—
Total comprehensive (loss) income for the year		\$ (940)	\$ 3,277

Match.com Global Services Limited

Registered No. 06806594

Balance sheet

at 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
		(in \$000s)	
Current Assets			
Debtors	8	25,547	27,363
Cash at bank		3,456	1,772
		29,003	29,135
Creditors			
Amounts falling due within one year	9	12,273	11,465
Net Current Assets		16,730	17,670
Total Assets Less Current Liabilities		16,730	17,670
Net Assets		<u>\$ 16,730</u>	<u>\$ 17,670</u>
Capital and Reserves			
Called up share capital	10	\$ 1	\$ 1
Retained earnings	11	16,729	17,669
Total Equity		<u>\$ 16,730</u>	<u>\$ 17,670</u>

The financial statements were approved by the Board of Directors on 2 December 2022 and were signed on its behalf by:

DocuSigned by:

Phil Eigenmann

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P. Eigenmann

Director

Match.com Global Services Limited

Registered No. 06806594

Statement of changes in equity

at 31 December 2021

	Called up share capital	Retained earnings	Total equity
	<i>(In \$000s)</i>		
Balance at 1 January 2020	\$ 1	\$ 14,392	\$ 14,393
Changes in equity			
Total comprehensive income	—	3,277	3,277
Balance at 31 December 2020	1	17,669	17,670
Changes in equity			
Total comprehensive loss	—	(940)	(940)
Balance at 31 December 2021	\$ 1	\$ 16,729	\$ 16,730

Notes to the financial statements

for the year ended 31 December 2021

1. Authorisation of Financial Statements and Compliance

The financial statements of Match.com Global Services Limited (the "Company") for the year ended 31 December 2021 were authorised for issue by the board of directors on 2 December 2022 and the balance sheet was signed on the board's behalf by P. Eigenmann. Match.com Global Services 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 financial statements have been prepared on the going concern basis and in accordance with applications accounting standards in the United Kingdom and under historical cost accounting rules. 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 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 Match.com Pegasus Limited, 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.

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)

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 period of twelve months from the date of approval of the balance sheet, to the extent that the company is unable to meet its liabilities.

Match Group, Inc. released its Q3 2022 results on 1 November 2022, which included increases in revenue and adjusted operating income over the comparable prior year to date period and cash on hand of approximately \$391 million. Additionally, total revenue and adjusted operating income for 2022 were forecasted at more than \$3 billion and more than \$1 billion, respectively. 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.

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 that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the rates and laws enacted or substantively enacted at the balance sheet date.

Revenue recognition

Subscription fee revenue is generated from customers who subscribe to online matchmaking services on the Company's website. Revenue from contracts with customers is recognised when the control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Subscription fee revenue is recognised over the period the services are provided.

Foreign currency transaction

The directors of the Company regard the US dollar as the functional currency of the Company. The majority of the Company's revenue and expenditure is carried out in US dollars. Therefore, the financial statements are presented in US dollars.

Transactions denominated in foreign currencies are translated in to US dollars and recorded at the actual rate of exchange during the year. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date (2021 - \$1.00 = £0.7390, 2020 - \$1.00 = £0.7375). Exchange gains or losses are included in the profit and loss account.

Match.com Global Services Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)**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 carrying value may not be recoverable.

Management assumptions

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

3. Turnover

There is only one principal activity, namely the provision of on-line dating services. Subscription fee revenue is generated from customers who subscribe to on-line 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.

The Company's revenue is generated primarily from Japan and Australia. Assets and liabilities related to contracts with customers are less than \$0.1 million and \$1.4 million, respectively, for the year ended 31 December 2021.

4. Employees and Directors

	31 Dec 2021	31 Dec 2020
	(in \$000s)	
Allocated wages and salaries from group companies	\$ 555	\$ 633

The directors' remuneration for 2021 and 2020 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 Global Services Limited.

5. (Loss)/Profit before Taxation

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

	31 Dec 2021	31 Dec 2020
	(in \$000s)	
Cost of sales	\$ 872	\$ 1,004
Goodwill amortisation	—	20
Foreign exchange loss/(gain)	1,939	(999)
Auditor's remuneration - audit services	56	50
Patents and licences amortisation	—	13

Match.com Global Services Limited

Notes to the financial statements

for the year ended 31 December 2021

6. Taxation

	31 Dec 2021	31 Dec 2020
	(in £000s)	
Current tax:		
Tax	\$ —	\$ (29)

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 2021	31 Dec 2020
	(in \$000s)	
(Loss)/Profit on ordinary activities before income tax	\$ (940)	\$ 3,248
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	\$ (179)	\$ 617
Effects of:		
Effects of group relief	—	(7)
Non tax-deductible expenses	—	7
Effects of overseas tax rates	—	(617)
Adjustments in respect of prior years	—	(29)
Amounts not recognised	179	—
Tax expense	\$ —	\$ (29)

Deferred tax

	31 Dec 2021	31 Dec 2020
	(in \$000s)	
Deferred tax asset:		
Losses	(377)	—
	(377)	—
Valuation allowance	377	—
Net deferred tax asset	—	—

The Company has \$377,000 (2020: nil) 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.

Match.com Global Services Limited

Notes to the financial statements

for the year ended 31 December 2021

7. Investments

All of the Company's investments have been impaired to nil as of 31 December 2021 and 31 December 2020. The share capital as at the Balance Sheet date of the companies where the investment balances are impaired to nil are as follows:

Company	Country of Incorporation	Principal Activity	Share Capital	Interest
Match Global Investment SARL	Luxembourg	Holding company	Ordinary share and preferred shares	6 % direct
MM Latam LLC	US	Online dating	Ordinary shares	6% indirect
Match.com Latam Ltd	UK	Online dating	Ordinary shares	6% indirect
Parperfeito Comunicacao SA	UK	Online dating	Ordinary shares	6% indirect
Matchcom Mexico S de R.L. de C.V.	Mexico	Online dating	Ordinary shares	6% indirect

8. Debtors: Amounts Falling due within one Year

	31 Dec 2021	31 Dec 2020
	<i>(in \$000s)</i>	
Trade debtors	\$ 639	\$ 279
Amounts owed by group undertakings	24,801	27,018
Prepayments	68	66
Income tax receivable	39	—
	<u>\$ 25,547</u>	<u>\$ 27,363</u>

Amounts owed by group undertakings are repayable on demand and as trading positions are not interest bearing.

9. Creditors: Amounts Falling due with one Year

	31 Dec 2021	31 Dec 2020
	<i>(in \$000s)</i>	
Trade creditors	\$ 50	\$ 325
Amounts owed to group undertakings	10,062	8,623
Accrued expenses	2,007	2,310
VAT	154	207
	<u>\$ 12,273</u>	<u>\$ 11,465</u>

Amounts owed to group undertakings are repayable on demand and as trading positions are not interest bearing.

Match.com Global Services Limited

Notes to the financial statements

for the year ended 31 December 2021

10. Called Up Share Capital

			31 Dec 2021	31 Dec 2020
			<i>(in \$000s)</i>	
Allotted, issued and fully paid:				
Number:	Class	Nominal value:		
1,001 (2020: 1,001)	Ordinary	£1	\$ 1	\$ 1

11. Reserves

	Retained earnings
	<i>(in \$000s)</i>
At 1 January 2021	\$ 17,669
Deficit for the year	(940)
At 31 December 2021	<u>\$ 16,729</u>

12. Ultimate Parent Company

The Company is a wholly-owned subsidiary of Match.com Pegasus Limited, a company which is incorporated in the United Kingdom, which in turn, is a majority-owned subsidiary of Match Group Inc., a company incorporated in the USA.

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

13. Related Party Disclosures

As the Company is a wholly-owned subsidiary of Match.com Pegasus Limited, 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.