

Match.com Foreign Holdings III Limited

Strategic Report, Directors' Report and Financial Statements

31 December 2019



Contents of the Financial Statements

for the year ended 31 December 2019

Company information.....	1
Strategic report.....	2
Directors' report.....	5
Statement of directors' responsibility.....	6
Independent auditors' report.....	7
Income statement.....	10
Other comprehensive income/loss.....	11
Balance sheet.....	12
Statement of changes in equity.....	13
Notes to the financial statements.....	14

Company information

Directors

P Eigenmann

J Sine

Auditors

Ernst & Young LLP

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London SE1 2AF

Bankers

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Solicitors

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Registered Office

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London E14 5DS

Strategic report

Principal Activities

The principal activity of the company is the business of a holding and investment company. The directors expect it to continue as such in the future.

Review of the business

In May 2019, the Company sold its investment in PlentyOfFish Media ULC ("POF") to Match.com Luxembourg S.a.r.l. ("Match Lux") in exchange for 39,400,000 ordinary shares of Match Lux.

In June 2019, an investment of the Company reduced their capital by \$51,000,000 resulting in an impairment to the investment balance. Additionally in June 2019, the Company received dividends of USD\$63,304,192 and USD\$896,012 from its wholly-owned subsidiaries, Match HK and MEL, respectively, in the form of promissory notes from Mojo Acquisition. Immediately thereafter, the Company paid a dividend of USD\$64,200,204 to its direct parent company, MFH II, in the form of two promissory notes from Mojo Acquisition. The Company's retained earnings balance was \$97,914,000 prior to the distribution of this dividend.

In November 2019, Match.com Europe Limited, a wholly-owned subsidiary, distributed USD \$9,384,338 to the Company as a dividend. Immediately thereafter, the Company paid a dividend of USD \$9,384,338 to MFH II. The Company's retained earnings balance was \$39,212,000 prior to the distribution of this dividend.

In December 2019, the Company received USD \$200,000 (GBP£155,260) from MFH II in exchange for one ordinary shares of £1 each in the capital of the Company with a share premium of USD\$199,999. Immediately thereafter, the Company contributed USD \$200,000 towards the equity of its wholly-owned subsidiary, Match.com Offshore Holdings Limited ("Match Offshore").

Further, in December 2019, the Company received loan receivables payable from Match.com Europe Limited ("MEL") of USD \$80,411,911 and USD \$61,413,300 from MFH II in exchange for one ordinary share of £1 each with a share premium of USD\$141,825,213. Immediately thereafter, the Company released and discharged MEL from the intercompany loan payables due to the Company in the amounts of USD \$80,411,911 and USD \$61,413,300 in exchange for one ordinary share of £1 each with a share premium of USD\$141,825,213.

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

	2019	2018	Change
	\$000	\$000	%
Operating profit (loss) on ordinary activities before taxation	\$ 270,206	\$ (181,007)	NM
Interest payable and similar charges	\$ (12,327)	\$ (17,226)	(28)%
Investment income	\$ 73,585	\$ 18,636	295 %

NM = not meaningful

The profit for the year ended 31 December 2019, before taxation, amounts to \$270,206,000 (for the year ended 31 December 2018 - loss of \$181,007,000). The change from operating loss to profit is primarily related to the gain on sale of the Company's investment in POF, income from shares in group undertakings, and a decrease in the non-cash impairment on investment as compared to 2018. The Company continued as a holding company during the year and suffered an interest expense on the intercompany loans outstanding at the balance sheet date.

Strategic report (continued)

Principal risks and uncertainties

As a parent undertaking the principal risk related to reliance on its profitable subsidiaries, which operate in a competitive market. Subsidiaries that are engaged in online dating activities manage this risk by their ability to attract users to their websites and applications, 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 subsidiary websites and applications, and the subsidiaries' ability to maintain productive relationships with affiliate networks. No assurances can be provided that the Company's subsidiaries 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 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.

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.

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 this 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 holds investments in various entities, some which are 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.

Strategic report (continued)

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.

ON BEHALF OF THE BOARD:

DocuSigned by:

865E318F7FA34B5
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 \$270,206,000 (2018 - loss of \$181,007,000). The Company distributed interim dividends of \$45,401,475 to its direct parent company, Match.com Foreign Holdings II Limited, during 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.

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:



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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) 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;
- 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 Foreign Holdings III Limited

Opinion

We have audited the financial statements of Match.com Foreign Holdings III Limited for the year ended 31 December 2019 which comprise the Income Statement, Statement of Other Comprehensive Income/Loss, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 17. 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, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 17 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 Foreign Holdings III Limited

We have nothing to report in this regard.

Opinion on other matter 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 5, 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.

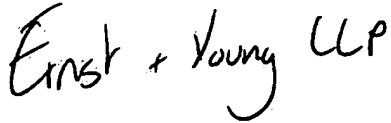
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report (continued)

to the members of Match.com Foreign Holdings III 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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Stuart Darrington (Senior Statutory Auditor)

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

1 More London Place
London
SE1 2AF

22 December 2020

Income statement

for the year ended 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
		<i>(in \$000s)</i>	
Turnover		\$ —	\$ —
Administrative expenses		(51,220)	(258,397)
Operating loss		(51,220)	(258,397)
Gain on sale of investment		259,594	—
Income from shares in group undertakings	4	73,585	18,636
Interest receivable and similar income	5	574	573
Interest payable and similar charges	6	(12,327)	(17,226)
Other income		—	75,407
Operating profit (loss) on ordinary activities before taxation	7	270,206	(181,007)
Tax on profit (loss) on ordinary activities	8	—	—
Profit (loss) for the financial year		<u>\$ 270,206</u>	<u>\$ (181,007)</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>	
Profit (loss) for the financial year		\$ 270,206	\$ (181,007)
Other comprehensive income		—	—
Total comprehensive income (loss) for the year		<u>\$ 270,206</u>	<u>\$ (181,007)</u>

Balance sheet

at 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
		<i>(in \$000s)</i>	
Fixed Assets			
Investments	9	\$ 957,066	\$ 606,647
Current Assets			
Debtors	10	14,571	13,943
		14,571	13,943
Creditors			
Amounts falling due within one year	11	11,808	11,216
Net Current Assets		2,763	2,727
Total Assets Less Current Liabilities		959,829	609,374
Creditors			
Amounts falling due after more than one year	12	210,639	198,830
Net Assets		\$ 749,190	\$ 410,544
Capital and Reserves			
Called up share capital	13	\$ 540,558	\$ 540,558
Share premium	13	181,056	39,031
Retained earnings	14	27,576	(169,045)
Total Equity		\$ 749,190	\$ 410,544

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

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P. Eigenmann

Director

Statement of changes in equity

at 31 December 2019

	Called up share capital	Share premium	Retained earnings	Total equity
	<i>(in \$000s)</i>			
Balance at 1 January 2018	\$ 540,358	\$ —	\$ 57,363	\$ 597,721
Changes in equity				
Issue of share capital	200	39,031	—	39,231
Dividends	—	—	(45,401)	(45,401)
Total comprehensive loss	—	—	(181,007)	(181,007)
Balance at 31 December 2018	<u>540,558</u>	<u>39,031</u>	<u>(169,045)</u>	<u>410,544</u>
Changes in equity				
Issue of share capital	—	142,025	—	142,025
Dividends	—	—	(73,585)	(73,585)
Total comprehensive income	—	—	270,206	270,206
Balance at 31 December 2019	<u>\$ 540,558</u>	<u>\$ 181,056</u>	<u>\$ 27,576</u>	<u>\$ 749,190</u>

The dividends paid in 2018 were distributed prior to the issuance of the 2018 statutory accounts. Subsequent to the payment of these dividends, a non-cash impairment on the investment in subsidiary was recorded in the 2018 statutory accounts during year-end procedures. This impairment, which was not evident at the time the dividend was paid, resulted in a negative reserve balance. It is the directors' responsibility to review conditions at the date of payment.

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 Foreign Holdings III 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 Foreign Holdings III Limited is incorporated and domiciled in the United Kingdom.

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;
- 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 laws 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 Foreign Holdings II 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 (or investees of the qualifying as related parties).

Notes to the financial statements

for the year ended 31 December 2019

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 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.

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.

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 (2019 - \$1.00 = £0.7715, 2018 - \$1.00 = £0.7869). Exchange gains or losses are included in the profit and loss account.

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.

Management assumptions

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

Notes to the financial statements

for the year ended 31 December 2019

3. Employees and Directors

There were no staff costs for the year ended 31 December 2019 nor for the year ended 31 December 2018

The directors' remuneration for the years ended 31 December 2019 and 31 December 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 Foreign Holdings III Limited.

4. Income from Shares in Group Undertakings

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Income from shares in group undertakings	\$ 73,585	\$ 18,636

5. Interest Receivable and Similar Income

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Deposit account interest	\$ 574	\$ 573

6. Interest Payable and Similar Charges

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Interest payable	\$ 12,327	\$ 17,226

7. Profit before Taxation

The profit before taxation is stated after charging:

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Non-cash impairment charge on investment in subsidiary	\$ 51,200	\$ 258,383
Auditor's remuneration - audit services	18	12

An impairment analysis was performed related to the 2019 and 2018 balances. A non-cash impairment was recognised 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

8. Taxation

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2019 nor for the year ended 31 December 2018.

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	\$ 270,206	\$ (181,007)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	\$ 51,339	\$ (34,391)
Effects of:		
Income not taxable for UK corporation tax purposes	(63,304)	(17,868)
Effects of group relief	1,410	48
Non tax-deductible expenses	10,181	52,211
Amounts not recognised	\$ 374	\$ —
Tax expense	\$ —	\$ —

Notes to the financial statements

for the year ended 31 December 2019

9. Investments

	Shares in group undertakings
	(in \$000s)
Cost	
At 31 December 2018	\$ 865,880
Additions	535,621
Disposals	(134,002)
At 31 December 2019	<u>\$ 1,267,499</u>
Impairment	
At 31 December 2018	\$ (259,233)
Impairment for the year	(51,200)
At 31 December 2019	<u>\$ (310,433)</u>
Net book value	
At 31 December 2019	<u>\$ 957,066</u>
At 31 December 2018	<u>\$ 606,647</u>

In May 2019, the Company sold its investment in POF with a value of USD \$393,595,867 to Match Lux in exchange for 39,400,000 ordinary shares of Match Lux.

In December 2019, the Company contributed USD \$200,000 towards the equity of its wholly-owned subsidiary Match Offshore.

Further, in December 2019, Company released and discharged MEL from the intercompany loan payables due to the Company in the amounts of USD \$80,411,911 and USD \$61,413,300 in exchange for one ordinary share of £1 each with a share premium of USD\$141,825,213.

An impairment analysis was performed related to the 2019 balance. A non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

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 Luxembourg SARL	Luxembourg	Holding company	Ordinary shares	94.2% direct
Match.com Japan KK	Japan	Online dating	Ordinary shares	100% direct
Match.com Offshore Holdings Ltd.	Mauritius	Holding company	Ordinary shares	100% direct
Match.com Europe Ltd.	UK	Holding company	Ordinary shares	100% direct
PlentyofFish Media ULC	Canada	Online dating	Common Stock	94.2% indirect
PlentyofFish Media, LLC	US	Online dating	Ordinary Shares	94.2% indirect
Eureka, Inc.	Japan	Online dating	Ordinary Shares	100% indirect

Notes to the financial statements

for the year ended 31 December 2019

9. Investments (continued)

Company	Country of Incorporation	Principal Activity	Share Capital	Interest
Five Star Matchmaking Information Technology	China	Online dating	Ordinary shares	100% indirect
Match.com Pegasus Ltd	UK	Holding company	Ordinary shares	100% indirect
Massive Media Match NV	Belgium	Online dating	Ordinary shares	100% indirect
Match.com Global Services Ltd	UK	Online dating	Ordinary shares	100% indirect
Pretty Fun Therapy SAS	France	Online dating	Ordinary shares	100% indirect
FriendScout24 GmbH	Germany	Online dating	Ordinary shares	100% indirect
Meetic SAS	France	Online dating	Ordinary shares	100% indirect
Match Global Investment SARL	Luxembourg	Holding company	Ordinary shares and preferred shares	100% indirect
Neu.de	Germany	Online dating	Ordinary shares	100% indirect
Match.com International Ltd.	UK	Online dating	Ordinary shares	100% indirect
Match.com Nordic AB	Sweden	Online dating	Ordinary shares	100% indirect
Nexus Ltd	UK	Holding company	Ordinary shares	100% indirect
Massive Media Europe NV	Belgium	Online dating	Ordinary shares	100% indirect
MM Latam LLC	US	Holding company	Ordinary shares	100% indirect
Match.com LatAm Ltd	UK	Online dating	Ordinary shares	100% indirect
Match.com International II Ltd.	UK	Online dating	Ordinary shares	100% indirect
Dating Direct Ltd	UK	Online dating	Ordinary shares	100% indirect
Massive Media Ltd	UK	Online dating	Ordinary shares	100% indirect
Parperfeito Comunicacao SA	Brazil	Online dating	Ordinary shares	100% indirect
Matchcom Mexico S de R.L. de C.V.	Mexico	Online dating	Ordinary shares	100% indirect
Meetic Netherlands BV	Netherlands	Online dating	Ordinary shares	100% indirect
Meetic Italia SRL	Italy	Online dating	Ordinary shares	100% indirect
Meetic Espana SLU	Spain	Online dating	Ordinary shares	100% indirect

10. Debtors: Amounts Falling due after more than one Year

	31 Dec 2019	31 Dec 2018
	<i>(in \$000s)</i>	
Amounts owed by group undertakings	\$ 14,571	\$ 13,943

The loan was opened in December 2015 and will mature in December 2022. Interest is earned at a fixed rate of 5.0% per annum.

Notes to the financial statements

for the year ended 31 December 2019

11. Creditors: Amounts Falling due within one Year

	31 Dec 2019	31 Dec 2018
	<i>(in \$000s)</i>	
Amounts owed to group undertakings	\$ 11,789	\$ 11,198
Accrued expenses	19	18
Total	<u>\$ 11,808</u>	<u>\$ 11,216</u>

12. Creditors: Amounts Falling due after more than one Year

	31 Dec 2019	31 Dec 2018
	<i>(in \$000s)</i>	
Amounts owed to group undertakings	<u>\$ 210,639</u>	<u>\$ 198,830</u>

Loans advanced were opened in September 2015 and will become due in September 2022 and bear interest at 6.00% per annum.

13. Called Up Share Capital and Premium

				Share capital	Share premium	Total
					(in \$000s)	
	Allotted, issued and fully paid:					
	Number:	Class:	Nominal value:			
At 1 January 2019	348,955,283	Ordinary	Ordinary	\$ 540,558	\$ 39,031	\$ 579,589
Issuance of Shares	2	Ordinary	£1	—	142,025	142,025
At 31 December 2019	348,955,285	Ordinary	£1	\$ 540,558	\$ 181,056	\$ 721,614

In December 2019, the Company received USD \$200,000 (GBP£155,260) from MFH II in exchange for one ordinary shares of £1 each in the capital of the Company with a share premium of USD\$199,999.

Further, in December 2019, the Company received loan receivables payable from Match.com Europe Limited ("MEL") of USD \$80,411,911 and USD \$61,413,300 from MFH II in exchange for one ordinary share of £1 each with a share premium of USD\$141,825,213.

Notes to the financial statements

for the year ended 31 December 2019

14. Reserves

	Retained earnings
	(in \$000s)
At 1 January 2019	\$ (169,045)
Profit for the period	270,206
Dividends	\$ (73,585)
At 31 December 2019	\$ 27,576

15. Ultimate Parent Company

The Company is a wholly-owned subsidiary of Match.com Foreign Holdings Limited II, a company which is incorporated in the United Kingdom, which in turn, is a wholly-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.

16. Related Party Disclosures

As the Company is a wholly-owned subsidiary of Match.com Foreign Holdings II Limited, which in turn, is a wholly-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.

17. 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 holds investments in various entities, some which are 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.

Notes to the financial statements

for the year ended 31 December 2019

17. Subsequent Events (continued)

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.