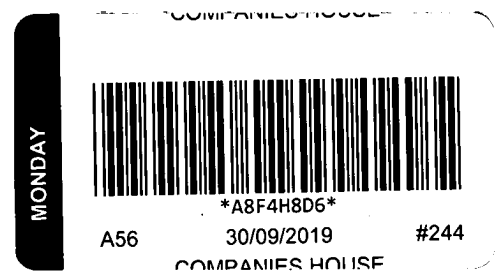


## **Match.com International II Limited**

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

Year ended 31 December 2018



## **Contents of the Financial Statements**

**for the year ended 31 December 2018**

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## **Company information**

### **Directors**

P Eigenmann  
J Sine

### **Auditors**

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

### **Bankers**

JP Morgan  
125 London Wall  
London EC2Y 5AJ

### **Registered Office**

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

## Strategic report

### Principal activities

The principal activity of Match International II Limited in the period under review was to provide loan funding to other Match Group entities.

### Review of the business

In December 2018, the Company released and discharged Match.com Foreign Holdings III ("MFH III") from an intercompany loan due from MFH III in the principal amount of USD \$75,000,000.

Additionally in December 2018, the Company's share capital was reduced by £39,805,747 by canceling and extinguishing 39,805,747 of the issued ordinary shares of £1.00 each.

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

	2018	2017	Change
	\$000	\$000	%
(Loss) profit on ordinary activities	\$ (71,495)	\$ 4,536	(1676)%
Investment income	\$ 3,916	\$ 4,549	(14)%

The loss for the year, after taxation, amounted to \$71,495,000 (2017 - profit of \$4,536,000). The profit on ordinary activities turned to loss on ordinary activities primarily due to the release of the intercompany loan due from MFH III.

### Principal risks and uncertainties

As a subsidiary undertaking the principal risk relates to reliance on the profitability of its parent and other group companies, which operates in a competitive market. The group manage this risk through their ability to attract users to their websites, encourage such users to register on their websites, and ultimately to convert these registered users to subscribing members. This is contingent on the effectiveness of online and offline advertising, the quality of the group's websites, and the group's abilities to maintain productive relationships with its affiliate networks. No assurance can be provided that the company will continue to be able to effectively attract registered users to its websites and convert such registered users to subscribing members. Failure to do so would adversely affect the group's business, financial condition and results of operations. The group 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.

### ON BEHALF OF THE BOARD:



P. Eigenmann

Director

Date: 27 September 2019

## Directors' report

The directors present their report with the audited financial statements for the year ended 31 December 2018.

### Results and dividends

The net loss for the year after taxation amounted to to \$71,495,000 (2017 - profit of \$4,536,000). No dividends were distributed for the year ended 31 December 2018.

### Directors and their interests

The current directors are shown on page 1. A Oguntade resigned 29 March 2018, and B Perez resigned 4 September 2018.

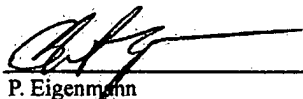
### Going concern

The company is dependent upon continued support being made available by Match Group, Inc. (a direct subsidiary of the company's ultimate parent undertaking IAC/InterActiveCorp) to enable it to meet its liabilities as they fall due. Match Group Inc. has expressed its willingness to provide financial support to Match.com International II Limited to assist the company in meeting its liabilities for a period of at least 12 months from the date of approval of these financial statements, and accordingly, the financial statements have been prepared on a going concern basis.

### 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:



P. Eigenmann  
Director

Date: 27 September 2019

## **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 International II Limited**

### **Opinion**

We have audited the financial statements of Match.com International II Limited for the year ended 31 December 2018 which comprise the Income Statement, Statement of Other Comprehensive Loss/Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 11. 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 2018 and of its loss 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.

### **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.

We have nothing to report in this regard.

# **Independent auditors' report**

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

### **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 4, 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

to the members of Match.com International II 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

*30/9/19.*

# Income statement

for the year ended 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
		<i>(in \$000s)</i>	
<b>Turnover</b>		\$ —	\$ —
Administrative expenses		(6)	(13)
Other operating income		1	—
<b>Operating loss</b>		(5)	(13)
Interest receivable and similar income	3	3,916	4,549
Other expense		(75,406)	—
<b>Operating (loss) profit on ordinary activities before taxation</b>	4	(71,495)	4,536
Tax on (loss) profit on ordinary activities	5	—	—
<b>(Loss) profit for the financial year</b>		\$ (71,495)	\$ 4,536

*All amounts relate to continuing operations.*

## Other comprehensive loss/income

for the year ended 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
		<i>(in \$000s)</i>	
(Loss) profit for the financial year		\$ (71,495)	\$ 4,536
Other comprehensive income		—	—
<b>Total comprehensive (loss) income for the year</b>		<b>\$ (71,495)</b>	<b>\$ 4,536</b>

## Balance sheet

at 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
		<i>(in \$000s)</i>	
<b>Current Assets</b>			
Debtors	6	\$ 13,715	\$ 85,199
Cash at bank		—	8
		<u>13,715</u>	<u>85,207</u>
<b>Creditors</b>			
Amounts falling due within one year	7	31	28
<b>Net Current Assets</b>		<u>13,684</u>	<u>85,179</u>
<b>Total Assets Less Current Liabilities</b>		<u>\$ 13,684</u>	<u>\$ 85,179</u>
<b>Capital and Reserves</b>			
Called up share capital	8	\$ 14,588	\$ 75,000
Retained earnings		(904)	10,179
<b>Total Equity</b>		<u>\$ 13,684</u>	<u>\$ 85,179</u>

The financial statements were approved by the Board of Directors on 27 September 2019 and were signed on its behalf by:



P. Eigenmann  
Director

**Statement of changes in equity**

at 31 December 2018

	Called up share capital	Retained earnings	Total equity
	<i>(in \$000s)</i>		
<b>Balance at 1 January 2017</b>	\$ 75,000	\$ 5,643	\$ 80,643
<b>Changes in equity</b>			
Total comprehensive income	—	4,536	4,536
<b>Balance at 31 December 2017</b>	<u>75,000</u>	<u>10,179</u>	<u>85,179</u>
<b>Changes in equity</b>			
Capital reduction	(60,412)	60,412	—
Total comprehensive loss	—	(71,495)	(71,495)
<b>Balance at 31 December 2018</b>	<u>\$ 14,588</u>	<u>\$ (904)</u>	<u>\$ 13,684</u>

## Notes to the financial statements

for the year ended 31 December 2018

### 1. Authorisation of Financial Statements and Compliance

The financial statements of Match.com International II Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 27 September 2019 and the balance sheet was signed on the board's behalf by P. Eigenmann.

Match.Com International II Limited is a private company, limited by shares, incorporated and domiciled in England and Wales. The companies registered number and registered office address can be found on the Company information page.

### 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 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;
- 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 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 IAC/ InterActiveCorp, 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 International Limited, the company has taken advantage of the exemption contained in Financial Reporting Standards 101 and has therefore not disclosed transactions or balances with entities 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 2018

### 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 2018 is set out below:

- In July 2014, the IASB issued IFRS 9, Financial Instruments, which replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Company has adopted IFRS 9 for the reporting period commencing 1 January 2018 and its adoption did not have a material effect on its financial statements. The accounting policy has been amended following the adoption of the standard to address the requirement to calculate an expected credit loss, compared to a provision for doubtful debt as per the extant sections of IAS 39.
- IFRS 15 'Revenue from Contracts with Customers' - this standard was adopted from the date of initial application - 1 January 2018. The five step model for revenue recognition has been applied to each significant revenue stream. The accounting policy for revenue recognition has been updated below in order to identify when each performance obligation has been completed for each revenue stream. No material impact on the financial statements following adoption of the standard has been identified.

#### Going concern

The company is dependent upon continued support being made available by Match Group, Inc. (a direct subsidiary of the company's ultimate parent undertaking IAC/InterActiveCorp) to enable it to meet its liabilities as they fall due. Match Group Inc. has expressed its willingness to provide financial support to Match.com International II Limited to assist the company in meeting its liabilities for a period of at least 12 months from the date of approval of these financial statements, and accordingly, the financial statements have been prepared on a going concern basis.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

#### 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.

#### Foreign currency

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 (2018 - \$1.00 = £0.7869, 2017 - \$1.00 = £0.7485). Exchange gains or losses are included in the profit and loss account.

## Notes to the financial statements

for the year ended 31 December 2018

### 2. Accounting policies (continued)

#### Management assumptions

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

### 3. Interest Receivable and Similar Income

	31 Dec 2018	31 Dec 2017
	<i>(in \$000s)</i>	
Deposit account interest	\$ —	\$ 10
Intercompany loan interest	3,916	4,539
	<u>\$ 3,916</u>	<u>\$ 4,549</u>

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

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

	31 Dec 2018	31 Dec 2017
	<i>(in \$000s)</i>	
Auditor's remuneration	\$ 4	\$ 12

### 5. Taxation

#### Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2018 nor for the year ended 31 December 2017.



## Notes to the financial statements

for the year ended 31 December 2018

### 5. Taxation (continued)

#### Factors affecting the tax expense

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

	31 Dec 2018	31 Dec 2017
	<i>(in \$000s)</i>	
(Loss)/Profit on ordinary activities before income tax	\$ (71,495)	\$ 4,536
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	\$ (13,584)	\$ 873
Effects of:		
Effects of group relief	(743)	(873)
Non tax-deductible expenses	14,327	—
Tax expense	\$ —	\$ —

### 6. Debtors

	31 Dec 2018	31 Dec 2017
	<i>(in \$000s)</i>	
Amounts owed by group undertakings	\$ 13,715	\$ 85,199

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

### 7. Creditors: Amounts Falling due within one Year

	31 Dec 2018	31 Dec 2017
	<i>(in \$000s)</i>	
Amounts owed to group undertakings	\$ 31	\$ 16
Accrued expenses	—	12
	\$ 31	\$ 28

## Notes to the financial statements

for the year ended 31 December 2018

### 8. Called Up Share Capital

				Share capital
				(in \$000s)
Allotted, issued and fully paid:				
	Number:	Class	Nominal value:	
At 1 January 2018	49,417,501	Ordinary	£1	\$ 75,000
Capital reduction <sup>a</sup>	(39,805,747)	Ordinary	£1	(60,412)
At 31 December 2018	9,611,754	Ordinary	£1	\$ 14,588

<sup>a</sup> On 13 December 2018, the issued share capital of the Company was reduced by £39,805,747 by canceling and extinguishing 39,805,747 of the issued ordinary shares of £1.00 each.

### 9. Related Party Disclosures

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

### 10. Ultimate Parent Company

The company is a wholly-owned subsidiary of Match.Com International Limited a company which is incorporated in the United Kingdom, which in turn, is a wholly-owned subsidiary of Meetic S.A, a company which is incorporated in France.

IAC/InterActiveCorp heads the largest group of which Match.Com International Limited II is a member for which group accounts are prepared.

The group accounts for IAC/InterActiveCorp are available at 555 West 18th Street, New York, NY 10011.

### 11. New Accounting Standards

#### IFRS 16 "Leases"

In January 2016, the IASB published the financial reporting standard IFRS 16 "Leases," which was adopted into European Law on November 9, 2017. 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.

IFRS 16 is required for financial years commencing on or after January 1, 2019. In anticipation of the adoption of IFRS 16, management has carried out an impact assessment of lease agreements against the requirements of IFRS 16. The Company expects to apply the modified retrospective approach on adoption, and will not adjust prior-year figures. The Company does not expect a material impact to the Income Statement upon the adoption of IFRS 16.