

Match Group Europe Limited

Registered No. 10103086

Match Group Europe Limited

Strategic Report, Directors' Report and Financial Statements

Year ended 31 December 2021

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Match Group Europe Limited

Registered No. 10103086

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for the year ended 31 December 2021

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Match Group Europe Limited

Company information

Directors

P Eigenmann
J Sine

Auditors

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

Bankers

JP Morgan
25 Brank Street
Canary Wharf
London E14 5JP

Solicitors

Eversheds
1 Royal Standard Place
Nottingham NG1 6FZ

Registered Office

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

Match Group Europe Limited

Strategic report

Principal Activities

The Company exists primarily as an extension of Match Group Inc., based in USA. The Company is a holding company and an internal service center for marketing activities within certain jurisdictions including the UK and Australia. Expenses incurred by the branches are recharged to group companies where allowed. The directors expect it to continue as such in the future; however, the jurisdictions serviced may change over time.

Review of the business

In April 2021, the Company ceased operations of its Japan Branch. Employees and contracts were transferred to another group company.

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

	2021	2020	Change %
	<i>(in \$000s)</i>		
Turnover	\$ 4,617	\$ 3,852	20 %
Operating profit (loss) on ordinary activities before taxation	\$ 332	\$ (569)	(158)%

Turnover increased primarily due to increases in cost-plus arrangement expenses. The profit for the year, before taxation, amounts to \$332,000 (loss in 2020 - \$569,000). Loss for the year turned to profit in the current year primarily due to the closure of the India Liason Office, which was not a cost-plus arrangement entity, in January 2020 with all activity transferred to the new subsidiary, MTCH India Services Private Limited.

Principal risks and uncertainties

As a service organization to other group companies, the Company is dependent on cost plus arrangements between the Company and group companies. To the extent cost plus agreements are not in place, the Company must bear the expenses and is dependent on funding from its direct parent and ultimately Match Group, Inc. The marketing performed by the Company on behalf of group companies can drive revenue across the group. No assurances can be provided that the companies who use the Company as a service center 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 group companies 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.

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.

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.

Match Group Europe Limited

Strategic report (continued)

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.

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. The impact on the Company has been generally limited to the resulting increase in cost for many items in 2022. The Company will continue to monitor the impacts from the increased prices.

Match Group Europe Limited

Strategic report (continued)

ON BEHALF OF THE BOARD:

DocuSigned by:

Phil Eigenmann

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P. Eigenmann

Director

Date: 1 December 2022

Match Group Europe 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 profit for the year after taxation amounted to \$332,000 (2020 - loss of \$569,000). No dividends were distributed for the year ended 31 December 2021

Directors and their interests

The current directors are shown on page 1. B Perez resigned 13 January 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:

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P. Eigenmann

Director

Date: 1 December 2022

Match Group Europe Limited

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 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 Group Europe Limited

Opinion

We have audited the financial statements of Match Group Europe 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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.

Independent auditors' report (continued)

to the members of Match Group Europe Limited

We have nothing to report in this regard.

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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditors' report (continued)

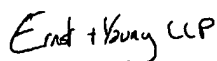
to the members of Match Group Europe Limited

- 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 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 considering the risk of management override and by assuming the occurrence of intercompany revenue to be a fraud risk. We recalculated the transfer pricing calculations to audit the occurrence of intercompany revenue. These procedures were designed understanding the business processes, obtaining and reading internal policies, holding enquiries of management as to any fraud risk framework within the entity.
- 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.

 Ernst & Young LLP

Stuart Darrington (Senior Statutory Auditor)

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

London

Date: 1 December 2022

Match Group Europe Limited

Income statement

for the year ended 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
<i>(in \$000s)</i>			
Turnover		\$ 4,617	\$ 3,852
Administrative expenses		(4,314)	(4,174)
Other operating income/(expense)	4	71	(247)
Operating profit (loss)		374	(569)
Interest payable and similar charges		(42)	—
Operating profit (loss) on ordinary activities before taxation	6	332	(569)
Tax on profit (loss) on ordinary activities	7	—	—
Profit (loss) for the financial year		\$ 332	\$ (569)

All amounts relate to continuing operations.

Match Group Europe Limited

Other comprehensive income/loss

for the year ended 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
		<i>(in \$000s)</i>	
Profit (loss) for the financial year		\$ 332	\$ (569)
Other comprehensive income		—	—
Total comprehensive income (loss) for the year		\$ 332	\$ (569)

Match Group Europe Limited


Registered No. 10103086

Balance sheet

at 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
<i>(in \$000s)</i>			
Fixed Assets			
Investments	8	\$ 603	\$ 603
Current Assets			
Debtors	9	1,735	2,652
Cash at bank		1,186	810
		2,921	3,462
Creditors			
Amounts falling due within one year	10	14,420	11,275
Net Current Liabilities		(11,499)	(7,813)
Net Liabilities			
		\$ (10,896)	\$ (7,210)
Capital and Reserves			
Called up share capital	11	\$ —	\$ —
Share premium	11	511	511
Share based payments	12	—	970
Retained earnings		(11,407)	(8,691)
Total Equity		\$ (10,896)	\$ (7,210)

The financial statements were approved by the Board of Directors on 1 December 2022 and were signed on its behalf by:

DocuSigned by:


P. Eigenmann
 Director

Match Group Europe Limited

Registered No. 10103086

Statement of changes in equity

at 31 December 2021

	Called up share capital	Share premium	Share based payments	Retained earnings	Total equity
	<i>(in \$000s)</i>				
Balance at 1 January 2020	\$ —	\$ 511	\$ 694	\$ (8,122)	\$ (6,917)
Changes in equity					
Total comprehensive loss	—	—	—	(569)	(569)
Share based payments	—	—	276	—	276
Balance at 31 December 2020	—	511	970	(8,691)	(7,210)
Changes in equity					
Total comprehensive income	—	—	—	332	332
Share based payments	—	—	(970)	—	(970)
Charge from parent for equity-settled share-based payment	—	—	—	(3,048)	(3,048)
Balance at 31 December 2021	\$ —	\$ 511	\$ —	\$ (11,407)	\$ (10,896)

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2021

1. Authorisation of Financial Statements and Compliance

The financial statements of Match Group Europe Limited (the "Company") for the year ended 31 December 2021 were authorised for issue by the board of directors on 1 December 2022 and the balance sheet was signed on the board's behalf by P. Eigenmann. Match Group Europe 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 ("FRS 101") "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the 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 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 §400 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.

Match.com Foreign Holding 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.

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.

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)

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 (2021 - \$1.00 = £\$0.7390, 2020 - \$1.00 = £\$0.7375). Exchange gains or losses are included in the profit and loss account.

Investments

Investments in subsidiary undertakings, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Turnover

Revenue is recognised when it is probable that the economic benefit will flow to the company and when the revenue can be measured reliably. For the rendering of services, revenue is recognised when the related services have been provided and costs have been incurred. Revenue is presented net of Value Added Tax.

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

Pensions

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

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)

Share based payments

The share option programme allows employees to acquire shares of the parent company, Match Group, Inc. (US). Beginning in 2021, the Company entered into a recharge agreement with Match Group, Inc. in which the Company is charged the fair market value of the shares provided to employees at the time shares are issued to the employee. At each reporting period, a liability representing the fair market value of the awards outstanding is marked-to-market with the gain or loss being recognized in retained earnings.

Prior to the recharge agreement being entered into, the grant date fair value of share-based payment awards granted was recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted was measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense was adjusted to reflect the actual number of awards for which the related service non-market vesting conditions were expected to be met, such that the amount ultimately recognised as an expense was based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Management assumptions

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

3. Turnover

The Company serves primarily as a service center for marketing activities in certain jurisdictions around the world. As such, the turnover is earned from group members for services performed.

4. Other Operating Loss/Income

	31 Dec 2021	31 Dec 2020
	(in \$000s)	
Exchange gain/(loss)	\$ 71	\$ (247)

5. Employees and Directors

	31 Dec 2021	31 Dec 2020
	(in \$000s)	
Wages and salaries	\$ 2,912	\$ 2,634
Share based compensation	480	276
Pension costs	64	67
National Health Insurance	18	23
Total wages and salaries	\$ 3,474	\$ 3,000

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2021

5. Employees and Directors (continued)

The average number of employees during the year was as follows:

	31 Dec 2021	31 Dec 2020
Administration	16	15

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 Group Europe Limited.

6. Loss before Taxation

The loss before taxation is stated after charging:

	31 Dec 2021	31 Dec 2020
	<i>(in \$000s)</i>	
Auditor's remuneration - audit services	\$ 43	\$ 80

7. Taxation**Analysis of tax income**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2021 nor for the year ended 31 December 2020.

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
	<i>(in \$000s)</i>	
Profit/(Loss) on ordinary activities before income tax	\$ 332	\$ (569)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	\$ 63	\$ (108)
Effects of:		
Non tax-deductible expenses	1	1
Tax rate changes	6	—
Amounts not recognised	565	1,079
Share options	(635)	(972)
Tax expense	\$ —	\$ —

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2021

7. Taxation (continued)

Deferred tax

	31 Dec 2021	31 Dec 2020
	(in \$000s)	
Deferred tax asset:		
Temporary differences trading	\$ 217	\$ 1,145
Losses	2,548	1,667
	2,765	2,812
Valuation allowance	(2,765)	(2,812)
Net deferred tax asset	\$ —	\$ —

The company has \$2,765,000 (2020: \$2,812,000) in relation to unrecognised deferred tax assets. The directors believe that the company will not be sufficiently profitable in the future to recognise these amounts, and as such, do not believe they meet the recognition criteria of an asset. The directors will continue to review the future profitability of the company and will recognise these assets if they believe the company can generate sufficient future profits in order to benefit from them.

8. Investments

	Shares in group undertakings
	(in \$000s)
Cost	
At 1 January 2021 and 31 December 2021	\$ 603
Net book value	
At 31 December 2020 and 31 December 2021	\$ 603

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
MG France Services SAS	France	Public relations and advertising services	Ordinary Shares	100% direct
MG Korea Services Ltd.	South Korea	Online dating	Ordinary Shares	100% direct
MTCH India Services Pte Ltd.	India	Online dating	Ordinary Shares	99% direct
MG Japan Services GK	Japan	Online dating	Ordinary Shares	100% direct
MG SGP Services Pte. Ltd.	Singapore	Online dating	Ordinary Shares	100% direct

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9. Debtors: Amounts Falling due within one year

	31 Dec 2021	31 Dec 2020
	<i>(in \$000s)</i>	
Amounts owed by group undertakings	\$ 1,622	\$ 2,541
Prepayments and accrued income	19	63
Other receivables	94	48
	<u>\$ 1,735</u>	<u>\$ 2,652</u>

Amounts owed by group companies do not bear interest and become due upon request for payment.

10. Creditors: Amounts Falling due within one year

	31 Dec 2021	31 Dec 2020
	<i>(in \$000s)</i>	
Amounts owed to group undertakings	\$ 13,623	\$ 10,632
Accrued expenses	748	612
Trade creditors	49	31
	<u>\$ 14,420</u>	<u>\$ 11,275</u>

Amounts owed to group companies are due upon demand and do not bear interest.

11. Called Up Share Capital and Share Premium

	Share capital	Share premium	Total
	<i>(in \$000s)</i>		
Allotted, issued and fully paid:			
Number: Class Nominal value:			
At 1 January 2021 and 31 December 2021	2 Ordinary £1	\$ — \$ 511	\$ 511

12. Share-Based Payment Transactions

Certain employees of the Company have been granted options and restricted stock units ("RSU") in Match Group, Inc. (US) shares. The options are granted with a fixed exercise price, generally vest equally over four years, and contractually expire ten years after the date of grant. Employees are required to remain in employment with the group until the options become exercisable. RSUs generally vest equally over four years while the employee remains in the group's employment and contractually expire ten years after the date of grant.

There are no outstanding or exercisable options at 31 December 2021. At 31 December 2020, 9,586 options were outstanding and exercisable. Options exercised in 2021 and 2020 resulted in 9,586 and 37,097 shares being issued at a weighted average price of \$8.90 and \$10.70, respectively. The related weighted average share price at the time of exercise was \$145.61 and \$73.69 per share, respectively, in 2021 and 2020.

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Out of the 10,927 unvested RSUs (2020: 27,751 RSUs), no RSUs were exercisable at 31 December 2021 and 2020. RSU vestings in 2021 resulted in 16,466 being issued at a weighted average share price at the time of vest of \$152.64. RSU vestings in 2020 resulted in 4,092 shares being issued at a weighted average share price at the time of vest of \$79.29.

RSUs outstanding at 31 December 2021 have grant dates between February 2019 and February 2021, expiration dates between February 2029 and February 2031, with issue prices between \$57.78 and \$160.95.

13. Ultimate Parent Company

The Company is a wholly-owned subsidiary of Match.com Foreign Holdings Limited, 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.

14. Related Party Disclosures

As the Company is a wholly-owned subsidiary of Match.com Foreign Holdings 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.