As filed with the Securities and Exchange Commission on November 9, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2017

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from__________to__________

Commission File No. 001-37636

matchgroup

Match Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-4278917**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8750 North Central Expressway, Suite 1400, Dallas, Texas 75231
(Address of registrant's principal executive offices)

(214) 576-9352
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 3, 2017, the following shares of the registrant's common stock were outstanding:

Common Stock	63,228,514
Class B Common Stock	209,919,402
Class C Common Stock	—
Total outstanding Common Stock	273,147,916

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of November 3, 2017 was $1,342,953,676. For the purpose of the foregoing calculation only, shares held by IAC/InterActiveCorp and all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

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PART I
FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

MATCH GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

	September 30, 2017	December 31, 2016
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 157,576	$ 253,651
Accounts receivable, net of allowance of $775 and $676, respectively	108,659	63,853
Assets of a business held for sale	—	133,272
Other current assets	45,847	39,618
Total current assets	312,082	490,394
Property and equipment, net of accumulated depreciation and amortization of $89,482 and $70,667, respectively	62,934	62,954
Goodwill	1,250,113	1,206,447
Intangible assets, net of accumulated amortization of $11,414 and $9,350, respectively	230,670	217,682
Deferred income taxes	245,549	5,286
Long-term investments	62,159	55,355
Other non-current assets	12,018	10,560
TOTAL ASSETS	$ 2,175,525	$ 2,048,678
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	$ 18,311	$ 7,357
Deferred revenue	196,568	161,124
Liabilities of a business held for sale	—	37,058
Accrued expenses and other current liabilities	126,001	108,720
Total current liabilities	340,880	314,259
Long-term debt	1,253,998	1,176,493
Income taxes payable	8,382	9,126
Deferred income taxes	29,297	25,339
Other long-term liabilities	14,968	20,877
Redeemable noncontrolling interests	5,947	6,062
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common stock, $0.001 par value, authorized 1,500,000,000 shares; 63,099,199 and 45,797,402 issued and outstanding at September 30, 2017 and December 31, 2016, respectively	63	46
Class B convertible common stock; $0.001 par value; authorized 1,500,000,000 shares; 209,919,402 shares issued and outstanding	210	210
Class C common stock; $0.001 par value; authorized 1,500,000,000 shares; no shares issued and outstanding	—	—
Preferred stock; $0.001 par value; authorized 500,000,000 shares; no shares issued and outstanding	—	—
Additional paid-in capital	89,030	490,587
Retained earnings	541,234	182,063
Accumulated other comprehensive loss	(108,484)	(176,384)
Total Match Group, Inc. shareholders' equity	522,053	496,522
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,175,525	$ 2,048,678

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

MATCH GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands, except per share data)			
Revenue	$ 343,418	$ 287,530	$ 951,754	$ 823,240
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	72,044	50,770	193,557	141,516
Selling and marketing expense	94,870	87,889	289,706	281,156
General and administrative expense	49,940	30,014	137,721	104,383
Product development expense	27,008	17,345	73,089	58,438
Depreciation	8,147	7,192	23,619	20,119
Amortization of intangibles	401	3,382	1,208	15,004
Total operating costs and expenses	252,410	196,592	718,900	620,616
Operating income	91,008	90,938	232,854	202,624
Interest expense	(19,548)	(20,850)	(57,570)	(61,872)
Other (expense) income, net	(9,925)	6,034	(25,453)	4,389
Earnings from continuing operations, before tax	61,535	76,122	149,831	145,141
Income tax benefit (provision)	226,236	(19,973)	214,039	(41,615)
Net earnings from continuing operations	287,771	56,149	363,870	103,526
(Loss) income from discontinued operations, net of tax	(85)	555	(4,647)	(5,502)
Net earnings	287,686	56,704	359,223	98,024
Net loss (earnings) attributable to redeemable noncontrolling interests	2	(294)	(52)	(384)
Net earnings attributable to Match Group, Inc. shareholders	$ 287,688	$ 56,410	$ 359,171	$ 97,640
Net earnings per share from continuing operations:				
Basic	$ 1.08	$ 0.22	$ 1.39	$ 0.41
Diluted	$ 0.98	$ 0.21	$ 1.22	$ 0.38
Net earnings per share attributable to Match Group, Inc. shareholders:				
Basic	$ 1.08	$ 0.22	$ 1.38	$ 0.39
Diluted	$ 0.98	$ 0.21	$ 1.21	$ 0.36
Stock-based compensation expense by function:				
Cost of revenue	$ 430	$ 378	$ 1,246	$ 1,093
Selling and marketing expense	1,146	853	3,253	2,555
General and administrative expense	12,669	7,479	35,740	26,250
Product development expense	5,704	2,008	13,388	10,912
Total stock-based compensation expense	$ 19,949	$ 10,718	$ 53,627	$ 40,810

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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MATCH GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
		(In thousands)		
Net earnings	$ 287,686	$ 56,704	$ 359,223	$ 98,024
Other comprehensive income, net of tax				
Change in foreign currency translation adjustment [(a)]	33,750	1,086	68,440	7,045
Change in fair value of available-for-sale securities [(b)]	—	—	—	(2,964)
Total other comprehensive income	33,750	1,086	68,440	4,081
Comprehensive income	321,436	57,790	427,663	102,105
Comprehensive income attributable to redeemable noncontrolling interests	(273)	(359)	(592)	(448)
Comprehensive income attributable to Match Group, Inc. shareholders	$ 321,163	$ 57,431	$ 427,071	$ 101,657

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(a) The nine months ended September 30, 2017 includes amounts reclassified out of other comprehensive income into earnings. See "Note 6—Accumulated Other Comprehensive Loss" for additional information.

(b) The nine months ended September 30, 2016 includes unrealized gains reclassified out of other comprehensive income into earnings. See "Note 6—Accumulated Other Comprehensive Loss" for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

MATCH GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (Unaudited)

Nine Months Ended September 30, 2017

	Redeemable Noncontrolling Interests	Common Stock $0.001 Par Value		Class B Convertible Common Stock $0.001 Par Value		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
		$	Shares	$	Shares				
						(In thousands)			
Balance as of December 31, 2016	$ 6,062	$ 46	45,797	$ 210	209,919	$ 490,587	$ 182,063	$ (176,384)	$ 496,522
Net earnings for the nine months ended September 30, 2017	52	—	—	—	—	—	359,171	—	359,171
Other comprehensive income, net of tax	540	—	—	—	—	—	—	67,900	67,900
Stock-based compensation expense	—	—	—	—	—	39,141	—	—	39,141
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	6	6,164	—	—	(243,239)	—	—	(243,233)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	11	11,138	—	—	(197,566)	—	—	(197,555)
Purchase of redeemable noncontrolling interests	(436)	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair value	(107)	—	—	—	—	107	—	—	107
Other	(164)	—	—	—	—	—	—	—	—
Balance as of September 30, 2017	$ 5,947	$ 63	63,099	$ 210	209,919	$ 89,030	$ 541,234	$ (108,484)	$ 522,053

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

MATCH GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	Nine Months Ended September 30,	
	2017	2016
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net earnings from continuing operations	$ 363,870	$ 103,526
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Stock-based compensation expense	53,627	40,810
Depreciation	23,619	20,119
Amortization of intangibles	1,208	15,004
Deferred income taxes	(239,796)	(3,123)
Acquisition-related contingent consideration fair value adjustments	4,397	(2,723)
Other adjustments, net	16,578	(1,706)
Changes in assets and liabilities		
Accounts receivable	(42,902)	(2,640)
Other assets	(9,001)	(11,741)
Accounts payable and accrued expenses and other current liabilities	15,399	5,244
Income taxes payable	11,923	7,166
Deferred revenue	30,717	25,538
Net cash provided by operating activities attributable to continuing operations	229,639	195,474
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	—	(456)
Capital expenditures	(21,638)	(36,983)
Proceeds from the sale of a business, net	96,144	—
Proceeds from sale of a marketable security	—	11,716
Purchase of investments	(9,076)	(500)
Other, net	41	4,600
Net cash provided by (used in) investing activities attributable to continuing operations	65,471	(21,623)
Cash flows from financing activities attributable to continuing operations:		
Term Loan borrowings	75,000	—
Proceeds from bond offering	—	400,000
Principal payments on Term Loan	—	(410,000)
Debt issuance costs	(1,814)	(5,048)
Proceeds from issuance of common stock pursuant to stock-based awards	57,705	30,246
Cash payments to purchase fully vested equity awards and pay withholding taxes on behalf of employees on net settled stock-based awards	(501,437)	(29,779)
Purchase of redeemable noncontrolling interests	(436)	(1,129)
Acquisition-related contingent consideration payments	(23,429)	—
Other, net	(165)	(12,181)
Net cash used in financing activities attributable to continuing operations	(394,576)	(27,891)
Total cash (used in) provided by continuing operations	(99,466)	145,960
Net cash used in operating activities attributable to discontinued operations	(6,061)	(643)
Net cash used in investing activities attributable to discontinued operations	(471)	(3,470)
Total cash used in discontinued operations	(6,532)	(4,113)
Effect of exchange rate changes on cash and cash equivalents	9,923	1,134
Net (decrease) increase in cash and cash equivalents	(96,075)	142,981
Cash and cash equivalents at beginning of period	253,651	88,173
Cash and cash equivalents at end of period	$ 157,576	$ 231,154

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Match Group, Inc. is the world's leading provider of dating products. We operate a portfolio of over 45 brands, including Match, Tinder, PlentyOfFish, Meetic, OkCupid, Pairs, Twoo, OurTime, BlackPeopleMeet and LoveScout24, each designed to increase our users' likelihood of finding a romantic connection. Through our portfolio of trusted brands, we provide tailored products to meet the varying preferences of our users. We currently offer our dating products in 42 languages across more than 190 countries. Following the sale of our Non-dating segment in March 2017, Match Group is managed as a portfolio of dating brands and has one operating segment, Dating.

Through the brands within our Dating business, we are a leading provider of membership-based and ad-supported dating products servicing North America, Western Europe and many other regions around the world. We provide these services through websites and mobile and web applications that we own and operate.

At September 30, 2017, IAC/InterActiveCorp's ("IAC") ownership interest and voting interest in Match Group were 81.3% and 97.6%, respectively.

All references to "Match Group," the "Company," "we," "our," or "us" in this report are to Match Group, Inc.

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in management's opinion, all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of our financial position, results of operations and cash flows for the periods presented. Interim results are not necessarily indicative of the results that may be expected for the full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated and combined statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest. All intercompany transactions and balances between and among the Company, its subsidiaries and the entities comprising Match Group have been eliminated.

For the purposes of these financial statements, income taxes have been computed for Match Group on an as if stand-alone, separate tax return basis.

Accounting Estimates

Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments and assumptions impact the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities.

On an ongoing basis, the Company evaluates its estimates and judgments including those related to: the recoverability of goodwill and indefinite-lived intangible assets; the useful lives and recoverability of definite-lived intangible assets and property and equipment; the fair value of long-term investments; the carrying value of accounts receivable, including the determination of the allowance for doubtful accounts; the determination of revenue reserves; the fair value of acquisition-related contingent consideration arrangements; the liabilities for uncertain tax positions; the valuation allowance for deferred income tax assets; and the fair value of and forfeiture rates for stock-based awards, among others. The Company bases its estimates and judgments on historical experience, its forecasts and budgets and other factors that the Company considers relevant. Actual results could differ from those estimates.

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

Recent Accounting Pronouncements

Accounting Pronouncements not yet adopted by the Company

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers,* which clarifies the principles for recognizing revenue and develops a common standard for all industries. ASU No. 2014-09 was subsequently amended during 2015, 2016 and 2017; these amendments provide further revenue recognition guidance related to principal versus agent considerations, performance obligations and licensing, and narrow-scope improvements and practical expedients.

ASU No. 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new standard provides a single principles-based, five-step model to be applied to all contracts with customers. This five-step model includes (1) identifying the contract(s) with the customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when each performance obligation is satisfied. More specifically, revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASU No. 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted for interim and annual reporting periods beginning after December 15, 2016. Upon adoption, ASU No. 2014-09 may either be applied retrospectively to each prior period presented or using the modified retrospective approach with the cumulative effect recognized as of the date of initial application.

While the Company's evaluation of the impact the adoption of ASU No. 2014-09 on its consolidated financial statements continues, it has progressed to the point where we have reached certain determinations. The Company will adopt ASU No. 2014-09 using the modified retrospective approach effective January 1, 2018. The Company's assessment of the accounting for mobile app store fees incurred in connection with obtaining members is still preliminary and ongoing. The Company currently capitalizes these costs and amortizes them over the period of the applicable membership periods, which generally range from one to six months. The Company's initial conclusions in applying ASU No. 2014-09 to these costs were: (1) these costs represent the incremental direct costs of obtaining a membership contract and (2) would, therefore, continue to be capitalized and amortized as incurred. The Company is reassessing this conclusion in light of its finding that there are divergent and evolving interpretations of the correct application of ASU No. 2014-09 to these costs. The total capitalized mobile app store fees were $19.8 million as of September 30, 2017. The Company does not expect the adoption of ASU No. 2014-09 to have a material effect on its consolidated financial statements and does not expect to record a material adjustment to beginning retained earnings in the Form 10-Q for the period ending March 31, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance on accounting for leases in *"Leases (Topic 840)"* and generally requires all leases to be recognized in the statement of financial position. The provisions of ASU No. 2016-02 are effective for reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of ASU No. 2016-02 are to be applied using a modified retrospective approach. The Company will adopt ASU 2016-02 effective January 1, 2019. The Company is currently evaluating the impact that the adoption of this standard update will have on its consolidated financial statements.

Accounting Pronouncement adopted by the Company

In May 2017, the FASB issued ASU No. 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about the changes to the terms and conditions of a share-based payment award for which an entity is required to apply modification accounting in *"Stock Compensation (Topic 718)."* The provisions of ASU No. 2017-09 are effective for reporting periods beginning after December 15, 2017; early adoption is permitted. The provisions of ASU No. 2017-09 are to be applied prospectively to an award modified on or after the adoption date. The Company early adopted the provisions of ASU No. 2017-09 during the third quarter of 2017 and the adoption of this standard update did not have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which is intended to simplify the accounting for goodwill impairment. The guidance eliminates the requirement to calculate the implied fair value of goodwill under the previous two-step impairment test to measure a goodwill impairment charge. The provisions of ASU No. 2017-04 are effective for reporting periods beginning after December 15, 2019; early adoption is permitted. The provisions of ASU No. 2017-04 are to be applied using a prospective approach. The Company adopted the provisions of ASU No. 2017-04 on January 1, 2017 and the adoption of this standard update did not have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which clarifies how cash receipts and cash payments in certain transactions are presented and classified on the statement of cash flows. The provisions of ASU No. 2016-15 are effective for reporting periods beginning after December 15, 2017, including interim periods. Early adoption is permitted. Under ASU No. 2016-15, cash payments not made soon after the acquisition date of a business combination to settle a contingent consideration liability are separated and classified as cash outflows for operating activities and financing activities. Cash payments up to the amount of the contingent consideration liability initially recognized at the acquisition date (including measurement-period adjustments) are classified as financing activities; any excess is classified as operating activities. Cash payments made soon after the acquisition date of a business combination by an acquirer to settle a contingent consideration liability are classified as cash outflows for investing activities. The Company early adopted the provisions of ASU No. 2016-15 on January 1, 2017 and the adoption of this standard update did not have a material impact on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payments Accounting*. The Company adopted the provisions of ASU No. 2016-09 on January 1, 2017. Excess tax benefits or deficiencies related to equity awards to employees upon exercise of stock options and the vesting of restricted stock units after January 1, 2017 are (i) reflected in the consolidated statement of operations as a component of the provision for income taxes, rather than recognized in equity, and (ii) reflected as operating, rather than financing, cash flows in our consolidated statement of cash flows. Excess tax benefits for the nine months ended September 30, 2017 was $263.6 million. Excess tax benefits of $25.9 million for the nine months ended September 30, 2016 were reclassified in the consolidated statement of cash flows to conform to the current year presentation. Upon adoption, the calculation of fully diluted shares excludes excess tax benefits from the assumed proceeds in applying the treasury stock method whereas they previously were included in this calculation; this change increased fully diluted shares by approximately 8.3 million and 2.7 million shares for the three and nine months ended September 30, 2017. The Company continues to account for forfeitures using an estimated forfeiture rate.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2—INCOME TAXES

Match Group is included within IAC's tax group for purposes of federal and consolidated state income tax return filings. In all periods presented, current income tax provision and deferred income tax benefit have been computed for Match Group on an as if stand-alone, separate return basis. Match Group's payments to IAC for its share of IAC's consolidated federal and state tax return liabilities have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows.

At the end of each interim period, the Company makes its best estimate of the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to significant, unusual, or extraordinary items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which they occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of beginning-of-the-year deferred tax assets in future years or the liabilities for uncertain tax positions is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of the realization of deferred tax assets generated in the current year. The accounting estimates used to compute the provision or benefit for income taxes may change as new events occur, more experience is acquired, additional information is obtained or our tax environment changes. To the extent that the expected annual effective income tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision in the quarter in which the change occurs.

For the three and nine months ended September 30, 2017, the Company recorded an income tax benefit from continuing operations of $226.2 million and $214.0 million, respectively. The income tax benefit for the three and nine months ended September 30, 2017 is due primarily to the effect of adopting the provisions of ASU No. 2016-09 on January 1, 2017. Under ASU No. 2016-09, excess tax benefits generated by the exercise, purchase or settlement of stock-based awards of $245.3 million and $263.6 million are recognized as a reduction to the income tax provision rather than as an increase to additional paid-in capital in the three and nine months ended September 30, 2017, respectively. For the three and nine months ended September 30, 2016, the Company recorded an income tax provision from continuing operations of $20.0 million and $41.6 million, respectively, which represents effective income tax rates of 26% and 29%, respectively. The effective tax rate for the three months ended September 30, 2016 is lower than the statutory rate of 35% due principally to foreign income taxed at lower rates and the non-taxable gain on contingent consideration fair value adjustments. The effective tax rate for the nine months ended September 30, 2016 is lower than the statutory rate of 35% due principally to foreign income taxed at lower rates.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. At September 30, 2017 and December 31, 2016, the Company had accrued $1.7 million and $1.5 million, respectively, for the payment of interest. At September 30, 2017 and December 31, 2016, the Company has accrued $1.5 million and $1.6 million, respectively, for penalties.

Match Group is routinely under audit by federal, state, local and foreign authorities in the area of income tax as a result of previously filed separate company tax returns and consolidated tax returns with IAC. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service is currently auditing IAC's federal income tax returns for the years ended December 31, 2010 through 2012, which includes the operations of Match Group. The statute of limitations for the years 2010 through 2013 has been extended to June 30, 2018. Various other jurisdictions are open to examination for tax years beginning with 2009. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon the resolution of audits and amounts previously provided may be material. Differences between the reserves for income tax contingencies and the amounts owed by the Company are recorded in the period they become known.

At both September 30, 2017 and December 31, 2016, unrecognized tax benefits, including interest and penalties, were $27.4 million. At September 30, 2017 and December 31, 2016, approximately $18.2 million and $17.7 million, respectively, was included in unrecognized tax benefits for tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at September 30, 2017 are subsequently recognized, $24.8 million, net of related deferred tax assets and interest, would reduce income tax expense. The comparable amount as of December 31, 2016 was $25.9 million. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by approximately $14.8 million within twelve months of September 30, 2017, due to expirations of statutes of limitations.

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

The Company regularly assesses the realizability of deferred tax assets considering all available evidence including, among other things, the nature, frequency and severity of prior cumulative losses, forecasts of future taxable income, the duration of statutory carryforward periods, available tax planning and historical experience, to the extent these items are applicable. As of September 30, 2017, the Company has a gross deferred tax asset of $257.4 million that the Company expects to fully utilize on a more likely than not basis.

NOTE 3—DISCONTINUED OPERATIONS

On March 31, 2017, Match Group sold its Non-dating business, which operated under the umbrella of The Princeton Review, to ST Unitas, a global education technology company. We recognized a loss on the sale of the business of $1.2 million, which is reported within discontinued operations.

The components of assets and liabilities of a business held for sale in the accompanying consolidated balance sheet at December 31, 2016 consisted of the following:

	December 31, 2016
	(In thousands)
Accounts receivable, net	$ 8,677
Other current assets	3,847
Property and equipment, net	6,774
Goodwill	74,396
Intangible assets, net	31,488
Other non-current assets	8,090
Total assets of a business held for sale	$ 133,272
Accounts payable	$ 3,467
Deferred revenue	22,886
Accrued expenses and other current liabilities	8,771
Other long-term liabilities	1,934
Total liabilities of a business held for sale	$ 37,058

The key components of (loss) income from discontinued operations for the three and nine months ended September 30, 2017 and 2016 consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Revenue	$ —	$ 28,917	$ 23,980	$ 79,609
Operating costs and expenses	—	(28,101)	(29,601)	(87,623)
Operating income (loss)	—	816	(5,621)	(8,014)
Other (expense) income	(168)	110	(1,171)	65
Income tax benefit (expense)	83	(371)	2,145	2,447
(Loss) income from discontinued operations	$ (85)	$ 555	$ (4,647)	$ (5,502)

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

NOTE 4—FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company categorizes its financial instruments measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are:

- Level 1: Observable inputs obtained from independent sources, such as quoted prices for identical assets and liabilities in active markets.
- Level 2: Other inputs, which are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair values of the Company's Level 2 financial assets are primarily obtained from observable market prices for identical underlying securities that may not be actively traded. Certain of these securities may have different market prices from multiple market data sources, in which case an average market price is used.
- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the assets or liabilities. See below for a discussion of fair value measurements made using Level 3 inputs.

The following tables present the Company's financial instruments that are measured at fair value on a recurring basis:

	September 30, 2017			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 40,895	$ —	$ —	$ 40,895
Time deposits	—	5,942	—	5,942
Total	$ 40,895	$ 5,942	$ —	$ 46,837
Liabilities:				
Contingent consideration arrangements	$ —	$ —	$ (1,792)	$ (1,792)

	December 31, 2016			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 85,225	$ —	$ —	$ 85,225
Liabilities:				
Contingent consideration arrangements	$ —	$ —	$ (19,418)	$ (19,418)

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

The following tables present the changes in the Company's financial instruments that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Three Months Ended September 30,	
	2017	2016
	Contingent Consideration Arrangements	
	(In thousands)	
Balance at July 1	$ (24,829)	$ (34,732)
Total net (losses) gains:		
Fair value adjustments	(59)	5,129
Included in other comprehensive loss	(333)	(332)
Settlements	23,429	—
Balance at September 30	$ (1,792)	$ (29,935)

	Nine Months Ended September 30,	
	2017	2016
	Contingent Consideration Arrangements	
	(In thousands)	
Balance at January 1	$ (19,418)	$ (28,993)
Total net (losses) gains:		
Fair value adjustments	(4,397)	2,723
Included in other comprehensive loss	(1,406)	(5,613)
Fair value at date of acquisition	—	(185)
Settlements	23,429	—
Other	—	2,133
Balance at September 30	$ (1,792)	$ (29,935)

Contingent consideration arrangements

As of September 30, 2017, there is one contingent consideration arrangement related to a business acquisition. The maximum contingent payment related to this arrangement is $3.0 million and the gross fair value of this arrangement, before the unamortized discount, at September 30, 2017 is $2.1 million.

The sole remaining contingent consideration arrangement is based upon earnings performance. Previous contingent consideration arrangements were based upon earnings performance and/or operating metrics. The Company determined the fair value of the contingent consideration arrangement by using probability-weighted analyses to determine the amounts of the gross liability, and, because the arrangement is long-term in nature, applying a discount rate, that appropriately captures the risks associated with the obligation to determine the net amount reflected in the consolidated financial statements. The fair values of the contingent consideration arrangements at both September 30, 2017 and December 31, 2016 reflect a 12% discount rate.

The fair value of contingent consideration arrangements is sensitive to changes in the forecasts of earnings and changes in discount rates. The Company remeasures the fair value of the contingent consideration arrangement each reporting period, including the accretion of the discount, if applicable, and changes are recognized in “General and administrative expense” in the accompanying consolidated statement of operations. The contingent consideration arrangement liability at September 30, 2017 and December 31, 2016 includes a current portion of $0.6 million and $19.0 million, respectively, and non-current portion of $1.2 million and $0.4 million, respectively, which are included in "Accrued expenses and other current liabilities" and "Other long-term liabilities," respectively, in the accompanying consolidated balance sheet.

Assets measured at fair value on a nonrecurring basis

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment, as well as cost method investments, are adjusted to fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

Cost method investments

At September 30, 2017 and December 31, 2016, the carrying values of the Company's investments accounted for under the cost method totaled $62.2 million and $55.4 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheet. The Company evaluates each cost method investment for impairment on a quarterly basis and recognizes an impairment loss if a decline in value is determined to be other-than-temporary. If the Company has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of a cost method investment, then the fair value of such cost method investment is not estimated, as it is impracticable to do so. During the first quarter of each of 2017 and 2016, we recognized other-than-temporary impairment charges of $2.3 million and $0.7 million, respectively, related to certain cost method investments as a result of our assessment of the near-term prospects and financial condition of the investees. The fair value measurements of these impairments are based on Level 3 inputs.

On October 23, 2017, a cost method investment with a carrying value of $51.1 million was sold for net cash proceeds of $60.2 million resulting in a pre-tax gain of $9.1 million, which will be recognized in the fourth quarter of 2017.

Financial instruments measured at fair value only for disclosure purposes

The following table presents the carrying value and the fair value of financial instruments measured at fair value only for disclosure purposes.

	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Long-term debt	$ (1,253,998)	$ (1,322,039)	$ (1,176,493)	$ (1,244,641)

The fair value of long-term debt is estimated using market prices or indices for similar liabilities and taking into consideration other factors such as credit quality and maturity, which are Level 3 inputs.

NOTE 5—LONG-TERM DEBT

Long-term debt consists of:

	September 30, 2017	December 31, 2016
	(In thousands)	
6.375% Senior Notes due June 1, 2024 (the "2016 Senior Notes"); interest payable each June 1 and December 1, which commenced December 1, 2016	$ 400,000	$ 400,000
6.75% Senior Notes due December 15, 2022 (the "2015 Senior Notes"); interest payable each June 15 and December 15, which commenced June 15, 2016	445,172	445,172
Term Loan due November 16, 2022 [(a)]	425,000	350,000
Total debt	1,270,172	1,195,172
Less: Unamortized original issue discount and original issue premium, net	4,470	5,245
Less: Unamortized debt issuance costs	11,704	13,434
Total long-term debt	$ 1,253,998	$ 1,176,493

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(a) The Term Loan matures on November 16, 2022; provided that, if any of the 2015 Senior Notes remain outstanding on the date that is 91 days prior to the maturity date of the 2015 Senior Notes, the Term Loan maturity date shall be September 15, 2022, the date that is 91 days prior to the maturity date of the 2015 Senior Notes.

Senior Notes:

The 2016 Senior Notes were issued on June 1, 2016. The proceeds of $400 million were used to repay a portion of indebtedness then outstanding under the Term Loan. At any time prior to June 1, 2019, these notes may be redeemed at a redemption price equal to the sum of the principal amount thereof, plus accrued and unpaid interest and a make-whole premium. Thereafter, these notes may be redeemed at redemption prices set forth in the indenture governing the 2016 Senior Notes, together with accrued and unpaid interest thereon to the applicable redemption date.

The 2015 Senior Notes were issued on November 16, 2015, in exchange for a portion of IAC's 4.75% Senior Notes due December 15, 2022 (the "IAC 2012 Senior Notes") (the "Match Exchange Offer"). Promptly following the Match Exchange Offer, the Company and its subsidiaries were designated as unrestricted subsidiaries of IAC for purposes of the indentures governing the IAC 4.875% Senior Notes due November 30, 2018, the IAC 2012 Senior Notes and the IAC Credit Facility. Following this designation, neither Match Group nor any of its subsidiaries guarantee any debt of IAC, or are subject to any of the covenants related to such debt. At any time prior to December 15, 2017, the 2015 Senior Notes may be redeemed at a redemption price equal to the sum of the principal amount thereof, plus accrued and unpaid interest and a make-whole premium. Thereafter, these notes may be redeemed at redemption prices set forth in the indenture governing the 2015 Senior Notes, together with accrued and unpaid interest thereon to the applicable redemption date.

The indentures governing the 2016 and 2015 Senior Notes contain covenants that would limit the Company's ability to pay dividends or to make distributions and repurchase or redeem Match Group stock in the event a default has occurred or Match Group's leverage ratio (as defined in the indentures) exceeds 5.0 to 1.0. At September 30, 2017, there were no limitations pursuant thereto. There are additional covenants that limit the ability of the Company and its subsidiaries to, among other things, (i) incur indebtedness, make investments, or sell assets in the event the Company is not in compliance with the financial ratio set forth in the indenture, and (ii) incur liens, enter into agreements restricting the ability of the Company's subsidiaries to pay dividends, enter into transactions with affiliates and consolidate, merge or sell substantially all of their assets.

Term Loan and Credit Facility:

On November 16, 2015, under a credit agreement (the "Credit Agreement"), the Company borrowed $800 million in the form of a term loan (the "Term Loan"). On March 31, 2016, the Company made a $10 million principal payment on the Term Loan. In addition, on June 1, 2016, the $400 million in proceeds from the 2016 Senior Notes were used to repay a portion of the Term Loan. On December 8, 2016, the Company made an additional $40 million principal payment on the Term Loan and the remaining outstanding balance of $350 million was repriced. On August 14, 2017, the Company borrowed an additional $75 million on the Term Loan and the outstanding balance of $425 million, which is due at maturity, was repriced. The Term Loan provides for additional annual principal payments as part of an excess cash flow sweep provision, the amount of which, if any, is governed by the secured net leverage ratio contained in the Credit Agreement. The Term Loan bears interest, at our option, at a base rate or LIBOR, plus 1.50% or 2.50%, respectively, and in the case of LIBOR, a floor of 0.00%. The interest rate on the Term Loan at September 30, 2017 is 3.81%. Interest payments are due at least quarterly through the term of the loan.

The Company has a $500 million revolving credit facility (the "Credit Facility") that expires on October 7, 2020. At September 30, 2017 and December 31, 2016, there were no outstanding borrowings under the Credit Facility. The annual commitment fee on undrawn funds based on the current leverage ratio is 30 basis points. Borrowings under the Credit Facility bear interest, at the Company's option, at a base rate or LIBOR, in each case plus an applicable margin, which is determined by reference to a pricing grid based on the Company's consolidated net leverage ratio. The terms of the Credit Facility require the Company to maintain a consolidated net leverage ratio of not more than 5.0 to 1.0 and a minimum interest coverage ratio of not less than 2.5 to 1.0.

There are additional covenants under the Credit Facility and the Term Loan that limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness, pay dividends or make distributions. While the Term Loan remains outstanding, these same covenants under the Credit Agreement are more restrictive than the covenants that are applicable to the Credit Facility. Obligations under the Credit Facility and Term Loan are unconditionally guaranteed by certain Match Group wholly-owned domestic subsidiaries, and are also secured by the stock of certain Match Group domestic and foreign subsidiaries. The Term Loan and outstanding borrowings, if any, under the Credit Facility rank equally with each other, and have priority over the 2016 and 2015 Senior Notes to the extent of the value of the assets securing the borrowings under the Credit Agreement.

NOTE 6—ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present the components of accumulated other comprehensive (loss) income and items reclassified out of accumulated other comprehensive loss into earnings:

	Three Months Ended September 30, 2017	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive (Loss) Income
	(In thousands)	
Balance at July 1	$ (141,959)	$ (141,959)
Other comprehensive income	33,475	33,475
Balance at September 30	$ (108,484)	$ (108,484)

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

	Three Months Ended September 30, 2016	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive (Loss) Income
	(In thousands)	
Balance at July 1	$ (133,824)	$ (133,824)
Other comprehensive income	1,021	1,021
Balance at September 30	$ (132,803)	$ (132,803)

	Nine Months Ended September 30, 2017	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive (Loss) Income
	(In thousands)	
Balance at January 1	$ (176,384)	$ (176,384)
Other comprehensive income	67,186	67,186
Amounts reclassified into earnings	714	714
Net current period other comprehensive income	67,900	67,900
Balance at September 30	$ (108,484)	$ (108,484)

	Nine Months Ended September 30, 2016		
	Foreign Currency Translation Adjustment	Unrealized Gain on Available-For-Sale Security	Accumulated Other Comprehensive (Loss) Income
	(In thousands)		
Balance at January 1	$ (139,784)	$ 2,964	$ (136,820)
Other comprehensive income before reclassifications	6,981	94	7,075
Gain on sale of available-for-sale security reclassified into earnings	—	(3,058)	(3,058)
Net period other comprehensive (loss) income	6,981	(2,964)	4,017
Balance at September 30	$ (132,803)	$ —	$ (132,803)

At both September 30, 2017 and 2016, there was no tax benefit or provision on the accumulated other comprehensive loss.

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

NOTE 7—EARNINGS PER SHARE

The following tables set forth the computation of the basic and diluted earnings per share attributable to Match Group shareholders:

	Three Months Ended September 30,			
	2017		2016	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator				
Net earnings from continuing operations	$ 287,771	$ 287,771	$ 56,149	$ 56,149
Net loss (earnings) attributable to redeemable noncontrolling interests	2	2	(294)	(294)
Net earnings from continuing operations attributable to Match Group, Inc. shareholders	287,773	287,773	55,855	55,855
(Loss) earnings from discontinued operations, net of tax	(85)	(85)	555	555
Net earnings attributable to Match Group, Inc. shareholders	$ 287,688	$ 287,688	$ 56,410	$ 56,410
Denominator				
Basic weighted average common shares outstanding	267,487	267,487	253,176	253,176
Dilutive securities including subsidiary denominated equity, stock options and RSU awards [(a)(b)]	—	25,573	—	16,848
Dilutive weighted average common shares outstanding	267,487	293,060	253,176	270,024
Earnings (loss) per share:				
Earnings per share from continuing operations	$ 1.08	$ 0.98	$ 0.22	$ 0.21
(Loss) earnings per share from discontinued operations, net of tax	$ (0.00)	$ (0.00)	$ 0.00	$ 0.00
Earnings per share attributable to Match Group, Inc. shareholders	$ 1.08	$ 0.98	$ 0.22	$ 0.21

MATCH GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

	Nine Months Ended September 30,			
	2017		2016	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator				
Net earnings from continuing operations	$ 363,870	$ 363,870	$ 103,526	$ 103,526
Net earnings attributable to redeemable noncontrolling interests	(52)	(52)	(384)	(384)
Net earnings from continuing operations attributable to Match Group, Inc. shareholders	363,818	363,818	103,142	103,142
Loss from discontinued operations, net of tax	(4,647)	(4,647)	(5,502)	(5,502)
Net earnings attributable to Match Group, Inc. shareholders	$ 359,171	$ 359,171	$ 97,640	$ 97,640
Denominator				
Basic weighted average common shares outstanding	260,876	260,876	250,316	250,316
Dilutive securities including subsidiary denominated equity, stock options and RSU awards [(a)(b)]	—	36,431	—	18,394
Dilutive weighted average common shares outstanding	260,876	297,307	250,316	268,710
Earnings (loss) per share:				
Earnings per share from continuing operations	$ 1.39	$ 1.22	$ 0.41	$ 0.38
Loss per share from discontinued operations, net of tax	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)
Earnings per share attributable to Match Group, Inc. shareholders	$ 1.38	$ 1.21	$ 0.39	$ 0.36

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(a) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of subsidiary denominated equity and stock options or vesting of restricted stock units ("RSUs"). For the three and nine months ended September 30, 2017, 2.9 million and 4.4 million, potentially dilutive securities, respectively, and for the three and nine months ended September 30, 2016, 0.8 million and 11.2 million potentially dilutive securities, respectively, are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

(b) Market-based awards and performance-based stock options ("PSOs") and units (“PSUs”) are considered contingently issuable shares. Shares issuable upon exercise or vesting of market-based awards, PSOs and PSUs are included in the denominator for earnings per share if (i) the applicable market or performance condition(s) has been met and (ii) the inclusion of the market-based award, PSOs and PSUs is dilutive for the respective reporting periods. For each of the three and nine months ended September 30, 2017, 4.5 million shares underlying market-based awards, PSOs and PSUs and for each of the three and nine months ended September 30, 2016, 7.1 million shares underlying market-based awards, PSOs and PSUs were excluded from the calculation of diluted earnings per share because the market or performance conditions had not been met.

NOTE 8—GEOGRAPHIC AND BUSINESS INFORMATION

Revenue by geography is based on where the customer is located. Geographic information about revenue and long-lived assets is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Revenue				
United States	$ 183,727	$ 172,148	$ 532,378	$ 503,951
All other countries	159,691	115,382	419,376	319,289
Total	$ 343,418	$ 287,530	$ 951,754	$ 823,240

The United States is the only country whose revenue is greater than 10 percent of total revenue for the three and nine months ended September 30, 2017 and 2016.

	September 30, 2017	December 31, 2016
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets)		
United States	$ 39,999	$ 41,747
All other countries	22,935	21,207
Total	$ 62,934	$ 62,954

The only country, other than the United States, with greater than 10 percent of total long-lived assets (excluding goodwill and intangible assets), was France with $13.8 million and $14.3 million as of September 30, 2017 and December 31, 2016, respectively.

The following table presents revenue disaggregated by type of service:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Revenue				
Direct revenue	$ 330,098	$ 273,727	$ 917,273	$ 786,176
Indirect revenue	13,320	13,803	34,481	37,064
Total	$ 343,418	$ 287,530	$ 951,754	$ 823,240

NOTE 9—CONTINGENCIES

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against us, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. The Company also evaluates other contingent matters, including income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company. See "Note 2—Income Taxes" for additional information related to income tax contingencies.

NOTE 10—RELATED PARTY TRANSACTIONS

Relationship with IAC

In connection with the IPO in November 2015, the Company entered into certain agreements relating to our relationship with IAC after the IPO. These agreements include a master transaction agreement; an investor rights agreement; a tax sharing agreement; a services agreement; an employee matters agreement and a subordinated loan agreement.

The Company has entered into certain arrangements with IAC in the ordinary course of business, which have continued post IPO, for: (i) the leasing of office space for certain of our businesses at properties owned by IAC, for which we paid IAC approximately $1.2 million and $3.8 million for the three and nine months ended September 30, 2017, respectively, and $1.1 million and $3.1 million for the three and nine months ended September 30, 2016, respectively, and (ii) the subleasing of space in a data center from an IAC subsidiary, for which we paid such IAC subsidiary approximately $0.3 million and $0.9 million for the three and nine months ended September 30, 2016, respectively, and discontinued subleasing as of December 31, 2016. For the three and nine months ended September 30, 2017, the Company was charged $2.6 million and $7.9 million, respectively, and for the three and nine months ended September 30, 2016, the Company was charged $2.9 million and $8.7 million, respectively, by IAC for services rendered pursuant to a services agreement (including the leasing of office space noted above). All such amounts were paid in full by the Company at September 30, 2017.

The employee matters agreement provides, among other things, that: (i) with respect to equity awards denominated in shares of certain of the Company’s subsidiaries, IAC may elect to cause such equity awards to be settled in either shares of IAC common stock or Company common stock and, to the extent that shares of IAC common stock are issued in settlement of such equity awards, the Company will reimburse IAC for the cost of such shares of IAC common stock by issuing to IAC additional shares of Company common stock; and (ii) the Company will reimburse IAC for the cost of any IAC equity awards held by the Company’s employees and former employees and that IAC may elect to receive payment either in cash or Company common stock.

During the nine months ended September 30, 2017, 11.1 million shares of Company common stock were issued to IAC pursuant to the employee matters agreement. This includes 10.6 million shares issued as reimbursement for shares of IAC common stock issued in connection with the exercise and settlement of the Tinder equity plan and 0.5 million shares issued as reimbursement for shares of IAC common stock issued in connection with the exercise and vesting of IAC equity awards held by Company employees.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

GENERAL

Key Terms:

When the following terms appear in this report, they have the meanings indicated below:

Dating - consists of all of our dating businesses globally.

Non-dating - consists of The Princeton Review, which was sold on March 31, 2017, for which the financial results have been presented as discontinued operations.

Operating metrics:

- **North America** - consists of financial results and metrics associated with customers located in the United States and Canada.
- **International** - consists of financial results and metrics associated with customers located outside of the United States and Canada.
- **Direct Revenue** - is revenue that is directly received from an end user of our products.
- **Indirect Revenue** - is revenue that is not received directly from an end user of our products, substantially all of which is advertising revenue.
- **Average PMC** - is calculated by summing the number of paid members, or paid member count ("PMC"), at the end of each day in the relevant measurement period and dividing it by the number of calendar days in that period. PMC as of any given time represents the number of users with a paid membership at that time. Users who purchase only à la carte features from us do not qualify as paid members for purposes of PMC.
- **Average Revenue Per Paying User ("ARPPU")** - is Direct Revenue from paid members included in Average PMC in the relevant measurement period (whether in the form of subscription payments or à la carte payments) divided by the Average PMC in such period divided by the number of calendar days in such period.

Operating costs and expenses:

- **Cost of revenue -** consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in data center and customer care functions, in-app purchase fees, credit card processing fees, hosting fees, and data center rent, energy and bandwidth costs. In-app purchase fees are monies paid to Apple and Google for the distribution and facilitation of in-app purchases of product features.
- **Selling and marketing expense -** consists primarily of advertising expenditures and compensation (including stock-based compensation) and other employee-related costs for personnel engaged in selling and marketing, and sales support functions. Advertising expenditures includes online marketing, including fees paid to search engines and social media, offline marketing (which is primarily television advertising), and partner-related payments to those who direct traffic to our brands.
- **General and administrative expense -** consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in executive management, finance, legal, tax and human resources, acquisition-related contingent consideration fair value adjustments (described below), fees for professional services and facilities costs.
- **Product development expense -** consists primarily of compensation (including stock-based compensation) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology.
- **Acquisition-related contingent consideration fair value adjustments** - relate to the portion of the purchase price (of certain acquisitions) that is contingent upon the future operating performance of the acquired company. The amounts ultimately paid are generally dependent upon earnings performance

and/or operating metrics as stipulated in the relevant purchase agreements. The fair value of the liability is estimated at the date of acquisition and adjusted each reporting period to fair value until the liability is settled. If the payment date of the liability is longer than one year, the amount is initially recorded net of a discount, which is amortized as an expense each period. In a period where the acquired company is expected to perform better than the previous estimate, the liability will be increased resulting in additional expense; and in a period when the acquired company is expected to perform worse than the previous estimate, the liability will be decreased resulting in income. The year-over-year impact can be significant, for example, if there is income in one period and expense in the other period.

Long-term debt:

- **Term Loan** - The Company's seven-year term loan entered into on November 16, 2015. On August 14, 2017 the Term Loan was increased by $75 million and the outstanding balance was repriced at LIBOR plus 2.50%, with a LIBOR floor of 0.00%. At September 30, 2017, $425 million is outstanding.
- **2015 Senior Notes** - The Company's 6.75% Senior Notes due December 15, 2022, with interest payable each June 15 and December 15, which were issued on November 16, 2015.
- **2016 Senior Notes** - The Company's 6.375% Senior Notes due June 1, 2024, with interest payable each June 1 and December 1, which were issued on June 1, 2016.

Non-GAAP financial measure:

- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")** - is a Non-GAAP financial measure. See "Match Group Inc.'s Principles of Financial Reporting" for the definition of Adjusted EBITDA.

Management Overview

Match Group, Inc. ("Match Group," the "Company," "we," "our," or "us") is the world’s leading provider of dating products. We operate a portfolio of over 45 brands, including Match, Tinder, PlentyOfFish, Meetic, OkCupid, Pairs, Twoo, OurTime, BlackPeopleMeet and LoveScout24, each designed to increase our users' likelihood of finding a romantic connection. Through our portfolio of trusted brands, we provide tailored products to meet the varying preferences of our users. We currently offer our products in 42 languages across more than 190 countries.

For a more detailed description of the Company's operating businesses, see the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Additional Information

Investors and others should note that we announce material financial and operational information to our investors using our investor relations website at *http://ir.mtch.com*, Securities and Exchange Commission ("SEC") filings, press releases and public conference calls. We use these channels as well as social media to communicate with our users and the public about our company, our services and other issues. It is possible that the information we post on social media could be deemed to be material information. Accordingly, investors, the media, and others interested in our company should monitor the social media channels listed on our investor relations website in addition to following our SEC filings, press releases and public conference calls. Neither the information on our website, nor the information on the website of any Match Group business, is incorporated by reference into this report, or into any other filings with, or into any other information furnished or submitted to, the SEC.

2017 Developments

In January 2017, we entered into a definitive agreement to sell The Princeton Review to ST Unitas, a global education technology company. The transaction closed on March 31, 2017 and the results of the Non-dating segment have been included in discontinued operations. The Company's financial information for prior periods has been recast to conform to this presentation.

In July 2017, Match Group elected to convert all outstanding equity awards of its wholly-owned Tinder business, which awards were primarily held by current and former Tinder employees, to stock options of Match Group. Subsequently, during the third quarter of 2017, we made cash payments totaling approximately $500 million to cover (i) withholding taxes paid on behalf of employees who exercised options on a net basis and (ii) the purchase of certain fully vested awards.

In August 2017, we increased our Term Loan by $75 million to $425 million and repriced the Term Loan, reducing the applicable interest margin by 0.75% per annum to LIBOR plus 2.50%, with a LIBOR floor of 0.00% (previously, the terms were LIBOR plus 3.25%, with a LIBOR floor of 0.75%).

Third Quarter and Year to Date September 30, 2017 Consolidated Results

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016, revenue grew 19% primarily due to strong contributions from Tinder; operating income was flat compared to the prior year quarter; and Adjusted EBITDA grew 12%. The adjusted EBITDA growth was due primarily to both higher revenue and lower selling and marketing expense as a percentage of revenue due to the continued shift toward brands with lower marketing spend as a percentage of revenue, partially offset by an increase in cost of revenue, primarily due to in-app purchase fees, and an increase in employee compensation primarily related to the employer portion of payroll taxes paid upon the exercise of Match Group options and increased headcount at Tinder. Operating income was flat compared to the prior year quarter because of increased non-cash compensation expense, primarily due to an increase in expense related to a subsidiary denominated equity award issued to a non-employee and, to a lesser degree, an increase in contingent consideration fair value adjustments expense of $5.2 million as the prior year period included income of $5.1 million compared to $0.1 million expense in the current year quarter. These impacts were partially offset by lower amortization of intangibles as a significant portion of our scheduled amortization from the acquisition of PlentyOfFish concluded at the end of 2016.

For the nine months ended September 30, 2017, revenue, operating income and Adjusted EBITDA grew 16%, 15% and 14%, respectively, compared to the nine months ended September 30, 2016. Revenue, Operating Income and Adjusted EBITDA increased due to the factors described above in the three-month discussion. Operating income was further impacted by an increase in stock-based compensation expense of $12.8 million, an increase in depreciation of $3.5 million due to growth in our business and an increase in acquisition-related contingent consideration fair value adjustments of $7.1 million, partially offset by a $13.8 million decrease in amortization of intangibles as a significant portion of our scheduled amortization from the acquisition of PlentyOfFish concluded at the end of 2016.

Results of Operations for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016

Revenue

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017	Change	% Change	2016	2017	Change	% Change	2016
	(In thousands, except ARPPU)							
Direct Revenue:								
North America	$ 188,869	$ 16,428	10%	$ 172,441	$ 546,714	$ 39,395	8%	$ 507,319
International	141,229	39,943	39%	101,286	370,559	91,702	33%	278,857
Total Direct Revenue	330,098	56,371	21%	273,727	917,273	131,097	17%	786,176
Indirect Revenue	13,320	(483)	(3)%	13,803	34,481	(2,583)	(7)%	37,064
Total Revenue	$ 343,418	$ 55,888	19%	$ 287,530	$ 951,754	$ 128,514	16%	$ 823,240
Percentage of Total Revenue:								
Direct Revenue:								
North America	55%			60%	57%			61%
International	41%			35%	39%			34%
Total Direct Revenue	96%			95%	96%			95%
Indirect Revenue	4%			5%	4%			5%
Total Revenue	100%			100%	100%			100%
Average PMC:								
North America	3,668	297	9%	3,371	3,537	236	7%	3,301
International	2,891	716	33%	2,175	2,656	646	32%	2,010
Total	6,559	1,013	18%	5,546	6,193	882	17%	5,311
(Change calculated using non-rounded numbers)								
ARPPU:								
North America	$ 0.55		—%	$ 0.56	$ 0.56		—%	$ 0.56
International	$ 0.52		3%	$ 0.50	$ 0.50		(1)%	$ 0.50
Total	$ 0.54	$ 0.01	1%	$ 0.53	$ 0.53	$ (0.01)	(1)%	$ 0.54

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

North America Direct Revenue grew $16.4 million, or 10%, in 2017 versus 2016, driven by 9% growth in Average PMC. Average PMC growth was driven by higher beginning PMC and higher conversion of registrations to paid members. The growth in revenue and Average PMC is primarily attributable to continued growth at Tinder and PlentyOfFish.

International Direct Revenue grew $39.9 million, or 39%, in 2017 versus 2016, primarily driven by 33% growth in Average PMC and a 3% increase in ARPPU. Average PMC growth was driven by higher beginning PMC and higher registrations. The increase in ARPPU was due to an increase in ARPPU at Tinder, partially offset by foreign currency impacts. The growth in revenue and Average PMC is primarily attributable to continued growth at Tinder and growth in our Pairs brand in Japan.

Indirect Revenue declined $0.5 million due to declines at brands other than Tinder, partially offset by continued advertising revenue growth at Tinder.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

North America Direct Revenue grew $39.4 million, or 8%, in 2017 versus 2016, driven by 7% growth in Average PMC. These increases were driven by the factors described above in the three-month discussion.

International Direct Revenue grew $91.7 million, or 33%, in 2017 versus 2016, primarily driven by 32% growth in Average PMC. The increases in revenue and Average PMC were driven by the factors described above in the three-month discussion.

Cost of revenue (exclusive of depreciation)

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Cost of revenue	$72,044	$21,274	42%	$50,770
Percentage of revenue	21%			18%

Cost of revenue increased $21.3 million or 42%, primarily due to an increase in in-app purchase fees of $20.4 million and an increase in hosting fees of $1.4 million driven primarily by Tinder.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Cost of revenue	$193,557	$52,041	37%	$141,516
Percentage of revenue	20%			17%

Cost of revenue increased $52.0 million or 37%, driven by the factors described above in the three-month discussion.

Selling and marketing expense

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Selling and marketing expense	$94,870	$6,981	8%	$87,889
Percentage of revenue	28%			31%

Selling and marketing expense increased $7.0 million, or 8%, but declined as a percentage of revenue. The increase in total selling and marketing expense is primarily due to increased compensation of $3.7 million primarily related to the employer portion of payroll taxes paid upon the exercise of Match Group options, strategic marketing investments in certain international markets at our Tinder business and increased marketing related to the launch of a new brand in Europe, partially offset by a reduction in marketing spend at our affinity brands. The decline as a percentage of revenue is due primarily to a continued shift towards brands with lower marketing spend as a percentage of revenue and continued reduction in marketing spend at our affinity brands.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Selling and marketing expense	$289,706	$8,550	3%	$281,156
Percentage of revenue	30%			34%

Selling and marketing expense increased $8.6 million, or 3%, but declined as a percentage of revenue driven by the factors described above in the three-month discussion.

General and administrative expense

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
General and administrative expense	$49,940	$19,926	66%	$30,014
Percentage of revenue	15%			10%

General and administrative expense increased $19.9 million, or 66%, driven primarily by an increase of $12.0 million in compensation due to the employer portion of payroll taxes paid upon the exercise of Match Group options, increased headcount and an increase in stock-based compensation of $5.2 million, primarily due to an increase in expense related to a subsidiary denominated equity award issued to a non-employee, which was settled during the quarter. In addition, there was an increase in acquisition-related contingent consideration fair value adjustments of $5.2 million and an increase of $2.5 million in professional fees. The final measurement and settlement of an acquisition-related contingent consideration agreement resulted in minimal expense in the third quarter of 2017 of $0.1 million compared to acquisition-related contingent consideration income of $5.1 million during the third quarter of 2016.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
General and administrative expense	$137,721	$33,338	32%	$104,383
Percentage of revenue	14%			13%

General and administrative expense increased $33.3 million, or 32%, driven primarily by an increase of $18.7 million in compensation, an increase of $7.1 million in acquisition-related contingent consideration fair value adjustments and an increase of $5.2 million in professional fees in 2017 primarily related to the settlement of the Tinder equity plan. The increase in compensation is due to a $9.5 million increase in stock-based compensation expense primarily related to a subsidiary denominated equity award issued to a non-employee, new grants issued since the prior year period, the employer portion of payroll taxes paid upon the exercise of Match Group options and an increase in headcount from business growth. The increase in acquisition related contingent consideration fair value adjustments was driven by the factors described above in the three-month discussion.

Product development expense

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Product development expense	$27,008	$9,663	56%	$17,345
Percentage of revenue	8%			6%

Product development expense increased $9.7 million, or 56%, in 2017 versus 2016, driven primarily by an increase of $9.1 million in compensation, of which $5.4 million relates primarily to higher headcount and the employer portion of payroll taxes paid upon the exercise of Match Group options and $3.7 million is stock-based compensation expense due primarily to new grants issued since the prior year period.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Product development expense	$73,089	$14,651	25%	$58,438
Percentage of revenue	8%			7%

Product development expense increased $14.7 million, or 25%, in 2017 versus 2016, driven primarily by the factors described above in the three-month discussion.

Depreciation

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Depreciation	$8,147	$955	13%	$7,192
Percentage of revenue	2%			3%

Depreciation increased $1.0 million, or 13%, in 2017 versus 2016, driven by an increase in computer hardware, internally developed software and leasehold improvements as we continue to grow our business.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Depreciation	$23,619	$3,500	17%	$20,119
Percentage of revenue	2%			2%

Depreciation increased $3.5 million, or 17%, in 2017 versus 2016, driven by the factors described above in the three-month discussion.

Operating income and Adjusted EBITDA

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017	Change	% Change	2016	2017	$ Change	% Change	2016
	(Dollars in thousands)							
Operating income	$ 91,008	$ 70	—%	$ 90,938	$232,854	$30,230	15%	$202,624
Percentage of revenue	27%			32%	24%			25%
Adjusted EBITDA	$ 119,564	$ 12,463	12%	$ 107,101	$315,705	$39,871	14%	$275,834
Percentage of revenue	35%			37%	33%			34%

For a reconciliation of operating income and net earnings attributable to Match Group, Inc. shareholders to Adjusted EBITDA, see "Match Group, Inc.'s Principles of Financial Reporting."

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

Operating income was flat, reflecting the impact of the increases in operating costs and expenses described in the preceding paragraphs. Adjusted EBITDA, which excludes non-cash compensation and contingent consideration fair value adjustments, increased $12.5 million, or 12%, respectively, in 2017 versus 2016, primarily as a result of the increase in revenue of $55.9 million and a decrease in selling and marketing expense as a percentage of revenue, partially offset by an increase in cost of revenue, general and administrative expense and product development expense. Both operating income and Adjusted EBITDA were burdened by $11 million in expenses related to the Tinder option conversion and exercises.

At September 30, 2017, there was $150.6 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 3.0 years.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

Operating income and Adjusted EBITDA increased $30.2 million, or 15%, and $39.9 million, or 14%, respectively, in 2017 versus 2016, primarily as a result of the increase in revenue of $128.5 million and a decrease in selling and marketing expense as a percentage of revenue, partially offset by an increase in cost of revenue. General and administrative expense and product development were up slightly on a percentage of revenue basis. Operating income was further impacted by a $13.8 million decrease in the amortization of intangibles as a significant portion of our scheduled amortization from the acquisition of PlentyOfFish concluded at the end of 2016, partially offset by an increase in stock-based compensation expense of $12.8 million, an increase in acquisition-related contingent consideration fair value adjustments of $7.1 million and an increase in depreciation of $3.5 million due to growth in our business.

Interest expense

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Interest expense	$19,548	$(1,302)	(6)%	$20,850

Interest expense decreased primarily due to the December 2016 and August 2017 repricings of the Term Loan, which reduced the contractual interest rates.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	**$ Change**	**% Change**	**2016**
	(Dollars in thousands)			
Interest expense	$57,570	$(4,302)	(7)%	$61,872

Interest expense decreased primarily due to the reduction of the average outstanding balance in the Term Loan and the December 2016 and August 2017 repricings of the Term Loan, which reduced the contractual interest rates, partially offset by the issuance of the 2016 Senior Notes in June 2016, which bear interest at a higher fixed rate of interest than the Term Loan.

Other (expense) income, net

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	**$ Change**	**% Change**	**2016**
	(Dollars in thousands)			
Other (expense) income, net	$(9,925)	$(15,959)	NM	$6,034

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NM = not meaningful

Other expense, net, in 2017 includes expenses of $6.8 million in net foreign currency exchange losses, $1.5 million of expense related to a mark-to-market adjustment pertaining to certain equity awards held by non-employees, a portion of which were settled during the third quarter 2017, and expense of $2.1 million related to the repricing of the Term Loan.

Other income, net, in 2016 includes $5.0 million in net foreign currency exchange gains.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	**$ Change**	**% Change**	**2016**
	(Dollars in thousands)			
Other (expense) income, net	$(25,453)	$(29,842)	NM	$4,389

Other expense, net, in 2017 includes expenses of $12.2 million related to a mark-to-market adjustment pertaining to certain subsidiary denominated equity awards held by a non-employee, $10.3 million in net foreign currency exchange losses, a $2.3 million other-than-temporary impairment charge related to a cost method investment resulting from of our assessment of the near-term prospects and financial condition of the investee and expense of $2.1 million related to the repricing of the Term Loan.

Other income, net, in 2016 includes $14.5 million in net foreign currency exchange gains and a $3.1 million pre-tax gain on the sale of a marketable security, partially offset by a non-cash charge of $11.1 million related to the write-off of a proportionate share of original issue discount and deferred financing costs related to the reduced Term Loan, a $2.0 million mark-to-market adjustment pertaining to subsidiary denominated equity awards held by a non-employee, and a $0.7 million other-than-temporary impairment charge related to a cost method investment resulting from our assessment of the near-term prospects and financial condition of the investee.

Income tax benefit (provision)

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Income tax benefit (provision)	$226,236	$246,209	NM	$(19,973)
Effective income tax rate	NM			(26)%

The 2017 income tax benefit was due primarily to the effect of adopting the provisions of the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, on January 1, 2017. Under ASU No. 2016-09, excess tax benefits generated by the exercise, purchase or settlement of stock-based awards of $245.3 million in the third quarter of 2017 are recognized as a reduction to the income tax provision rather than additional paid-in capital.

The 2016 effective income tax rate was lower than the statutory rate of 35% due primarily to foreign income taxed at lower rates and the non-taxable gain on contingent consideration fair value adjustments.

For the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands)			
Income tax benefit (provision)	$214,039	$255,654	NM	$(41,615)
Effective income tax rate	NM			(29)%

The 2017 income tax benefit was due primarily to the factors described above in the three-month discussion. Excess tax benefits generated upon the purchase or exercise of stock-based awards of $263.6 million in the first nine months of 2017 are recognized as a reduction to the income tax provision rather than additional paid-in capital.

The 2016 effective income tax rate was lower than the statutory rate of 35% due primarily to foreign income taxed at lower rates.

For further details of income tax matters see "Note 2—Income Taxes" to the consolidated financial statements included in "Item 1—Consolidated Financial Statements."

MATCH GROUP, INC.'S PRINCIPLES OF FINANCIAL REPORTING

Match Group reports Adjusted EBITDA and Revenue excluding foreign exchange impact, both of which are supplemental measures to U.S. generally accepted accounting principles ("GAAP"). The Adjusted EBITDA measure is among the primary metrics by which we evaluate the performance of our business, on which our internal budget is based and by which management is compensated. Revenue excluding foreign exchange impact provides a comparable framework for assessing how our business performed in light of the effect of exchange rate differences when compared to prior periods. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Match Group endeavors to compensate for the limitations of the non-GAAP measures presented by providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures, which we discuss below.

Adjusted EBITDA

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and impairments of goodwill and intangible assets, if applicable, and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, and we believe that by excluding these items, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business, from which capital investments are made and debt is serviced. Adjusted EBITDA has certain limitations in that it does not take into account the impact to our consolidated statement of operations of certain expenses.

Non-Cash Expenses That Are Excluded From Match Group's Non-GAAP Measure

Stock-based compensation expense consists principally of expense associated with the grants of stock options, restricted stock units ("RSUs"), performance-based RSUs and market-based awards. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding using the treasury stock method; however, performance-based RSUs and market-based awards are included in dilution only to the extent the applicable performance or market condition(s) have been met (assuming the end of the reporting period is the end of the contingency period). Upon the vesting of RSUs, performance-based RSUs and market-based awards, the awards are settled on a net basis, with the Company remitting the required tax-withholding amount from its current funds. Certain awards provide the employee the option to pay the applicable strike price and withholding taxes or to allow for the award to be net settled.

Depreciation is a non-cash expense relating to our property and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives or, in the case of leasehold improvements, the lease term, if shorter.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related primarily to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as customer lists, trade names and technology are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. We believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

Gains and losses recognized on changes in the fair value of contingent consideration arrangements are accounting adjustments to report contingent consideration liabilities at fair value. These adjustments can be highly variable and are excluded from our assessment of performance because they are considered non-operational in nature and, therefore, are not indicative of current or future performance or the ongoing cost of doing business.

The following tables reconcile operating income and net earnings attributable to Match Group, Inc. shareholders to Adjusted EBITDA:

	Three Months Ended September 30, 2017					
	Operating Income	Stock-based compensation	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Adjusted EBITDA
	(In thousands)					
Match Group, Inc.	$ 91,008	$ 19,949	$ 8,147	$ 401	$ 59	$ 119,564
Interest expense	(19,548)					
Other expense, net	(9,925)					
Earnings from continuing operations, before tax	61,535					
Income tax benefit	226,236					
Net earnings from continuing operations	287,771					
Loss from discontinuing operations, net of tax	(85)					
Net earnings	287,686					
Net loss attributable to redeemable noncontrolling interests	2					
Net earnings attributable to Match Group, Inc. shareholders	$ 287,688					

	Three Months Ended September 30, 2016					
	Operating Income	Stock-based compensation	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Adjusted EBITDA
	(In thousands)					
Match Group, Inc.	$ 90,938	$ 10,718	$ 7,192	$ 3,382	$ (5,129)	$ 107,101
Interest expense	(20,850)					
Other income, net	6,034					
Earnings from continuing operations, before tax	76,122					
Income tax provision	(19,973)					
Net earnings from continuing operations	56,149					
Earnings from discontinuing operations, net of tax	555					
Net earnings	56,704					
Net earnings attributable to redeemable noncontrolling interests	(294)					
Net earnings attributable to Match Group, Inc. shareholders	$ 56,410					

	Nine Months Ended September 30, 2017					
	Operating Income	Stock-based compensation	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Adjusted EBITDA
	(In thousands)					
Match Group, Inc.	$ 232,854	$ 53,627	$ 23,619	$ 1,208	$ 4,397	$ 315,705
Interest expense	(57,570)					
Other expense, net	(25,453)					
Earnings from continuing operations, before tax	149,831					
Income tax benefit	214,039					
Net earnings from continuing operations	363,870					
Loss from discontinuing operations, net of tax	(4,647)					
Net earnings	359,223					
Net earnings attributable to redeemable noncontrolling interests	(52)					
Net earnings attributable to Match Group, Inc. shareholders	$ 359,171					

	Nine Months Ended September 30, 2016					
	Operating Income	Stock-based compensation	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Adjusted EBITDA
	(In thousands)					
Match Group, Inc.	$ 202,624	$ 40,810	$ 20,119	$ 15,004	$ (2,723)	$ 275,834
Interest expense	(61,872)					
Other income, net	4,389					
Earnings from continuing operations, before tax	145,141					
Income tax provision	(41,615)					
Net earnings from continuing operations	103,526					
Loss from discontinuing operations, net of tax	(5,502)					
Net earnings	98,024					
Net earnings attributable to redeemable noncontrolling interests	(384)					
Net earnings attributable to Match Group, Inc. shareholders	$ 97,640					

Effects of Changes in Foreign Exchange Rates on Revenue

The impact of foreign exchange rates on Match Group, due to its global reach, may be an important factor in understanding period over period comparisons if movement in exchange rates is significant. Since our results are reported in U.S. dollars, international revenues are favorably impacted as the U.S. dollar weakens relative to other foreign currencies, and unfavorably impacted as the U.S. dollar strengthens relative to other foreign currencies. We believe the presentation of revenue excluding the effects from foreign exchange, in addition to reported revenue, helps improve the ability to understand Match Group's performance because it excludes the impact of foreign currency volatility that is not indicative of Match Group's core operating results.

Revenue excluding foreign exchange effects compares results between periods as if exchange rates had remained constant period over period. Revenue, excluding foreign exchange effects is calculated by translating current period revenues using prior period exchange rates. The percentage change in revenue, excluding foreign exchange effects is calculated by determining the change in current period revenues over prior period revenues where current period revenues are translated using prior period exchange rates.

The following table presents the impact of foreign exchange on total revenue and International ARPPU for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016:

	Three Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands, except ARPPU)			
Revenue, as reported	$ 343,418	$ 55,888	19%	$ 287,530
Foreign exchange effects	(1,969)			
Revenue excluding foreign exchange effects	$ 341,449	$ 53,919	19%	$ 287,530
(Percentage change calculated using non-rounded numbers)				
International ARPPU, as reported	$ 0.52		3%	$ 0.50
Foreign exchange effects	(0.01)			
International ARPPU, excluding foreign exchange effects	$ 0.51		2%	$ 0.50

	Nine Months Ended September 30,			
	2017	$ Change	% Change	2016
	(Dollars in thousands, except ARPPU)			
Revenue, as reported	$ 951,754	$ 128,514	16%	$ 823,240
Foreign exchange effects	6,535			
Revenue excluding foreign exchange effects	$ 958,289	$ 135,049	16%	$ 823,240
(Percentage change calculated using non-rounded numbers)				
International ARPPU, as reported	$ 0.50		(1)%	$ 0.50
Foreign exchange effects	0.01			
International ARPPU, excluding foreign exchange effects	$ 0.51		1%	$ 0.50

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	September 30, 2017	December 31, 2016
	(In thousands)	
Cash and cash equivalents:		
United States [(a)]	$ 37,246	$ 114,035
All other countries [(b)]	120,330	139,616
Total cash and cash equivalents	157,576	253,651
Long-term debt:		
2016 Senior Notes	$ 400,000	$ 400,000
2015 Senior Notes	445,172	445,172
Term Loan due November 16, 2022 [(c)]	425,000	350,000
Total long-term debt	1,270,172	1,195,172
Less: Unamortized original issue discount and original issue premium, net	4,470	5,245
Less: Unamortized debt issuance costs	11,704	13,434
Total long-term debt	$ 1,253,998	$ 1,176,493

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(a) Domestically, cash equivalents include AAA rated government money market funds.

(b) Internationally, cash equivalents include money market funds and time deposits with maturities of less than 91 days. If needed for our U.S. operations, most of the cash and cash equivalents held by the Company's foreign subsidiaries could be repatriated, which, under current tax law, would be subject to U.S. federal and state income taxes. We have not provided for any such tax because we currently do not anticipate a need to repatriate these funds to finance our U.S. operations and it is our intent to indefinitely reinvest these funds outside of the U.S.

(c) The Term Loan matures on November 16, 2022; provided that, if any of the 2015 Senior Notes remain outstanding on the date that is 91 days prior to the maturity date of the 2015 Senior Notes, the Term Loan maturity date shall be September 15, 2022, the date that is 91 days prior to the maturity date of the 2015 Senior Notes.

Senior Notes:

On June 1, 2016, the Company issued $400 million aggregate principal amount of 6.375% of Senior Notes due June 1, 2024.

The indentures governing the 2016 and 2015 Senior Notes contain covenants that would limit the Company's ability to pay dividends or to make distributions and repurchase or redeem Match Group stock in the event a default has occurred or Match Group's leverage ratio (as defined in the indentures) exceeds 5.0 to 1.0. At September 30, 2017, Match Group was in compliance with all applicable covenants.

Neither Match Group nor any of its subsidiaries guarantee any debt of IAC, or are subject to any of the covenants related to such debt.

Term Loan and Credit Facility:

On November 16, 2015, under a credit agreement (the "Credit Agreement"), the Company borrowed $800 million in the form of a term loan (the "Term Loan"). On March 31, 2016, the Company made a $10.0 million principal payment on the Term Loan. In addition, on June 1, 2016, the $400 million in proceeds from the 2016 Senior Notes were used to repay a portion of the Term Loan and, as a result, quarterly principal payments of $10.0

million under the Term Loan are no longer due. On December 8, 2016, the Company made an additional $40 million principal payment on the Term Loan and the remaining outstanding balance of $350 million was repriced. On August 14, 2017, the Company borrowed an additional $75 million on the Term Loan and the outstanding balance of $425 million, which is due at maturity, was repriced. The Term Loan currently bears interest, at our option, at a base rate or LIBOR, plus 1.50% or 2.50%, respectively, and in the case of LIBOR, a floor of 0.00%. The interest rate at September 30, 2017 is 3.81%. Interest payments are due at least quarterly through the term of the loan. The Term Loan provides for additional annual principal payments as part of an excess cash flow sweep provision, the amount of which, if any, is governed by the secured net leverage ratio set forth in the Credit Agreement.

The Company has a $500 million revolving credit facility (the "Credit Facility") that expires on October 7, 2020. At September 30, 2017, there were no outstanding borrowings under the Credit Facility. The annual commitment fee on undrawn funds based on the current leverage ratio is 30 basis points. Borrowings under the Credit Facility bear interest, at the Company's option, at a base rate or LIBOR, in each case plus an applicable margin, which is determined by reference to a pricing grid based on the Company's consolidated net leverage ratio. The terms of the Credit Facility require the Company to maintain a consolidated net leverage ratio of not more than 5.0 to 1.0 and a minimum interest coverage ratio of not less than 2.5 to 1.0.

There are additional covenants under the Credit Facility and the Term Loan that limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness, pay dividends or make distributions. While the Term Loan remains outstanding, these same covenants under the Credit Agreement are more restrictive than the covenants that are applicable to the Credit Facility. Obligations under the Credit Facility and Term Loan are unconditionally guaranteed by certain Match Group wholly-owned domestic subsidiaries, and are also secured by the stock of certain Match Group domestic and foreign subsidiaries. The Term Loan and outstanding borrowings, if any, under the Credit Facility rank equally with each other, and have priority over the 2016 and 2015 Senior Notes to the extent of the value of the assets securing the borrowings under the Credit Agreement.

IAC Subordinated Loan Facility:

Prior to the IPO, the Company entered into an uncommitted subordinated loan facility with IAC (the "IAC Subordinated Loan Facility"), which allows the Company to make one or more requests to IAC to borrow funds from it. If IAC agrees to fulfill any such borrowing request from the Company, such borrowing will be incurred in accordance with the terms of the IAC Subordinated Loan Facility. Any indebtedness outstanding under the IAC Subordinated Loan Facility will be by its terms subordinated in right of payment to the obligations under the Credit Facility, the Term Loan and the 2015 and 2016 Senior Notes. The IAC Subordinated Loan Facility has a scheduled final maturity date of no earlier than 90 days after the maturity date of the Credit Facility or the latest maturity date in respect of any Term Loan outstanding under the Credit Agreement. At September 30, 2017, the Company has no indebtedness outstanding under the IAC Subordinated Loan Facility.

Cash Flow Information

In summary, the Company's cash flows are as follows:

	Nine Months Ended September 30,	
	2017	2016
	(In thousands)	
Net cash provided by operating activities attributable to continuing operations	$ 229,639	$ 195,474
Net cash provided by (used in) investing activities attributable to continuing operations	65,471	(21,623)
Net cash used in financing activities attributable to continuing operations	(394,576)	(27,891)

2017

Adjustments to earnings primarily consist of deferred income taxes of $239.8 million primarily related to the net operating loss created by the settlement of stock-based awards. Partially offsetting this adjustment was $53.6 million of stock-based compensation expense, $23.6 million of depreciation, $4.4 million of acquisition-related contingent consideration fair value adjustments, $1.2 million of amortization of intangibles, and $16.6 million in other adjustments that consist primarily of net foreign currency losses of $9.9 million, a non-cash other-than-temporary impairment on a cost method investment of $2.3 million and non-cash interest expenses of $4.2 million. The increase in cash from changes in working capital primarily consists of an increase in deferred revenue of $30.7 million, due mainly to growth in membership revenue, an increase in accounts payable and accrued expenses and other liabilities of $15.4 million, due mainly to the timing of payments, including interest payments and an increase in income taxes payable of $11.9 million due primarily to the timing of tax payments. These increases were partially offset by decreases in cash from increases in accounts receivable of $42.9 million primarily related to timing of receipts and revenue increasingly sourced through mobile app stores and decreases in cash from other assets of $9.0 million primarily related to the prepayment of certain expenses.

Net cash provided by investing activities attributable to continuing operations in 2017 consists primarily of net proceeds of $96.1 million from the sale of a business partially offset by capital expenditures of $21.6 million that are primarily related to internal development of software to support our products and services and the purchase of long-term investments of $9.1 million.

Net cash used in financing activities attributable to continuing operations in 2017 is primarily due to cash payments of $501 million for (i) withholding taxes paid on behalf of employees who exercised options that were net settled and (ii) the purchase of certain fully vested awards, and a $23.4 million payment related to an acquisition-related contingent consideration agreement. Offsetting these payments were cash receipts of $75.0 million from the increase in the Term Loan and proceeds from the issuance of common stock pursuant to stock-based awards of $57.7 million.

2016

Adjustments to earnings primarily consist of $40.8 million of stock-based compensation expense, $15.0 million of amortization of intangibles and $20.1 million of depreciation, partially offset by deferred income taxes of $3.1 million and $2.7 million of acquisition-related contingent consideration fair value adjustments. The increase in cash from changes from working capital is due primarily to an increase in deferred revenue of $25.5 million, due mainly to growth in membership revenue, an increase in taxes payable of $7.2 million and an increase in accounts payable and accrued expenses and other current liabilities of $5.2 million related to the timing of payments. These increases were partially offset by a decrease in other assets of $11.7 million primarily related to the prepayment of certain expenses.

Net cash used in investing activities attributable to continuing operations in 2016 consists primarily of capital expenditures of $37.0 million, primarily related to the internal development of software to support our products and services, as well as leasehold improvements, partially offset by proceeds of $11.7 million from the sale of a marketable security.

Net cash used in financing activities attributable to continuing operations in 2016 primarily relates to payments of $410.0 million toward the Term Loan, of which $400.0 million was financed by the issuance of the 2016 Senior Notes.

Liquidity and Capital Resources

The Company's principal sources of liquidity are its cash flows generated from operations as well as cash and cash equivalents. The Company has a $500 million Credit Facility that expires on October 7, 2020. At September 30, 2017, there were no outstanding borrowings under the Credit Facility.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its operations. The Company expects that 2017 capital expenditures will be approximately $28 million, a decrease from 2016 capital expenditures primarily due to the completion of our new corporate headquarters and relocation of a data center during 2016.

The Company believes its expected positive cash flows generated from operations together with its existing cash and cash equivalents and available borrowing capacity under the Credit Facility will be sufficient to fund its normal operating requirements, capital expenditures, debt service, investing, and other commitments for the foreseeable future. The Company's liquidity could be negatively affected by a decrease in demand for our products and services.

In May 2017, the Board of Directors of the Company authorized Match Group to repurchase up to 6 million shares of its common stock. The timing and actual number of any shares repurchased will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. The Company is not obligated to purchase any shares under the repurchase program, and repurchases may be commenced, suspended or discontinued from time to time without prior notice. We did not repurchase any shares related to this repurchase authorization during the quarter ended September 30, 2017 and the full 6 million shares remain available for repurchase.

In July 2017, Match Group elected to convert all outstanding equity awards of its wholly-owned Tinder business into Match Group options at a value determined through a process involving two investment banks. During the third quarter of 2017, we made cash payments totaling approximately $500 million to cover (i) withholding taxes paid on behalf of employees who exercised options that were net settled and (ii) the purchase of certain fully vested awards. Because the Company purchased certain of these fully vested awards, and because the Company net-settled the remaining options by paying withholding taxes on behalf of employees, the number of Company common shares that would have otherwise been issued upon exercise of these options was reduced by 26.7 million shares. We recognized a corporate income tax deduction of approximately $260 million based on the intrinsic value of the awards exercised during the third quarter, and, as a result, we do not currently expect to pay a significant amount of domestic income taxes until 2020. As of September 30, 2017, approximately 80% of the converted options had been exercised.

In October 2017, a cost method investment was sold for net cash proceeds of $60.2 million

Our indebtedness could limit our ability to: (i) obtain additional financing to fund working capital needs, acquisitions, capital expenditures, debt service or other requirements; and (ii) use operating cash flow to pursue acquisitions, make capital expenditures or invest in other areas, such as developing properties and exploiting business opportunities. As of September 30, 2017, IAC owns 81.3% of our outstanding shares of capital stock and has 97.6% of the combined voting power of our outstanding capital stock. As a result of IAC's ability to control the election and removal of our board of directors, IAC effectively has the ability to control our financing activities, including the issuance of additional debt and equity securities, or the incurrence of other indebtedness. While the Company believes we will have the ability to access debt and equity markets if needed, such transactions may require the concurrence of IAC.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

With the sale of The Princeton Review on March 31, 2017, our operating lease commitments as of December 31, 2016, were reduced by $18.1 million. Other than this change and the increase in the Term Loan balance of $75 million, at September 30, 2017 there have been no material changes to the Company's contractual obligations, commercial commitments and off-balance sheet arrangements since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Interest Rate Risk

At September 30, 2017, the Company's outstanding debt was $1.3 billion, which consists of a $425 million Term Loan, which bears interest at a variable rate, and $845.2 million of Senior Notes, which bear interest at fixed rates. If market rates decline, the Company runs the risk that the related required payments on the fixed rate debt will exceed those based on market rates. A 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the fixed-rate debt by $40.5 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of fixed-rate debt for all maturities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. The Term Loan bears interest at LIBOR plus 2.50%. As of September 30, 2017, the rate in effect was 3.81%. If LIBOR were to increase or decrease by 100 basis points, then the annual interest expense and payments on the Term Loan would increase or decrease by $4.3 million.

Foreign Currency Exchange Risk

The Company operates in certain foreign markets, primarily in the European Union, and is exposed to foreign exchange risk for both the Euro and British Pound, among other currencies. For the three and nine months ended September 30, 2017, the impact on revenue for all foreign currencies was favorable by $2.0 million and unfavorable by $6.5 million, respectively, compared to the comparable prior year periods. For a reconciliation of Revenue excluding foreign exchange effects, see "Match Group, Inc.'s Principles of Financial Reporting."

Historically, the Company has not hedged foreign currency exposures. Our continued international expansion increases our exposure to exchange rate fluctuations and as a result such fluctuations could have a significant impact on our future results of operations.

Item 4. ***Controls and Procedures***

The Company monitors and evaluates on an ongoing basis its disclosure controls and procedures in order to improve their overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant.

As required by Rule 13a-15(b) of the Exchange Act, Match Group management, including the Chairman and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), conducted an evaluation, as of the end of the period covered by this report, of the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on this evaluation, the CEO and the CFO concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting during the period covered by this report that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

Overview

We are, and from time to time may become, involved in various legal proceedings arising in the normal course of our business activities, such as patent infringement claims, trademark oppositions and consumer or advertising complaints, as well as stockholder derivative actions, class action lawsuits and other matters. The amounts that may be recovered in such matters may be subject to insurance coverage. Although the results of legal proceedings and claims cannot be predicted with certainty, we are not currently a party to any legal proceedings the outcome of which, we believe, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition or results of operations. See "Item 1A-Risk factors—Risks relating to our business—We are subject to litigation and adverse outcomes in such litigation could have an adverse effect on our financial condition" of our annual report on Form 10-K for the fiscal year ended December 31, 2016.

Rules of the Securities and Exchange Commission require the description of material pending legal proceedings (other than ordinary, routine litigation incident to the registrant's business) and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of Match Group management, none of the pending litigation matters that we are defending, including those described below, involves or is likely to involve amounts of that magnitude. The litigation matters described below involve issues or claims that may be of particular interest to our stockholders, regardless of whether any of these matters may be material to our financial position or operations based upon the standard set forth in the SEC's rules.

Securities Class Action Litigation against Match Group

As previously disclosed in our periodic reports, on February 26, 2016, a putative nationwide class action was filed in federal court in Texas against the Company, five of its officers and directors, and twelve underwriters of the Company's initial public offering in November 2015. *See David M. Stein v. Match Group, Inc. et al.*, No. 3:16-cv-549 (U.S. District Court, Northern District of Texas). The complaint alleged that the registration statement and prospectus issued in connection with the Company's initial public offering were materially false and misleading given their failure to state that: (i) Match Group's Non-dating business would miss its revenue projection for the quarter ended December 31, 2015, and (ii) ARPPU (as defined in "Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations—General-Key Terms") would decline substantially in the quarter ended December 31, 2015. The complaint asserted that these alleged failures to timely disclose material information caused Match Group's stock price to drop after the announcement of its earnings for the quarter ended December 31, 2015. The complaint pleaded claims under the Securities Act of 1933 for untrue statements of material fact in, or omissions of material facts from, the registration statement, the prospectus, and related communications in violation of Sections 11 and 12 and, as to the officer/director defendants only, control-person liability under Section 15 for the Company's alleged violations. The complaint sought among other relief class certification and damages in an unspecified amount.

On March 9, 2016, a virtually identical class action complaint was filed in the same court against the same defendants by a different named plaintiff. *See Stephany Kam-Wan Chan v. Match Group, Inc. et al.*, No. 3:16-cv-668 (U.S. District Court, Northern District of Texas). On April 25, 2016, Judge Boyle in the *Chan* case issued an order granting the parties' joint motion to transfer that case to Judge Lindsay, who is presiding over the earlier-filed *Stein* case. On April 27, 2016, various current or former Match Group shareholders and their respective law firms filed motions seeking appointment as lead plaintiff(s) and lead or liaison counsel for the putative class. On April 28, 2016, the Court issued orders: (i) consolidating the *Chan* case into the *Stein* case, (ii) approving the parties' stipulation to extend the defendants' time to respond to the complaint until after the Court has appointed a lead plaintiff and lead counsel for the putative class and has set a schedule for the plaintiff's filing of a consolidated complaint and the defendants' response to that pleading, and (iii) referring the various motions for appointment of lead plaintiff(s) and lead or liaison counsel for the putative class to a United States Magistrate Judge for determination. In accordance with this order, the consolidated case is now captioned *Mary McCloskey* *et ano. v. Match Group, Inc. et al.*, No. 3:16-CV-549-L. On June 9, 2016, the Magistrate Judge issued an order appointing two lead plaintiffs, two law firms as co-lead plaintiffs' counsel, and a third law firm as plaintiffs' liaison counsel.

On July 27, 2016, the parties submitted to the Court a joint status report proposing a schedule for the plaintiffs' filing of a consolidated amended complaint and the parties' briefing of the defendants' contemplated motion to dismiss the consolidated complaint. On August 17, 2016, the Court issued an order approving the parties' proposed schedule. On September 9, 2016, in accordance with the schedule, the plaintiffs filed an amended consolidated complaint. The new pleading focuses solely on allegedly misleading statements or omissions concerning the Match Group's Non-dating business. The defendants filed motions to dismiss the amended consolidated complaint on November 8, 2016. The plaintiffs filed oppositions to the motions on December 23, 2016, and the defendants filed replies to the oppositions on February 6, 2017. The court delivered its decision on September 27, 2017, in which it denied our motion to dismiss without prejudice and provided the plaintiffs an opportunity to amend their claims to state an articulable cause of action by October 30, 2017. The plaintiffs amended their complaint prior to the deadline, and we intend to file a motion to dismiss the third amended complaint. We believe that the allegations in these lawsuits are without merit and will continue to defend vigorously against them.

Item 1A. ***Risk Factors***

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: Match Group's future financial performance, Match Group's business prospects and strategy, anticipated trends and prospects in the industries in which Match Group's businesses operate and other similar matters. These forward-looking statements are based on Match Group management's current expectations and assumptions about future events as of the date of this quarterly report, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: competition, our ability to maintain user rates on our higher monetizing dating products, our ability to attract users to our dating products through cost-effective marketing and related efforts, foreign currency exchange rate fluctuations, our ability to distribute our dating products through third parties and offset related fees, the integrity and scalability of our systems and infrastructure (and those of third parties) and our ability to adapt ours to changes in a timely and cost-effective manner, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, risks relating to certain of our international operations and acquisitions and certain risks relating to our relationship with IAC/InterActiveCorp, among other risks.

Certain of these and other risks and uncertainties are discussed in Match Group's filings with the Securities and Exchange Commission, including in Part I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2016. Other unknown or unpredictable factors that could also adversely affect Match Group's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements discussed in this quarterly report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of Match Group management as of the date of this quarterly report. Match Group does not undertake to update these forward-looking statements.

Item 6. ***Exhibits***

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith, incorporated by reference herein by reference to the location indicated or furnished herewith.

Exhibit Number	Description	Location
10.1	Form of Terms and Conditions for Stock Options granted under the Match Group, Inc. 2017 Stock and Annual Incentive Plan.(1)	
10.2	Form of Terms and Conditions for Restricted Stock Units granted under the Match Group, Inc. 2017 Stock and Annual Incentive Plan.(1)	
10.3	Amendment No. 4, dated as of August 14, 2017, to the Credit Agreement dated as of October 7, 2015, as amended and restated as of November 16, 2015, as further amended as of December 16, 2015, as further amended as of December 8, 2016, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.	Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 17, 2017.
31.1	Certification of the Chairman and Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(1)	
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(1)	
32.1	Certification of the Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)	
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)	
101.INS	XBRL Instance	
101.SCH	XBRL Taxonomy Extension Schema	
101.CAL	XBRL Taxonomy Extension Calculation	
101.DEF	XBRL Taxonomy Extension Definition	
101.LAB	XBRL Taxonomy Extension Labels	
101.PRE	XBRL Taxonomy Extension Presentation	

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(1) Filed herewith.

(2) Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 9, 2017	**MATCH GROUP, INC.**	
	By:	/s/ GARY SWIDLER
		Gary Swidler
		Chief Financial Officer

Signature	Title	Date
/s/ GARY SWIDLER Gary Swidler	Chief Financial Officer	November 9, 2017

QuickLinks

Exhibit 10.1

Terms and Conditions for Stock Options Granted Under the Match Group, Inc. 2017 Stock and Annual Incentive Plan

Overview

These Terms and Conditions apply to the grant to you by Match Group, Inc. ("Match" or the "Company") pursuant to Section 5 of the Match Group, Inc. 2017 Stock and Annual Incentive Plan (the "2017 Plan") of the right and option (the "Stock Options") to purchase the number of shares of common stock of the Company, par value $0.001 per share (the "Common Stock"), set forth in your award notice (the "Award Notice" and together with these Terms and Conditions, the "Award Agreement") at the exercise price per share set forth in the Award Notice. The Stock Options shall be Nonqualified Options. Unless earlier terminated pursuant to the terms of your Award Agreement or the Plan, the Stock Options shall expire on the ten year anniversary of your Award Date (the "Expiration Date"). All capitalized terms used herein, to the extent not defined, shall have the meanings set forth in the 2017 Plan.

Continuous Service

In order for your Stock Options to vest, you must be continuously employed by Match or one of its Subsidiaries during the Restriction Period (as defined below). Nothing in this Award Agreement or the 2017 Plan shall confer upon you any right to continue in the employ or service of Match or any of its Subsidiaries or interfere in any way with their rights to terminate your employment or service at any time.

Vesting

Subject to this Award Agreement and the Plan, your Stock Options shall vest and become exercisable (such period prior to vesting is the "Restriction Period") as specified in your Award Notice.

Method of Exercise; Payment of the Exercise Price

The portion of your Stock Options that is vested may be exercised by delivering to the Company or the agent selected by Match to administer the 2017 Plan (the "Agent") a written (including by way of electronic means) notice stating the number of whole shares to be purchased pursuant to this Award Agreement, accompanied by payment of the full purchase price of the shares of Common Stock to be purchased. Your Stock Options may not be exercised at any one time as to fewer than 100 shares (or such number of shares as to which the Stock Options are then exercisable if less than 100). Fractional share interests shall be disregarded except they may be accumulated.

The exercise price of the Stock Options shall be paid: (i) in cash, by certified check or bank draft payable to the order of the Company or by way of such other instrument as the Company may accept from time to time; (ii) by exchange of shares of unrestricted Common Stock of the Company already owned by you and having an aggregate Fair Market Value equal to the aggregate purchase price (which amount shall be equal to the product of the exercise price multiplied by the number of shares of Common Stock in respect of which the Stock Options are being exercised); provided, that you represent and warrant to the Company that you hold the shares of Common Stock free and clear of liens and encumbrances; (iii) by delivering, along with a properly executed exercise notice to the Company, a copy of irrevocable instructions to a broker to deliver promptly to the Company the aggregate exercise price and the amount of any applicable federal, state, local and/or foreign withholding taxes required to be withheld by the Company; provided, however, that such exercise must be implemented solely under a program or arrangement established and approved by the Company with a brokerage firm selected by the Company; or (iv) by any other procedure approved by the Committee, or by a combination of the foregoing.

Termination of Employment

The treatment of your Stock Options upon the termination of your employment is set forth in this Award Agreement and the 2017 Plan. Except as provided in this Award Agreement or the Plan, upon any Termination of Employment for any reason, any and all of your unvested Stock Options will be forfeited and canceled in their entirety. Except as set forth below, upon a Termination of Employment, that portion of the Stock Options, if any, which is exercisable at the time of such Termination of Employment may be exercised prior to the first to occur of: (a) the 90th day after such Termination of Employment or (b) the Expiration Date and will thereafter be forfeited and canceled.

If: (i) your employment is terminated by Match or any of its Subsidiaries for Cause or if you resign in anticipation of being terminated for Cause or (ii) if following any Termination of Employment for any reason, Match becomes aware that during the two (2) years prior to such Termination of Employment there was an event or circumstance that would have been grounds for termination for Cause that caused or is reasonably likely to cause meaningful damage (economic, reputational or otherwise) to Match and/or any of its Subsidiaries (the "Underlying Event"), then: (a) all of your Stock Options (whether or not vested) shall be forfeited and canceled in their entirety and (b) if any portion of your Stock Options were exercised after the Underlying Event, then Match shall be entitled to recover from you at any time within two (2) years after such exercise(s), and you shall pay over to Match, any gain realized as a result of such exercise(s). This remedy shall be without prejudice to, or waiver of, any other remedies Match and/or its Subsidiaries may have in such event.

In the event of a Termination of Employment due to your death, that portion of the Stock Options, if any, which is exercisable at the time of death may be exercised by your estate or by a person who acquired the right to exercise such Stock Options by bequest or inheritance or otherwise by reason of your death at any time prior to the first to occur of: (x) the first anniversary of the date of death or (y) the Expiration Date and will thereafter be forfeited and canceled. In the event of a Termination of Employment due to your Disability or Retirement, that portion of the Stock Options, if any, which is exercisable at the time of such Termination of Employment for Disability or Retirement may be exercised by you or your guardian or legal representative at any time prior to the first to occur of: (A) the first anniversary of such Termination of Employment or (B) the Expiration Date and will thereafter be forfeited and canceled.

Taxes and Withholding

No later than the date as of which an amount in respect of the Stock Options first becomes includible in your gross income for federal, state, local or foreign income or employment or other tax purposes, you shall pay to the Company or make arrangements satisfactory to the Committee regarding payment of any federal, state, local and/or foreign taxes of any kind required by law to be withheld with respect to such amount and the Company shall, to the extent permitted or required by law, have the right to deduct from any payment of any kind otherwise due to you (either directly or indirectly through its agent), federal, state, local and foreign taxes of any kind required by law to be withheld. Notwithstanding the foregoing, the Company shall be entitled to hold the shares issuable to you upon the exercise of your Stock Options (or the related proceeds) until the Company or the Agent has received from you: (i) a duly executed Form W-9 or W-8, as applicable and (ii) payment for any federal, state, local and/or foreign taxes of any kind required by law to be withheld with respect to such Stock Options. Payment for any federal, state, local and/or foreign taxes of any kind may be made in the same manner as payment for the exercise price (as described above).

Change in Control

"Change in Control" is defined as set forth in the 2017 Plan. The vesting of your Stock Options will not be accelerated upon a Change in Control of Match. However, in the event you cease to be employed by either Match or any of its Subsidiaries within the two (2) year period following a Change in Control of Match as a result of: (i) a termination by Match or any of its Subsidiaries without Cause or (ii) a resignation by you for Good Reason, then upon the occurrence of such event, 100% of your unvested Stock Options shall automatically vest.

In addition, following a Termination of Employment under these circumstances, your Stock Options may be exercised through the later of: (i) the last date on which the Stock Options would be exercisable in the absence of a Change in Control and (ii) the earlier of: (A) the first anniversary of the Change in Control and (B) the Expiration Date and will thereafter be forfeited and canceled. For the avoidance of doubt, the Disaffiliation of the Subsidiary or division of Match by which you are employed or for which you are performing services at the time of such sale or other disposition by Match shall be considered a Termination of Employment (not a Change in Control) and shall be governed by the applicable provisions of this Award Agreement and the 2017 Plan; provided, that the Committee or the Board may deem it appropriate to make an equitable adjustment to your Stock Options in such case.

Non-Transferability of Stock Options

Your Stock Options are non-transferable (including by way of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise) by you other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, and your Stock Options may be exercised, during your lifetime, only by you or by your guardian or legal representative or any transferee described above.

No Rights as a Stockholder

Neither you nor any transferee of your Stock Options shall have rights as a stockholder (including the right to vote the shares underlying your Stock Options and the right to receive dividends, among other rights) with respect to any shares covered by such Stock Options until you or your transferee: (i) has given written notice of exercise, (ii) if requested, has given the representation described in Section 14(a) of the Plan and (iii) has paid in full for the shares issuable upon exercise.

Payment of Transfer Taxes, Fees and Other Expenses

The Company agrees to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of shares acquired pursuant to exercise of your Stock Options, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith. Notwithstanding the foregoing, you shall be solely responsible for any other taxes (including, without limitation, federal, state, local or foreign income taxes, social security, Medicare and/or other similar taxes and/or estate or excise taxes) that may be payable as a result of your participation in the Plan or as a result of the exercise of your Stock Options and/or the sale, disposition or transfer of any shares of Common Stock acquired upon the exercise of your Stock Options.

Other Restrictions

The exercise of your Stock Options shall be subject to the requirement that, if at any time the Committee shall determine that: (i) the listing, approval, registration or other qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law or (ii) the consent or approval or permit of any government regulatory body, is necessary or desirable as a condition of (or in connection with), such exercise or the delivery or purchase of shares pursuant thereto, then in any such event, the exercise shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

Conflicts and Interpretation

In the event of any conflict between this Award Agreement and the 2017 Plan, the 2017 Plan shall control; provided, that an action or provision that is permissive under the terms of the 2017 Plan, and required under this Award Agreement, shall not be deemed a conflict and this Award Agreement shall control. In the event of any ambiguity in this Award Agreement, or any matters as to which this Award Agreement is silent, the 2017 Plan shall govern, including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to: (i) interpret the 2017 Plan, (ii) prescribe, amend and rescind rules and regulations relating to the 2017 Plan and (iii) make all other determinations deemed necessary or advisable for the administration of the 2017 Plan. In the event of any conflict between this Award Agreement (or any other information posted by Match or the Agent online or given to you directly or indirectly through the Agent) and Match's books and records, or (ii) ambiguity in this Award Agreement (or any other information posted online by Match or the Agent or given to you directly or indirectly through the Agent), Match's books and records shall control.

Amendment

Match may modify, amend or waive the terms of your Stock Options, prospectively or retroactively, but no such modification, amendment or waiver shall materially impair your rights without your consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules. The waiver by either party of compliance with any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision hereof.

Data Protection

The acceptance of your Stock Options constitutes your authorization of the release from time to time to Match or any of its Subsidiaries or Affiliates and to the Agent (together, the "Relevant Companies") of any and all personal or professional data that is necessary or desirable for the administration of your Stock Options and/or the Plan (the "Relevant Information"). Without limiting the above, this authorization permits your employing company to collect, process, register and transfer to the Relevant Companies all Relevant Information (including any professional and personal data that may be useful or necessary for the purposes of the administration of your Stock Options and/or the Plan and/or to implement or structure any further grants of equity awards (if any)). The acceptance of your Stock Options also constitutes your authorization of the transfer of the Relevant Information to any jurisdiction in which Match, your employing company or the Agent considers appropriate. You shall have access to, and the right to change, the Relevant Information, which will only be used in accordance with applicable law.

Exhibit 10.2

Terms and Conditions for Restricted Stock Units Granted Under the Match Group, Inc. 2017 Stock and Annual Incentive Plan

Overview

These Terms and Conditions apply to your award of restricted stock units (the "Award") granted pursuant to Section 7 of the Match Group, Inc. 2017 Stock and Annual Incentive Plan (the "2017 Plan"). You were notified of your Award by way of an award notice (the "Award Notice"). All capitalized terms used herein, to the extent not defined, shall have the meanings set forth in 2017 Plan.

Continuous Service

In order for your Award to vest, you must be continuously employed by Match Group, Inc. ("Match") or any of its Subsidiaries during the Restriction Period (as defined below). Nothing in your Award Notice, these Terms and Conditions or the 2017 Plan shall confer upon you any right to continue in the employ or service of Match or any of its Subsidiaries or interfere in any way with their rights to terminate your employment or service at any time.

Vesting

Subject to these Terms and Conditions and the 2017 Plan, the restricted stock units ("RSUs") in respect of your Award shall vest and no longer be subject to any restriction (such period during which such restriction applies is the "Restriction Period") as specified in your Award Notice.

Termination of Employment

The treatment of the RSUs in respect of your Award upon the termination of your employment is set forth in these Terms and Conditions and the 2017 Plan. Except as set forth in your Award Notice, employment agreement (if applicable) or below, upon any termination of your employment with Match or any of its Subsidiaries during the Restriction Period for any reason (including, for the avoidance of doubt, due to your death or Disability) any unvested portion of your Award shall be forfeited and canceled in its entirety effective immediately upon such event.

If: (i) your employment is terminated for Cause or if you resign in anticipation of being terminated for Cause or (ii) following any termination of your employment for any reason, Match becomes aware that during the two (2) years prior to such termination of employment there was an event or circumstance that would have been grounds for termination for Cause that caused or is reasonably likely to cause meaningful damage (economic, reputational or otherwise) to Match and/or any of its Subsidiaries (the "Underlying Event") (and which would not have been curable upon notice), then: (a) your Award (whether or not vested) shall be forfeited and canceled in its entirety and (b) if your Award vested after the Underlying Event, then Match shall be entitled to recover from you at any time within two (2) years after such vesting, and you shall pay over to Match, any amounts realized as a result of such vesting. This remedy shall be without prejudice to, or waiver of, any other remedies Match and/or its Subsidiaries may have in such event.

Settlement

Subject to your satisfaction of the tax obligations described immediately below under "Taxes and Withholding," as soon as practicable after any RSUs in respect of your Award have vested and are no longer subject to the Restriction Period, such RSUs shall be settled. For each RSU settled, Match shall: (i) if you are employed within the United States, issue one share of Common Stock for each RSU vesting or (ii) if you are employed outside the United States, pay, or cause to be paid, to you an amount of cash equal to the Fair Market Value of one share of Common Stock for each RSU vesting. Notwithstanding the foregoing, Match shall be entitled to hold the shares or cash issuable to you upon settlement of all RSUs that have vested until Match or the agent selected by Match to administer the 2017 Plan (the "Agent") has received from you: (i) a duly executed Form W-9 or W-8, as applicable or (ii) payment for any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such RSUs.

Taxes and Withholding

No later than the date as of which an amount in respect of any RSUs first becomes includible in your gross income for federal, state, local or foreign income or employment or other tax purposes, Match or its Subsidiaries shall, unless prohibited by law, have the right to deduct any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount due to you, including deducting such amount from the delivery of shares or cash issued upon settlement of the RSUs that gives rise to the withholding requirement. In the event shares are deducted to cover tax withholdings, the number of shares withheld shall generally have a Fair Market Value equal to the aggregate amount of the related withholding obligation. If the event that any such deduction and/or withholding is prohibited by law, you shall, prior to or contemporaneously with the vesting or your RSUs, pay to Match, or make arrangements satisfactory to Match regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount.

Change in Control

Change in Control. "Change in Control" is defined as set forth in the Plan. The vesting of your Award will not be accelerated upon a Change in Control of Match. However, in the event that you cease to be employed within the two (2) year period following a Change in Control of Match as a result of: (i) a termination without Cause or (ii) your resignation for Good Reason, then 100% of your Award shall vest in one lump sum installment as of the date of such event. The Disaffiliation of the business or subsidiary of Match by which you are employed or for which you are performing services at the time of such sale or other disposition by Match shall be considered a Termination of Employment (*not* a Change in Control of Match) and shall be governed by the applicable provisions of the 2017 Plan and the provision set forth under the caption "Termination of Employment" above; *provided*, *however*, that the Committee may deem it appropriate to make an equitable adjustment to the number of RSUs and the number and kind of shares of Common Stock underlying the RSUs underlying your Award.

Non-Transferability of the RSUs

Until such time as your RSUs are ultimately settled, they shall not be transferable by you by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise.

No Rights as a Stockholder

Except as otherwise specifically provided in the 2017 Plan, unless and until your RSUs are settled, you shall not be entitled to any rights of a stockholder with respect to the RSUs (including the right to vote the shares underlying your RSUs and the right to receive dividends, among other rights).

Other Restrictions

The RSUs shall be subject to the requirement that, if at any time the Committee shall determine that: (i) the listing, registration or other qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval or permit of any government regulatory body, is necessary or desirable as a condition of (or in connection with) the delivery of shares, then in any such event, the award of RSUs shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

Conflicts and Interpretation

In the event of any conflict between these Terms and Conditions and the 2017 Plan, the 2017 Plan shall control; *provided*, that an action or provision that is permissive under the terms of the 2017 Plan, and required under these Terms and Conditions, shall not be deemed a conflict and these Terms and Conditions shall control. In the event of any ambiguity in these Terms and Conditions, or any matters as to which these Terms and Conditions are silent, the 2017 Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to: (i) interpret the 2017 Plan, (ii) prescribe, amend and rescind rules and regulations relating to the 2017 Plan and (iii) make all other determinations deemed necessary or advisable for the administration of the 2017 Plan. In the event of any conflict between your Award Notice (or any other information posted by Match or the Agent online or given to you directly or indirectly through the Agent) and Match's books and records, or (ii) ambiguity in the Award Notice (or any other information posted by Match or the Agent online or given to you directly or indirectly through the Agent), Match's books and records shall control.

Amendment

Match may modify, amend or waive the terms of your RSUs, prospectively or retroactively, but no such modification, amendment or waiver shall materially impair your rights without your consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules.

Data Protection

The acceptance of your RSUs constitutes your authorization of the release from time to time to Match or any of its Subsidiaries or Affiliates and to the Agent (together, the "Relevant Companies") of any and all personal or professional data that is necessary or desirable for the administration of your RSUs and/or the 2017 Plan (the "Relevant Information"). Without limiting the above, this authorization permits your employing company to collect, process, register and transfer to the Relevant Companies all Relevant Information (including any professional and personal data that may be useful or necessary for the purposes of the administration of your RSUs and/or the 2017 Plan and/or to implement or structure any further grants of equity awards (if any)). The acceptance of your RSUs also constitutes your authorization of the transfer of the Relevant Information to any jurisdiction in which Match, your employing company or the Agent considers appropriate. You shall have access to, and the right to change, the Relevant Information, which will only be used in accordance with applicable law.

Section 409A of the Code

Your Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations issued thereunder ("Section 409A"). However, if: (i) any amounts or benefits payable in respect of your Award are determined to be non-qualified deferred compensation within the meaning of Section 409A, (ii) such amounts become payable upon a termination of employment and (iii) you are a "Specified Employee" (as defined under Section 409A) as of the date of your termination of employment, then such amounts or benefits (if any) shall be paid or provided to you in a single lump sum on the earlier of (x) the first day of the seventh month following your termination of employment and (y) your death.

In no event shall Match be required to pay you any "gross-up" or other payment with respect to any taxes or penalties imposed under Section 409A with respect to any amounts or benefits paid to you in respect of your Award.

Exhibit 31.1

Certification

I, Gregory R. Blatt, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2017 of Match Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a 15(f) and 15d 15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 9, 2017

/s/ GREGORY R. BLATT

Gregory R. Blatt
Chairman and Chief Executive Officer

Exhibit 31.2

Certification

I, Gary Swidler, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2017 of Match Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a 15(f) and 15d 15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 9, 2017

/s/ GARY SWIDLER

Gary Swidler
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory R. Blatt, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017 of Match Group, Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Match Group, Inc.

Dated: November 9, 2017

/s/ GREGORY R. BLATT

Gregory R. Blatt

Chairman and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary Swidler, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017 of Match Group, Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Match Group, Inc.

Dated: November 9, 2017

/s/ GARY SWIDLER

Gary Swidler

Chief Financial Officer