



**Match Group, Inc.**  
**Report on Form 10-K for the**  
**Fiscal Year ended December 31, 2019**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

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

For the Fiscal Year Ended December 31, 2019

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 and zip code)

**(214) 576-9352**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of exchange on which registered</b>
Common Stock, par value \$0.001	MTCH	The Nasdaq Global Market LLC (Nasdaq Global Select Market)

**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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  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 January 31, 2020, the following shares of the Registrant's Common Stock were outstanding:

Common Stock	72,834,065
Class B Common Stock	209,919,402
Class C Common Stock	—
Total	<u>282,753,467</u>

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2019 was \$3,657,298,765. 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.

**Documents Incorporated By Reference:**

Portions of Part III of this Annual Report are incorporated by reference to the Registrant's proxy statement for its 2020 Annual Meeting of Stockholders or will be provided in an amendment filed on Form 10-K/A.

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## PART I

### Item 1. Business

#### Who we are

Match Group, Inc., through its portfolio companies, is a leading provider of dating products available globally. Our portfolio of brands includes Tinder<sup>®</sup>, Match<sup>®</sup>, Meetic<sup>®</sup>, OkCupid<sup>®</sup>, Hinge<sup>®</sup>, Pairs<sup>™</sup>, PlentyOfFish<sup>®</sup>, and OurTime<sup>®</sup>, as well as a number of other brands, each designed to increase our users' likelihood of finding a meaningful connection. Through our portfolio companies and their trusted brands, we provide tailored products to meet the varying preferences of our users. Our products are available in over 40 languages to our users all over the world.

As used herein, "Match Group," the "Company," "we," "our," "us," and similar terms refer to Match Group, Inc. and its subsidiaries, unless the context indicates otherwise.

Consumers' dating preferences vary significantly, influenced in part by demographics, geography, cultural norms, religion, and intent (for example, casual dating or more serious relationships). As a result, the market for dating products is fragmented, and no single product has been able to effectively serve the dating category as a whole.

Given these varying consumer preferences, we have adopted a brand portfolio approach, through which we attempt to offer dating products that collectively appeal to the broadest spectrum of consumers. We believe that this approach maximizes our ability to capture additional users. We work to apply a centralized discipline to our collection of brands, by sharing best practices and technologies across our brands in order to increase growth, reduce costs, improve user safety, and maximize profitability. Additionally, we centralize certain other administrative functions, such as legal, trust and safety, human resources, accounting, finance, and tax. This approach allows us to quickly introduce new products and features, optimize marketing strategies, and more effectively deploy talent across our organization.

#### Enabling dating in a digital world

Prior to the proliferation of mobile devices and computers, human connections traditionally were limited by social circles, geography, and time. People met through work colleagues, friends and family, in school, at church, or in bars and restaurants. Today, the adoption of mobile technology and the internet has significantly expanded the ways in which people can build relationships, create new interactions, and develop romantic connections. Additionally, the ongoing adoption of technology into more aspects of daily life continues to further erode biases and stigmas across the world that previously prevented individuals from using technology to help find and develop those connections.

We believe that dating products serve as a natural extension of the traditional means of meeting people and provide a number of benefits for their users, including:

- *Expanded options:* Dating products provide users access to a large number of people they otherwise would not have a chance to meet.
- *Efficiency:* The search and matching features, as well as the profile information available on dating products, allow users to filter a large number of options in a short period of time, increasing the likelihood that users will make a connection with someone.
- *More comfort and control:* Compared to the traditional ways that people meet, dating products provide an environment that reduces the awkwardness around the process of reaching out to new people. This leads to many people who would otherwise be passive participants in the dating process taking a more active role.
- *Convenience:* The nature of the internet and the proliferation of mobile devices allow users to connect with new people at any time, regardless of where they are.

Depending on a person's circumstances at any given time, dating products can act as a supplement to, or substitute for, traditional means of meeting people. When selecting a dating product, we believe that users consider the following attributes:

- *Brand recognition:* Brand is very important. Users generally associate strong dating brands with a higher likelihood of success and a higher level of safety and security. Generally, successful dating brands depend on large, active communities of users, strong algorithmic filtering technology, and awareness of successful usage among similar users.
- *Successful experiences:* Demonstrated success of other users attracts new users through word-of-mouth recommendations. Successful experiences also drive repeat usage.
- *Community identification:* Users typically look for dating products that offer a community or communities with which the user can associate. By selecting a dating product that is focused on a particular demographic, religion, geography, or intent, users can increase the likelihood that they will make a connection with someone with whom they identify.
- *Product features and user experience:* Users tend to gravitate towards dating products that offer features and user experiences that resonate with them, such as question-based matching algorithms, location-based features, offline events, or search capabilities. User experience is also driven by the type of user interface (for example, using a Swipe® gesture versus scrolling), a particular mix of free and paid features, ease of use, privacy, and security. Users expect every interaction with a dating product to be seamless and intuitive.

## **Our portfolio**

Dating is a highly personal endeavor and consumers have a wide variety of preferences that determine what type of dating product they choose. As a result, our strategy focuses on a portfolio approach of various brands in order to reach a broad range of users. The following is a list of our key brands:

*Tinder.* Tinder was launched in 2012 and has since risen to scale and popularity faster than any other product in the online dating category, growing to over 5.9 million average subscribers as of the fourth quarter of 2019. Tinder's distinctive Swipe feature has led to significant adoption, particularly among the millennial and younger generations, which was previously underserved by the online dating category. Tinder employs a freemium model, through which users are allowed to enjoy many of the core features of Tinder for free, including limited use of the Swipe Right® feature with unlimited communication with other users. However, to enjoy premium features, such as unlimited use of the Swipe Right feature, a Tinder user must subscribe to either Tinder Plus®, launched in early 2015, or Tinder Gold™, which was launched in late summer 2017. Tinder users and subscribers may also pay for certain premium features, such as Super Likes™ and Boosts, on a pay-per-use basis.

*Match.* Match was launched in 1995 and helped create the online dating category. Among its distinguishing features are the ability to search profiles, receive algorithmic matches, and attend live events, promoted by Match, with other Subscribers. Additionally, Match offers its customers a higher level of service than most other brands, including access to date coaching services. Match is a brand that focuses on users with a higher level of intent to enter into a relationship and its product and marketing are designed to reinforce that approach. Match relies heavily on word-of-mouth traffic, repeat usage, and paid marketing.

*Meetic.* Meetic, a leading European online dating brand based in France, was launched in 2001. Similar to Match, among its distinguishing features are the ability to search profiles, receive algorithmic matches, and attend live events, promoted by Meetic, with other Subscribers and non-Subscribers from time to time. Also, similar to Match, Meetic is a brand that focuses on users with a higher level of intent to enter into a relationship and its product and marketing are designed to reinforce that approach. Meetic relies heavily on word-of-mouth traffic, repeat usage, and paid marketing.

*OkCupid.* OkCupid was launched in 2004 and has attracted users through Q&A approach to the dating category. Similar to Tinder, OkCupid relies on a freemium model. OkCupid has a loyal, highly educated user base predominately located in major cities in the United States and the United Kingdom, with an increasing presence in other global markets such as India.

*Hinge.* Hinge was launched in 2012 and has grown to be a popular app for the relationship-minded, particularly among the millennial and younger generations, in the United States and the United Kingdom. Following a series of primary investments, Match Group took a controlling stake in Hinge in June 2018 and purchased all of the remaining outstanding equity in December 2018. Hinge is a mobile-only experience and employs a freemium model. Hinge focuses on users with a higher level of intent to enter into a relationship and its product is designed to reinforce that approach.

*Pairs.* Pairs was launched in 2012 and is a leading provider of dating products in Japan, with a presence in Taiwan and South Korea. Pairs is a dating app that was specifically designed to address social barriers generally associated with the use of dating products in Eastern Asian countries, particularly Japan.

*PlentyOfFish.* PlentyOfFish was launched in 2003. Similar to Match, among its distinguishing features is the ability to both search profiles and receive algorithmic matches. Similar to Tinder, PlentyOfFish has grown in popularity over the years and relies on a freemium model. PlentyOfFish has broad appeal in the central United States, Canada, the United Kingdom, and a number of other international markets.

*OurTime.* OurTime is the largest community of singles over age 50 of any dating product. We offer this product in the United States and a number of European markets.

All our products enable users to establish a profile and review other users' profiles without charge. Each product also offers additional features, some of which are free, and some of which require payment depending on the particular product. In general, access to premium features requires a subscription, which is typically offered in packages (primarily ranging from one month to six months), depending on the product and circumstance. Prices differ meaningfully within a given brand by the duration of a subscription purchased, the bundle of paid features that a user chooses to access, and whether or not a Subscriber is taking advantage of any special offers. In addition to subscriptions, many of our products offer the user certain features, such as the ability to promote themselves for a given period of time, or to review certain profiles without any signaling to the other users, and these features are offered on a pay-per-use, or à la carte, basis. The precise mix of paid and premium features is established over time on a brand-by-brand basis and is constantly subject to iteration and evolution.

The brands in our portfolio both compete and collaborate with each other. We attempt to empower individual brand leaders with the authority and incentives to grow their respective brand. Our brands compete with each other and with third-party dating businesses on brand characteristics, product features, and business model. We also attempt to centrally facilitate excellence and efficiency across the entire portfolio by:

- centralizing operational functions across certain brands where we have strength in personnel and sufficient commonality of business interest (for example, ad sales, online marketing, and technology centralized across some, but not all, brands);
- developing talent across the portfolio to allow for expertise development and career advancement while giving us the ability to deploy the best talent in the most critical positions across the company at any given time;
- sharing analytics and similar data to leverage product and marketing successes across our businesses rapidly for competitive advantage; and
- centralizing certain administrative functions, like legal, trust and safety, privacy, human resources, accounting, and finance, across the entire portfolio to enable each brand to focus more on growth.

## **Revenue**

Our direct revenue is primarily derived from users in the form of recurring subscriptions, which typically provide unlimited access to a bundle of features for a specific period of time, and the balance from à la carte features, where users pay a non-recurring fee for a specific benefit or feature. Each of our brands offers a combination of free and paid features targeted to its unique community. In addition to direct revenue from our users, we generate indirect revenue from advertising, which makes up a much smaller percentage of our overall revenue as compared to direct revenue.

## **Sales and marketing**

Certain of our brands attract the majority of their users through word-of-mouth and other free channels. Other brands rely on paid user acquisition for a significant percentage of their users. Our online marketing activities generally consist of purchasing social media advertising, banner, and other display advertising, search engine marketing, email campaigns, video advertising, business development or partnership deals, creating content, and hiring influencers to promote our products. Our offline marketing activities generally consist of television advertising and related public relations efforts.

## **Technology**

Consistent with our general operating philosophy, each of our brands tends to develop its own technology systems to support its product, leveraging both open-source and vendor supported software technology. Each of our various brands has dedicated engineering teams responsible for software development and creation of new features to support our products across the full range of devices, from native mobile applications to desktop and mobile-web. Our engineering teams use an agile development process, allowing us to deploy frequent iterative releases of product features.

Brands such as Tinder, Pairs, and Hinge utilize hosted web services, primarily Amazon Web Services, to support their infrastructure. Other brands host through leased data centers located within the general geography served by the brand.

## **Competition**

The dating industry is competitive and has no single, dominant brand globally. We compete with a number of other companies that provide similar dating and matchmaking products.

In addition to other online dating brands, we compete with social media platforms and offline dating services, such as in-person matchmakers. Arguably, our biggest competition comes from the traditional ways that people meet each other, and the choices some people make to not utilize dating products or services.

We believe that our ability to compete successfully will depend primarily upon the following factors:

- our ability to continue to increase consumer acceptance and adoption of dating products, particularly in emerging markets and other parts of the world where the stigma is beginning to erode;
- continued growth in internet access and smart phone adoption in certain regions of the world, particularly emerging markets;
- the continued strength of our brands;
- the breadth and depth of our active communities of users relative to those of our competitors;
- our ability to evolve our products and develop new products in response to our competitors' offerings, user requirements, social trends, the ever-evolving technological landscape, and the ever-changing regulatory landscape, in particular, as it relates to the regulation of consumer digital media platforms;
- our ability to efficiently acquire new users for our products;
- our ability to continue to optimize our monetization strategies; and
- the design and functionality of our products.

A large portion of dating customers use multiple products over a given period of time, either concurrently or sequentially, making our broad portfolio of brands a competitive advantage.

## **Intellectual property**

We regard our intellectual property rights, including trademarks, domain names and other intellectual property, as critical to our success.

For example, we rely heavily upon the use of trademarks (primarily Tinder, Match, PlentyOfFish, OkCupid, Meetic, OurTime, Pairs, and Hinge, and associated domain names, taglines and logos) to market our products and applications and build and maintain brand loyalty and recognition. We have an ongoing trademark and service

mark registration program, pursuant to which we register our brand names, product names, taglines and logos and renew existing trademark and service mark registrations in the United States and other jurisdictions to the extent we determine it to be necessary or otherwise appropriate and cost-effective. In addition, we have a trademark and service mark monitoring policy pursuant to which we monitor applications filed by third parties to register trademarks and service marks that may be confusingly similar to ours, as well as potential unauthorized use of our material trademarks and service marks. Our enforcement of this policy affords us valuable protection under current laws, rules and regulations. We also reserve and file registrations (to the extent available) and renew existing registrations for domain names that we believe are material to our business.

We also rely upon a combination of in-licensed third-party and proprietary trade secrets, including proprietary algorithms, and upon patented and patent-pending technologies, processes, and features relating to our matching process systems or related features, products, and services with expiration dates from 2023 to 2036. We have an ongoing invention recognition program pursuant to which we apply for patents to the extent we determine it to be core to our product or businesses or otherwise appropriate and cost-effective.

We rely on a combination of internal and external controls, including applicable laws, rules and regulations, and contractual restrictions with employees, contractors, customers, suppliers, affiliates and others, to establish, protect and otherwise control access to our various intellectual property rights.

### **Government regulation**

We are subject to foreign and domestic laws and regulations that affect companies conducting business on the internet generally, including laws relating to the liability of providers of online services for their operations and the activities of their users. As a result, we could be subject to actions based on negligence, various torts, and trademark and copyright infringement, among other actions. See “Risk factors—Risks relating to our business—Inappropriate actions by certain of our users could be attributed to us and damage our brands’ reputations, which in turn could adversely affect our business” and “—Risks relating to our business—We may fail to adequately protect our intellectual property rights or may be accused of infringing the intellectual property rights of third parties.”

Because we receive, store, and use a substantial amount of information received from or generated by our users, we are also impacted by laws and regulations governing privacy; the storage, sharing, use, processing, disclosure, and protection of personal data; and data breaches, primarily in the case of our operations in the United States and the European Union and our handling of personal data of users located in the United States and European Union, respectively. As a result, we could be subject to various private and governmental claims and actions. See “Risk factors—Risks relating to our business—The varying and rapidly-evolving regulatory framework on privacy and data protection across jurisdictions could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.”

As the provider of dating products with a subscription-based element, we are also subject to laws and regulations in certain U.S. states and other countries that apply to our automatically-renewing subscription payment models. Finally, certain U.S. states and certain countries in Asia have laws that specifically govern dating services.

### **Employees**

As of December 31, 2019, we had approximately 1,700 full-time employees and approximately 100 part-time employees worldwide.

### **Additional Information**

*Corporate information.* We were incorporated in the State of Delaware on February 12, 2009 as a wholly-owned subsidiary of IAC/InterActiveCorp (“IAC”).

*Company website and public filings.* Investors and others should note that we announce material financial and operational information to our investors using our investor relations website at <https://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.

The Company makes available, free of charge through its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K (including related amendments) as soon as reasonably practicable after they have been electronically filed with (or furnished to) the SEC.

*Code of ethics.* The Company's code of ethics applies to all employees (including Match Group's principal executive officer, principal financial officer and principal accounting officer) and directors and is posted on the Company's website at <https://ir.mtch.com> under the heading of "Corporate Governance." This code of ethics complies with Item 406 of SEC Regulation S-K and the rules of The Nasdaq Stock Market LLC. Any changes to the code of ethics that affect the provisions required by Item 406 of Regulation S-K, and any waivers of such provisions of the code of ethics for Match Group's executive officers, senior financial officers or directors, will also be disclosed on Match Group's website.

## **Relationship with IAC**

### *Relationship prior to Separation*

*Equity ownership and vote.* Match Group has outstanding shares of common stock, with one vote per share, and shares of Class B common stock, with ten votes per share and which are convertible into common stock on a share for share basis. As of January 31, 2020, IAC owned 209,919,402 shares of Class B common stock representing 100% of our outstanding Class B common stock and 18,160,609 shares of common stock. These holdings collectively represent approximately 80.7% of our outstanding shares of capital stock and approximately 97.5% of the combined voting power of our outstanding capital stock.

*Intercompany agreements.* In connection with the initial public offering of our common stock in November 2015, we entered into certain agreements relating to our relationship with IAC after the offering. These agreements include, among others, the six agreements described below.

*Master transaction agreement.* The master transaction agreement sets forth the agreements between us and IAC regarding the principal transactions necessary to separate our business from IAC, as well as governs certain aspects of our relationship with IAC.

*Investor rights agreement.* Under the investor rights agreement, we are obligated to provide IAC with certain registration and other rights relating to the shares of our common stock held by it and anti-dilution rights.

*Tax sharing agreement.* The tax sharing agreement governs our and IAC's rights, responsibilities, and obligations with respect to tax liabilities and benefits, entitlements to refunds, the preparation of tax returns, tax contests and other tax matters regarding U.S. federal, state, local and foreign income taxes.

*Services agreement.* The services agreement currently governs services that IAC has agreed to provide through November 24, 2020, with automatic renewal for successive one-year terms, subject to IAC's continued ownership of a majority of the combined voting power of our voting stock and any subsequent extension or truncation agreed to by us and IAC.

*Employee matters agreement.* The employee matters agreement, as amended, covers a wide range of compensation and benefit issues related to the allocation of liabilities associated with: (i) employment or termination of employment, (ii) employee benefit plans and (iii) equity awards. In the event IAC no longer retains shares representing at least 80% of the aggregate voting power of shares entitled to vote in the election of our board of directors, we will no longer participate in IAC's employee benefit plans, but will establish our own employee benefit plans that will be substantially similar to the plans sponsored by IAC.

*Subordinated loan credit facility.* The subordinated loan facility with IAC (the "IAC Subordinated Loan Facility") allowed the Company to make requests to IAC to borrow funds. At December 31, 2019, the Company had no indebtedness outstanding under the IAC Subordinated Loan Facility. The IAC Subordinated Loan Facility was terminated February 26, 2020.

For additional information regarding these agreements, see “Note 16—Related Party Transactions” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements.”

### *Separation*

On December 19, 2019, Match Group and IAC entered into a Transaction Agreement (the “Transaction Agreement”) pursuant to which, following the satisfaction of certain closing conditions, including IAC and Match Group stockholder approval, the businesses of Match Group will be separated from the remaining businesses of IAC through a series of transactions (the “Transactions”) that will result in two, separate public companies—(1) IAC, which will be re-named “Match Group, Inc.” (referred to herein as “New Match”) and which will own the businesses of Match Group and certain IAC financing subsidiaries, and (2) IAC Holdings, Inc. (which we refer to as “New IAC”), which will be re-named “IAC/InterActiveCorp” and which will own IAC’s other businesses—and the pre-transaction stockholders of Match Group (other than IAC) and of IAC owning shares in New Match (the “Separation”). Completion of the Separation is expected to occur in mid-second quarter of 2020.

Under the terms of the Transaction Agreement, if the closing of the Transactions occurs, Match Group will merge with and into an indirect wholly-owned subsidiary of IAC (“New Match Merger Sub”), with New Match Merger Sub surviving the merger as an indirect wholly-owned subsidiary of New Match. Match Group stockholders (excluding shares owned by IAC, Match Group, or any of their respective wholly owned subsidiaries) will receive, through the merger, in exchange for each outstanding share of Match Group common stock that they hold, one share of New Match common stock and, at the holder’s election, either (i) \$3.00 in cash or (ii) a fraction of a share of New Match common stock with a value of \$3.00 (calculated pursuant to the Transaction Agreement) (an “additional stock election”). In the event the holder fails to make a valid election, the holder will be treated as if such holder made an additional stock election. As a result of the merger and other transactions contemplated by the Transaction Agreement, Match Group stockholders (other than IAC) will become stockholders of New Match, which will hold the businesses of Match Group and certain IAC financing subsidiaries and be separate from the other business of IAC.

Following the Separation, Match Group will be a wholly-owned subsidiary of New Match and New Match will continue to own certain IAC financing subsidiaries that are the issuers of approximately \$1.7 billion aggregate principal amount of currently outstanding exchangeable notes. If the Separation is not completed, Match Group will remain a majority-owned subsidiary of IAC, and IAC may pursue other options with respect to its ownership interest in Match Group.

Under the terms of the Transaction Agreement, Match Group has agreed to make a loan (the “Intercompany Loan”) to IAC, in an aggregate principal amount equal to the product of \$3.00 and the number of shares of Match Group capital stock outstanding immediately prior to the effective time of the Separation. IAC will contribute the proceeds of the loan, less an amount necessary to fund all valid cash elections, to New IAC as part of the closing of the Transactions. Following the Separation, the Intercompany Loan will be the obligation of New Match payable to Match Group and may be eliminated during certain intercompany transactions between New Match and Match Group. In the event that the Separation is not consummated, we do not intend to make the Intercompany Loan.

### *Relationship after the Separation*

*Transition services agreement.* At or prior to the closing of the Separation, New Match and New IAC will enter into a transition services agreement, pursuant to which New IAC will provide certain of the services to New Match following the closing that IAC has historically provided to Match Group. New Match will also provide certain services to New IAC following the closing that Match employees are currently providing to IAC. The costs charged to the recipient party of services will generally be determined based on the actual costs incurred by the service provider in providing such services.

*Employee matters agreement.* At or prior to the closing of the Separation, New Match and New IAC will enter into an employee matters agreement, which will cover compensation and benefits matters related to the Separation. Following the Separation, New Match employees will continue to participate in New IAC’s U.S. health and welfare plans, 401(k) plan and flexible benefits plan until December 31, 2020 (or such earlier date as requested by New Match upon 120 days’ notice), following which time, New Match will have established its own employee benefit plans. New Match will reimburse New IAC for the costs of such participation.

*Tax matters agreement.* At or prior to the closing of the Separation, IAC and New IAC will enter into a tax matters agreement pursuant to which, among other things, each of IAC and New IAC will be responsible for certain tax liabilities and obligations following the Separation. Under the tax matters agreement, New IAC generally will be responsible for, and will indemnify New Match against, any liabilities incurred as a result of the failure of the Separation to qualify for the intended tax-free treatment unless, subject to certain exceptions, the failure to so qualify is attributable to Match Group's (or, after the merger, New Match's) actions or failure to act, Match Group's breach of certain representations or covenants or certain acquisitions of equity securities of New Match, in each case, described in the tax matters agreement, (a "Match fault-based action"). If the failure to so qualify is attributable to a Match fault-based action, New Match will be responsible for liabilities incurred as a result of such failure and will indemnify New IAC against such liabilities so incurred by New IAC or its affiliates.

*Contribution Agreement*

On December 19, 2019, in connection with the execution of the Transaction Agreement, TMC Realty, L.L.C. and 8831-8833 Sunset, LLC (each an affiliate of IAC, and together the "Contributors") and Match Group entered into a Contribution Agreement providing for the contribution of 8800 West Sunset Boulevard and 8833 West Sunset Boulevard by the Contributors to two wholly-owned subsidiaries of Match Group (the "Contribution"). On January 31, 2020, the Contributors completed the Contribution for aggregate consideration of 1,378,371 shares of Match Group common stock.

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

### **Cautionary Statement Regarding Forward-Looking Information**

This annual report on Form 10-K 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 annual 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: the risk factors set forth below. 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 annual 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 annual report. Match Group does not undertake to update these forward-looking statements.

### **Risks relating to our business**

***The dating industry is competitive, with low switching costs and a consistent stream of new products and entrants, and innovation by our competitors may disrupt our business.***

The dating industry is competitive, with a consistent stream of new products and entrants. Some of our competitors may enjoy better competitive positions in certain geographical regions, user demographics or other key areas that we currently serve or may serve in the future. These advantages could enable these competitors to offer products that are more appealing to users and potential users than our products or to respond more quickly and/or cost-effectively than us to new or changing opportunities.

In addition, within the dating industry generally, costs for consumers to switch between products are low, and consumers have a propensity to try new approaches to connecting with people and to use multiple dating products at the same time. As a result, new products, entrants and business models are likely to continue to emerge. It is possible that a new product could gain rapid scale at the expense of existing brands through harnessing a new technology or a new or existing distribution channel, creating a new or different approach to connecting people or some other means.

Potential competitors include larger companies that could devote greater resources to the promotion or marketing of their products and services, take advantage of acquisition or other opportunities more readily or develop and expand their products and services more quickly than we do. Potential competitors also include established social media companies that may develop products, features, or services that may compete with ours. For example, Facebook has introduced a dating feature on its platform, which it has rolled out in North America and other markets and has stated it plans to roll out globally. These social media competitors could use strong or dominant positions in one or more markets, and ready access to existing large pools of potential users and personal information regarding those users, to gain competitive advantages over us, including by offering different product features or services that users may prefer or offering their products and services to users at no charge, which may enable them to acquire and engage users at the expense of our user growth or engagement.

If we are not able to compete effectively against our current or future competitors and products that may emerge, the size and level of engagement of our user base may decrease, which could have an adverse effect on our business, financial condition and results of operations.

***The limited operating history of our newer dating brands and products makes it difficult to evaluate our current business and future prospects.***

We seek to tailor each of our dating brands and products to meet the preferences of specific communities of users. Building a given brand or product is generally an iterative process that occurs over a meaningful period of time and involves considerable resources and expenditures. Although certain of our newer brands and products

have experienced significant growth over relatively short periods of time, the historical growth rates of these brands and products may not be an indication of future growth rates for such products or our newer brands and products generally. We have encountered, and may continue to encounter, risks and difficulties as we build our newer brands and products. The failure to successfully address these risks and difficulties could adversely affect our business, financial condition and results of operations.

***Each of our dating products monetizes users at different rates. If a meaningful migration of our user base from our higher monetizing dating products to our lower monetizing dating products were to occur, it could adversely affect our business, financial condition and results of operations.***

Our portfolio companies own, operate, and manage a diverse variety of dating products. Each dating product has its own mix of free and paid features designed to optimize the user experience and revenue generation from that product's community of users. In general, the mix of features for the various dating products within our more established brands leads to higher monetization rates per user than the mix of features for the various dating products within our newer brands. Over time, users of our newer brands with lower monetization rates per user comprise an increasingly larger percentage of our user base. If this trend leads to a significant portion of users of our brands with higher monetization rates migrating to our less profitable brands, our business, financial condition and results of operations could be adversely affected. See "Item 7—Management's discussion and analysis of financial condition and results of operations—Management overview—Trends affecting our business."

***Our growth and profitability rely, in part, on our ability to attract and retain users through cost-effective marketing efforts. Any failure in these efforts could adversely affect our business, financial condition and results of operations.***

Attracting and retaining users for certain of our dating products involve considerable expenditures for online and offline marketing. Historically, we have had to increase our marketing expenditures over time in order to attract and retain users and sustain our growth.

Evolving consumer behavior can affect the availability of profitable marketing opportunities. For example, as traditional television viewership declines and as consumers spend more time on mobile devices rather than desktop computers, the reach of many of our traditional advertising channels is contracting. Similarly, as consumers communicate less via email and more via text messaging and other virtual means, the reach of email campaigns designed to attract new and repeat users (and retain current users) for our dating products is adversely impacted. To continue to reach potential users and grow our businesses, we must identify and devote more of our overall marketing expenditures to newer advertising channels, such as mobile and online video platforms, as well as targeted campaigns in which we communicate directly with potential, former and current users via new virtual means. Generally, the opportunities in and sophistication of newer advertising channels are relatively undeveloped and unproven, making it difficult to assess returns on investment associated with such advertising channels, and there can be no assurance that we will be able to continue to appropriately manage and fine-tune our marketing efforts in response to these and other trends in the advertising industry. Any failure to do so could adversely affect our business, financial condition and results of operations.

***Communicating with our users via email is critical to our success, and any erosion in our ability to communicate in this fashion that is not sufficiently replaced by other means could adversely affect our business, financial condition and results of operations.***

Historically, one of our primary means of communicating with our users and keeping them engaged with our products has been via email communication. Our ability to communicate via email enables us to keep our users updated on activity with respect to their profile, present or suggest new or interesting users from the community, invite users to offline events and present discount and promotional offers, among other things. As consumer habits evolve in the era of web-enabled mobile devices and messaging/social networking apps, usage of email, particularly among our younger users, has declined. In addition, deliverability and other restrictions imposed by third party email providers and/or applicable law could limit or prevent our ability to send emails to our users. A continued and significant erosion in our ability to communicate successfully with our users via email could have an adverse impact on user experience, levels of user engagement and the rate at which non-paying users become subscribers.

While we continually work to find new means of communicating and connecting with our users (for example, through push notifications), there is no assurance that such alternative means of communication will be

as effective as email has been. Any failure to develop or take advantage of new means of communication or limitations on those means of communications imposed by laws, device manufacturers or other sources could have an adverse effect on our business, financial condition and results of operations.

***Foreign currency exchange rate fluctuations could adversely affect our results of operations.***

We operate in various international markets, primarily in various jurisdictions within the European Union and Asia. During the fiscal years ended December 31, 2019 and 2018, 53% and 50% of our total revenues, respectively, were international revenues. We translate international revenues into U.S. dollar-denominated operating results and during periods of a strengthening U.S. dollar, our international revenues will be reduced when translated into U.S. dollars. In addition, as foreign currency exchange rates fluctuate, the translation of our international revenues into U.S. dollar-denominated operating results affects the period-over-period comparability of such results and can result in foreign currency exchange gains and losses.

We have exposure to foreign currency exchange risk related to transactions carried out in a currency other than the U.S. dollar, and investments in foreign subsidiaries with a functional currency other than the U.S. dollar. Our exposure is primarily related to the Euro, and to a lesser extent, the British Pound (“GBP”). The average GBP and Euro exchange rates strengthened against the U.S. Dollar by 4% and 5%, respectively, in 2019 compared to 2018. See “Item 7A—Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Risk.”

The departure of the United Kingdom from the European Union, commonly referred to as “Brexit,” has caused, and may continue to cause, volatility in currency exchange rates between the U.S. dollar and the GBP and the full impact of Brexit remains uncertain. To the extent that the U.S. dollar strengthens relative to either the Euro, the GBP or both, the translation of our international revenues into U.S. dollars will reduce our U.S. dollar denominated operating results and will affect their period-over-period comparability.

Historically, we have not hedged any foreign currency exposures. The continued growth and expansion of our international operations into new countries increases our exposure to foreign exchange rate fluctuations. Significant foreign exchange rate fluctuations, in the case of one currency or collectively with other currencies, could adversely affect our future results of operations.

***Distribution and marketing of, and access to, our dating products depends, in significant part, on a variety of third-party publishers, platforms and mobile app stores. If these third parties limit, prohibit or otherwise interfere with or change the terms of the distribution, use or marketing of our dating products in any material way, it could adversely affect our business, financial condition and results of operations.***

We market and distribute our dating products (including related mobile applications) through a variety of third-party publishers and distribution channels, including Facebook, which has rolled out its own dating product. Our ability to market our brands on any given property or channel is subject to the policies of the relevant third party. Certain publishers and channels have, from time to time, limited or prohibited advertisements for dating products for a variety of reasons, including poor behavior by other industry participants. There is no assurance that we will not be limited or prohibited from using certain current or prospective marketing channels in the future. If this were to happen in the case of a significant marketing channel and/or for a significant period of time, our business, financial condition and results of operations could be adversely affected.

Additionally, our mobile applications are almost exclusively accessed through the Apple App Store and the Google Play Store. Both Apple and Google have broad discretion to change their respective terms and conditions applicable to the distribution of our applications, including the amount of, and requirement to pay, certain fees associated with purchases facilitated by Apple and Google through our applications, and to interpret their respective terms and conditions in ways that may limit, eliminate or otherwise interfere with our ability to distribute our applications through their stores, the features we provide, the manner in which we market our in-app products, and our ability to access information about our users and subscribers that they collect. Apple or Google could also make changes to their operating systems or payment services that could negatively impact our business. There is no assurance that Apple or Google will not limit, eliminate or otherwise interfere with the distribution of our products, the features we provide, the manner in which we market our in-app products within our applications or through other applications and services, and our ability to access information about our users and subscribers that they collect. To the extent either or both of them do so, our business, financial condition and results of operations could be adversely affected.

Lastly, in the case of Tinder, Hinge, and certain of our other products, many users historically registered for (and logged into) the application exclusively through their Facebook profiles. While we have launched an alternate authentication method that allows users to register for (and log into) Tinder, Hinge, and our other products using their mobile phone number, no assurances can be provided that users will no longer register for (and log into) these products through their Facebook profiles. Facebook has broad discretion to change its terms and conditions applicable to the data collected by its platform and its use thereof and to interpret its terms and conditions in ways that could limit, eliminate or otherwise interfere with our ability to use Facebook as an authentication method or to allow Facebook to use such data to gain a competitive advantage. If Facebook did so, our business, financial condition and results of operations could be adversely affected.

***The success of our products will depend, in part, on our ability to access, collect, and use personal data about our users and subscribers.***

We depend on mobile app stores, in particular, the Apple App Store and Google Play Store, to market, distribute and monetize our mobile applications. Our users and subscribers engage with these platforms directly and may be subject to requirements regarding the use of their payment systems for various transactions. As a result, these platforms may receive personal data about our users and subscribers that we would otherwise receive if we transacted with our users and subscribers directly. These platforms have restricted our access to personal data about our users and subscribers obtained through their platforms. If these platforms continue to limit or increasingly limit, eliminate, or otherwise interfere with our ability to access, collect, and use personal data about our users and subscribers that they have collected, the ability of our products to identify and communicate with a meaningful portion of our users and subscriber bases may be adversely impacted. If so, our customer relationship management efforts, our ability to identify, target, and reach new segments of our user and subscriber bases and the population generally, the efficiency of our paid marketing efforts, the rates we are able to charge advertisers seeking to reach users and subscribers on our various properties, and our ability to identify and exclude users and subscribers whose access would violate applicable terms and conditions, including registered sex offenders, may be negatively impacted. There is no assurance that the mobile app stores upon which we rely will not limit or increasingly limit, eliminate, or otherwise interfere with our ability to access, collect, and use personal data about our users and subscribers that they have collected. To the extent that they do so, our business, financial condition, and results of operations could be adversely affected.

***As the distribution of our dating products through app stores increases, in order to maintain our profit margins, we may need to offset increasing app store fees by decreasing traditional marketing expenditures, increasing user volume or monetization per user or by engaging in other efforts to increase revenue or decrease costs generally, or our business, financial condition and results of operations could be adversely affected.***

We increasingly rely on the Apple App Store and the Google Play Store to distribute our mobile applications and related in-app products. While our mobile applications are generally free to download from these stores, we offer our users the opportunity to purchase subscriptions and certain à la carte features through these applications. We determine the prices at which these subscriptions and features are sold; however, purchases of these subscriptions and features are required to be processed through the in-app payment systems provided by Apple and, to a lesser degree, Google. Due to these requirements, we pay Apple and Google, as applicable, a meaningful share (generally 30%) of the revenue we receive from these transactions. While we are constantly innovating on and creating our own payment systems and methods, given the increase of the distribution of our dating products through app stores and the strict requirements to use the in-app payments systems tied into Apple's, and to a lesser degree, Google's distribution services, we may need to offset these increased app store fees by decreasing traditional marketing expenditures as a percentage of revenue, increasing user volume or monetization per user, or by engaging in other efforts to increase revenue or decrease costs generally, or our business, financial condition and results of operations could be adversely affected. Additionally, to the extent Google changes its terms and conditions or practices to require us to process purchases of subscriptions and features through their in-app payment system, our business, financial condition and results of operations could be adversely affected.

***We depend on our key personnel.***

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain highly skilled individuals across the globe, with the continued contributions of our senior management being especially critical to our success. Competition for well-qualified employees across Match Group and its various

businesses is intense and our continued ability to compete effectively depends, in part, upon our ability to attract new employees. While we have established programs to attract new employees and provide incentives to retain existing employees, particularly our senior management, we cannot guarantee that we will be able to attract new employees or retain the services of our senior management or any other key employees in the future. Effective succession planning is also important to our future success. If we fail to ensure the effective transfer of senior management knowledge and smooth transitions involving senior management across our various businesses, our ability to execute short and long term strategic, financial and operating goals, as well as our business, financial condition and results of operations generally, could be adversely affected.

***Our success depends, in part, on the integrity of our systems and infrastructures and on our ability to enhance, expand and adapt these systems and infrastructures in a timely and cost-effective manner.***

In order for us to succeed, our systems and infrastructures must perform well on a consistent basis. We have in the past, and we may from time to time in the future, experience system interruptions that make some or all of our systems or data unavailable and prevent our products from functioning properly for our users; any such interruption could arise for any number of reasons. Further, our systems and infrastructures are vulnerable to damage from fire, power loss, telecommunications failures, acts of God and similar events. While we have backup systems in place for certain aspects of our operations, not all of our systems and infrastructures are fully redundant, disaster recovery planning is not sufficient for all eventualities and our property and business interruption insurance coverage may not be adequate to compensate us fully for any losses that we may suffer. Any interruptions or outages, regardless of the cause, could negatively impact our users' experiences with our products, tarnish our brands' reputations and decrease demand for our products, any or all of which could adversely affect our business, financial condition and results of operations.

We also continually work to expand and enhance the efficiency and scalability of our technology and network systems to improve the experience of our users, accommodate substantial increases in the volume of traffic to our various products, ensure acceptable load times for our products and keep up with changes in technology and user preferences. Any failure to do so in a timely and cost-effective manner could adversely affect our users' experience with our various products and thereby negatively impact the demand for our products, and could increase our costs, either of which could adversely affect our business, financial condition and results of operations.

***We may not be able to protect our systems and infrastructures from cyberattacks and may be adversely affected by cyberattacks experienced by third parties.***

We are regularly under attack by perpetrators of random or targeted malicious technology-related events, such as cyberattacks, computer viruses, worms, bot attacks or other destructive or disruptive software, distributed denial of service attacks and attempts to misappropriate customer information, including credit card information and account login credentials. While we have invested (and continue to invest) in the protection of our systems and infrastructures, in related personnel and training and in employing a strategy of data minimization, where appropriate, there can be no assurance that our efforts will prevent significant breaches in our systems or other such events from occurring. Some of our systems have experienced past security incidents, and, although they did not have a material adverse effect on our operating results, there can be no assurance of a similar result in the future. Any cyber or similar attack we are unable to protect ourselves against could damage our systems and infrastructures, prevent us from providing our products, erode our reputation and brands, result in the disclosure of confidential or sensitive information of our users and/or be costly to remedy, as well as subject us to investigations by regulatory authorities and/or litigation that could result in liability to third parties.

The impact of cyber security events experienced by third parties with whom we do business (or upon whom we otherwise rely in connection with our day-to-day operations) could have a similar effect on us. Moreover, even cyber or similar attacks that do not directly affect us or third parties with whom we do business may result in widespread access to user account login credentials that such users have used across multiple internet sites, including our sites, or a loss of consumer confidence generally, which could make users less likely to use or continue to use online products generally, including our products. The occurrence of any of these events could have an adverse effect on our business, financial condition and results of operations.



***Our success depends, in part, on the integrity of third-party systems and infrastructures.***

We rely on third parties, primarily data center service providers and cloud-based, hosted web service providers, such as Amazon Web Services, as well as third party computer systems, broadband and other communications systems and service providers, in connection with the provision of our products generally, as well as to facilitate and process certain transactions with our users. We have no control over any of these third parties or their operations.

Problems experienced by third-party data center service providers and cloud-based, hosted web service providers, such as Amazon Web Services, upon whom we rely, the telecommunications network providers with whom we or they contract or with the systems through which telecommunications providers allocate capacity among their customers could also adversely affect us. Any changes in service levels at our data centers or hosted web service providers, such as Amazon Web Services, or any interruptions, outages or delays in our systems or those of our third party providers, or deterioration in the performance of these systems, could impair our ability to provide our products or process transactions with our users, which would adversely impact our business, financial condition and results of operations.

***If the security of personal and confidential or sensitive user information that we maintain and store is breached or otherwise accessed by unauthorized persons, it may be costly to mitigate the impact of such an event and our reputation could be harmed.***

We receive, process, store, and transmit a significant amount of personal user and other confidential or sensitive information, including credit card information and member-to-member communications, and enable our users to share their personal information with each other. In some cases, we engage third party vendors to store this information. We continuously develop and maintain systems to protect the security, integrity and confidentiality of this information, but cannot guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information despite our efforts. When such events occur, we may not be able to remedy them, we may be required by law to notify regulators and individuals whose personal information was used or disclosed without authorization, and we may have to expend significant capital and other resources to mitigate the impact of such events, including developing and implementing protections to prevent future events of this nature from occurring. When breaches of security (or the security of our vendors and partners) occur, the perception of the effectiveness of our security measures, the security measures of our partners and our reputation may be harmed, we may lose current and potential users and the recognition of our various brands and their competitive positions may be diminished, any or all of which might adversely affect our business, financial condition and results of operations.

***Our business is subject to complex and evolving U.S. and international laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.***

We are subject to a variety of laws and regulations in the United States and abroad that involve matters that are important to or may otherwise impact our business, including, among others, broadband internet access, online commerce, advertising, user privacy, data protection, intermediary liability, protection of minors, consumer protection, sex-trafficking, taxation and securities law compliance. The introduction of new products, expansion of our activities in certain jurisdictions, or other actions that we may take may subject us to additional laws, regulations or other government scrutiny. In addition, foreign laws and regulations can impose different obligations or be more restrictive than those in the United States.

These U.S. federal, state, and municipal and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from state to state and country to country and inconsistently with our current policies and practices. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, require that we change or cease certain business practices, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

Specifically, in the case of tax laws, positions that we have taken or will take are subject to interpretation by the relevant taxing authorities. While we believe that the positions we have taken to date comply with applicable law, there can be no assurances that the relevant taxing authorities will not take a contrary position, and if so, that such positions will not adversely affect us. Any events of this nature could adversely affect our business, financial condition and results of operations.

Proposed or new legislation and regulations could also adversely affect our business. For example, the European Commission and several countries have recently adopted, or intend to adopt, proposals that would change various aspects of the current tax framework under which we are taxed, including proposals to change or impose new types of non-income taxes, including taxes based on a percentage of revenue. For example, France enacted a Digital Services Tax in 2019 retroactive to January 1, 2019, which is applicable to our business. The United Kingdom has also proposed a similar tax applicable to digital services, which includes business activities on social media platforms, and would likely apply to our business. One or more of these or similar proposals could adversely affect our business, financial condition and results of operations.

The promulgation of new laws or regulations, or the new interpretation of existing laws and regulations, in each case that restrict or otherwise unfavorably impact the ability or manner in which we provide our services could require us to change certain aspects of our business and operations to ensure compliance, which could decrease demand for services, reduce revenues, increase costs and subject us to additional liabilities. For example, in February 2019, the Secretary of State for Digital, Culture, Media and Sport of the United Kingdom, indicated in public comments that his office intends to inquire as to the measures utilized by online dating platforms, including Tinder, to prevent access by underage users. In addition, in April 2019, the United Kingdom published proposed legislation, which would establish a new regulatory body to establish duties of care for internet companies and to assess compliance with these duties of care. Under the proposed law, failure to comply could result in fines, blocking of services and personal liability for senior management. There have also been calls for legislation to limit or remove the protections afforded technology platforms under the Communications Decency Act in the United States and under the e-Commerce Directive in the European Union. To the extent such new or more stringent measures are required to be implemented, or existing protections are limited or removed, our business, financial condition and results of operations could be adversely affected.

The adoption of any laws or regulations that adversely affect the popularity or growth in use of the internet or our services, including laws or regulations that undermine open and neutrally administered internet access, could decrease user demand for our service offerings and increase our cost of doing business. For example, in December 2017, the Federal Communications Commission adopted an order reversing net neutrality protections in the United States, including the repeal of specific rules against blocking, throttling or “paid prioritization” of content or services by internet service providers. To the extent internet service providers engage in such blocking, throttling, “paid prioritization” of content or similar actions as a result of this order and the adoption of similar laws or regulations, our business, financial condition and results of operations could be adversely affected.

***The varying and rapidly-evolving regulatory framework on privacy and data protection across jurisdictions could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.***

There are numerous laws in the countries in which we operate regarding privacy and the storage, sharing, use, processing, disclosure and protection of this kind of information, the scope of which are constantly changing, and in some cases, inconsistent and conflicting and subject to differing interpretations, as new laws of this nature are proposed and adopted. For example, in 2016, the European Commission adopted the General Data Protection Act (“GDPR”), a comprehensive European Union (“EU”) privacy and data protection reform that became effective in May 2018. The act applies to companies established in the European Union or otherwise providing services or monitoring the behavior of people located in the European Union and provides for significant penalties in case of non-compliance as well as a private right of action for individual claimants. GDPR will continue to be interpreted by EU data protection regulators, which may require that we make changes to our business practices, and could generate additional risks and liabilities. The European Union is also considering an update to the EU’s Privacy and Electronic Communications (so-called “e-Privacy”) Directive, notably to amend rules on the use of cookies. In addition, Brexit could result in the application of new and conflicting data privacy and protection laws and standards to our operations in the United Kingdom and our handling of personal data of users located in the United Kingdom. At the same time, many countries in which we do business have already adopted or are also currently considering adopting privacy and data protection laws and regulations. Multiple legislative proposals

concerning privacy and the protection of user information are being considered by the U.S. Congress. Various U.S. state legislatures, including those in New York, Washington, Virginia, and Illinois, intend to consider privacy legislation in 2020. Other U.S. state legislatures have already passed and enacted privacy legislation, most prominent of which is the California Consumer Privacy Act of 2018, which was signed into law in June 2018 and came into effect on January 1, 2020. A ballot initiative to address privacy concerns has also been filed with the Office of the California Attorney General and, provided it meets appropriate legal requirements, is expected to be presented to California voters on the November 2020 ballot. Additionally, the Federal Trade Commission has increased its focus on privacy and data security practices at digital companies, as evidenced by its levying, in July 2019, of a first-of-its kind, \$5 billion fine against Facebook for privacy violations.

While we believe that we comply with industry standards and applicable laws and industry codes of conduct relating to privacy and data protection in all material respects, there is no assurance that we will not be subject to claims that we have violated applicable laws or codes of conduct, that we will be able to successfully defend against such claims or that we will not be subject to significant fines and penalties in the event of non-compliance. Additionally, to the extent multiple state-level laws are introduced with inconsistent or conflicting standards and there is no federal law to preempt such laws, compliance with such laws could be difficult to achieve and we could be subject to fines and penalties in the event of non-compliance.

Any failure or perceived failure by us (or the third parties with whom we have contracted to process such information) to comply with applicable privacy and security laws, policies or related contractual obligations, or any compromise of security that results in unauthorized access, or the use or transmission of, personal user information, could result in a variety of claims against us, including governmental enforcement actions, significant fines, litigation, claims of breach of contract and indemnity by third parties, and adverse publicity. When such events occur, our reputation may be harmed, we may lose current and potential users and the competitive positions of our various brands might be diminished, any or all of which could adversely affect our business, financial condition and results of operations.

Lastly, compliance with the numerous laws in the countries in which we operate regarding privacy and the storage, sharing, use, processing, disclosure and protection of personal data could be costly, as well as result in delays in the development of new products and features as resources are allocated to these compliance projects, particularly as these laws become more comprehensive in scope, more commonplace and continue to evolve. In addition, the varying and rapidly-evolving regulatory frameworks across jurisdictions may result in decisions to introduce products in certain jurisdictions but not others or to cease providing certain services or features to users located in certain jurisdictions. If these costs or other impacts are significant, our business, financial condition and results of operations could be adversely affected.

***We are subject to a number of risks related to credit card payments, including data security breaches and fraud that we or third parties experience or additional regulation, any of which could adversely affect our business, financial condition and results of operations.***

We accept payment from our users primarily through credit card transactions and certain online payment service providers. The ability to access credit card information on a real-time basis without having to proactively reach out to the consumer each time we process an auto-renewal payment or a payment for the purchase of a premium feature on any of our dating products is critical to our success and a seamless experience for our users.

When we or a third party experiences a data security breach involving credit card information, affected cardholders will often cancel their credit cards. In the case of a breach experienced by a third party, the more sizable the third party's customer base and the greater the number of credit card accounts impacted, the more likely it is that our users would be impacted by such a breach. To the extent our users are ever affected by such a breach experienced by us or a third party, affected users would need to be contacted to obtain new credit card information and process any pending transactions. It is likely that we would not be able to reach all affected users, and even if we could, some users' new credit card information may not be obtained and some pending transactions may not be processed, which could adversely affect our business, financial condition and results of operations.

Even if our users are not directly impacted by a given data security breach, they may lose confidence in the ability of service providers to protect their personal information generally, which could cause them to stop using their credit cards online and choose alternative payment methods that are not as convenient for us or restrict our ability to process payments without significant cost or user effort.

Additionally, if we fail to adequately prevent fraudulent credit card transactions, we may face litigation, fines, governmental enforcement action, civil liability, diminished public perception of our security measures, significantly higher credit card-related costs and substantial remediation costs, or refusal by credit card processors to continue to process payments on our behalf, any of which could adversely affect our business, financial condition and results of operations.

Finally, the passage or adoption of any legislation or regulation affecting the ability of service providers to periodically charge consumers for recurring subscription payments may adversely affect our business, financial condition and results of operations. For example, the European Union's Payment Services Directive (PSD2), which became effective in 2018, could impact our ability to process auto-renewal payments or offer promotional or differentiated pricing for users in the EU. Similar legislation or regulation, or changes to existing legislation or regulation governing subscription payments, are being considered in many U.S. states.

***Inappropriate actions by certain of our users could be attributed to us and damage our brands' reputations, which in turn could adversely affect our business.***

It is possible that a user of our products could be physically, financially, emotionally or otherwise harmed by an individual that such user met through the use of one of our products. If one or more of our users suffers or alleges to have suffered any such harm, we could experience negative publicity or legal action that could damage our reputation and our brands. Similar events affecting users of our competitors' products could result in negative publicity for the dating industry generally, which could in turn negatively affect our business.

In addition, the reputations of our brands may be adversely affected by the actions of our users that are deemed to be hostile, offensive, defamatory, inappropriate, untrue or unlawful. While we have systems and processes in place that aim to monitor and review the appropriateness of the content accessible through our products, which include, in particular, reporting tools through which users can inform us of such behavior on the platform, and have adopted policies regarding illegal, offensive or inappropriate use of our products, our users could nonetheless engage in activities that violate our policies. These safeguards may not be sufficient to avoid harm to our reputation and brands, especially if such hostile, offensive or inappropriate use is well-publicized.

Concerns about harms and the use of dating products and social networking platforms for illegal conduct, such as romance scams, promotion of false or inaccurate information, financial fraud, and sex-trafficking, have produced and could continue to produce future legislation or other governmental action. For example, in April 2018, the Allow States and Victims to Fight Online Sex Trafficking Act became effective in the United States and allows victims of sex trafficking crimes, as well as other state and local authorities, to seek redress from platforms in certain circumstances in connection with sex trafficking of individuals online. The European Union and the United Kingdom have also launched consultations, and the United Kingdom has released its Online Harms White Paper, which proposed legislation that would expose platforms to similar or more expansive liability. There have also been calls for legislation to limit or remove the protections afforded technology platforms under the Communications Decency Act in the United States and under the e-Commerce Directive in the European Union. If these proposed laws are passed, or if future legislation or governmental action is proposed or taken to address concerns regarding such harms, changes could be required to our products that could restrict or impose additional costs upon the conduct of our business generally or cause users to abandon our products.

***We may fail to adequately protect our intellectual property rights or may be accused of infringing the intellectual property rights of third parties.***

We rely heavily upon our trademarks and related domain names and logos to market our brands and to build and maintain brand loyalty and recognition. We also rely upon patented and patent-pending proprietary technologies and trade secrets relating to matching process systems and related features and products.

We also rely on a combination of laws, and contractual restrictions with employees, customers, suppliers, affiliates and others, to establish and protect our various intellectual property rights. For example, we have generally registered and continue to apply to register and renew, or secure by contract where appropriate, trademarks and service marks as they are developed and used, and reserve, register and renew domain names as we deem appropriate. Effective trademark protection may not be available or may not be sought in every country in which our products are made available, and contractual disputes may affect the use of marks governed by private contract. Similarly, not every variation of a domain name may be available or be registered, even if available.

We also generally seek to apply for patents or for other similar statutory protections as and if we deem appropriate, based on then-current facts and circumstances, and will continue to do so in the future. No assurances can be given that any patent application we have filed or will file will result in a patent being issued, or that any existing or future patents will afford adequate protection against competitors and similar technologies. In addition, no assurances can be given that third parties will not create new products or methods that achieve similar results without infringing upon patents we own.

Despite these measures, our intellectual property rights may still not be protected in a meaningful manner, challenges to contractual rights could arise, third parties could copy or otherwise obtain and use our intellectual property without authorization, or laws and interpretations of laws regarding the enforceability of existing intellectual property rights may change over time in a manner that provides less protection. The occurrence of any of these events could result in the erosion of our brands and limit our ability to market our brands using our various domain names, as well as impede our ability to effectively compete against competitors with similar technologies, any of which could adversely affect our business, financial condition and results of operations.

From time to time, we have been subject to legal proceedings and claims, including claims of alleged infringement of trademarks, copyrights, patents and other intellectual property rights held by third parties. In addition, litigation may be necessary in the future to enforce our intellectual property rights, protect our trade secrets and patents or to determine the validity and scope of proprietary rights claimed by others. For example, in March 2018, we filed a lawsuit against Bumble Trading Inc., which operates and markets the online dating application Bumble in the United States, for patent and trademark infringement, as well as trade secret misappropriation. Bumble's counterclaims request that our trademark registration for our SWIPE trademark be cancelled and that a number of our pending applications for trademark registration be denied. This case is currently pending in Federal Court in the Western District of Texas. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations.

***We operate in various international markets, including certain markets in which we have limited experience. As a result, we face additional risks in connection with certain of our international operations.***

Our brands are available in over 40 different languages all over the world. Our international revenue represented 53% and 50% of our total revenue for the fiscal years ended December 31, 2019 and 2018, respectively.

Operating internationally, particularly in countries in which we have limited experience, exposes us to a number of additional risks, including:

- operational and compliance challenges caused by distance, language and cultural differences;
- difficulties in staffing and managing international operations;
- differing levels of social and technological acceptance of our dating products or lack of acceptance of them generally;
- foreign currency fluctuations;
- restrictions on the transfer of funds among countries and back to the United States and costs associated with repatriating funds to the United States;
- differing and potentially adverse tax laws;
- multiple, conflicting and changing laws, rules and regulations, and difficulties understanding and ensuring compliance with those laws by both our employees and our business partners, over whom we exert no control;
- compliance challenges due to different laws and regulatory environments, particularly in the case of privacy, data security, and intermediary liability;
- competitive environments that favor local businesses;
- limitations on the level of intellectual property protection; and
- trade sanctions, political unrest, terrorism, war and epidemics or the threat of any of these events.

The occurrence of any or all of the events described above could adversely affect our international operations, which could in turn adversely affect our business, financial condition and results of operations.

***We may experience operational and financial risks in connection with acquisitions.***

We have made numerous acquisitions in the past and we continue to seek potential acquisition candidates. We may experience operational and financial risks in connection with historical and future acquisitions if we are unable to:

- properly value prospective acquisitions, especially those with limited operating histories;
- accurately review acquisition candidates' business practices against applicable laws and regulations and, where applicable, implement proper remediation controls, procedures, and policies;
- successfully integrate the operations, as well as the accounting, financial controls, management information, technology, human resources and other administrative systems, of acquired businesses with our existing operations and systems;
- successfully identify and realize potential synergies among acquired and existing businesses;
- fully identify potential risks and liabilities associated with acquired businesses;
- retain or hire senior management and other key personnel at acquired businesses; and
- successfully manage acquisition-related strain on our management, operations and financial resources and those of the various brands in our portfolio.

Furthermore, we may not be successful in addressing other challenges encountered in connection with our acquisitions. The anticipated benefits of one or more of our acquisitions may not be realized or the value of goodwill and other intangible assets acquired could be impacted by one or more continuing unfavorable events or trends, which could result in significant impairment charges. In addition, such acquisitions can result in material diversion of management's attention or other resources from our existing businesses. The occurrence of any these events could have an adverse effect on our business, financial condition and results of operations.

***We are subject to litigation and adverse outcomes in such litigation could have an adverse effect on our financial condition.***

We are, and from time to time may become, subject to litigation and various legal proceedings, including litigation and proceedings related to intellectual property matters, privacy and consumer protection laws, as well as stockholder derivative suits, class action lawsuits and other matters, that involve claims for substantial amounts of money or for other relief or that might necessitate changes to our business or operations. The defense of these actions is time consuming and expensive. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves and/or disclose the relevant litigation claims or legal proceedings, as and when required or appropriate. These assessments and estimates are based on information available to management at the time of such assessment or estimation and involve a significant amount of judgment. As a result, actual outcomes or losses could differ materially from those envisioned by our current assessments and estimates. Our failure to successfully defend or settle any of these litigations or legal proceedings could result in liability that, to the extent not covered by our insurance, could have an adverse effect on our business, financial condition and results of operations.

**Risks related to our ongoing relationship with IAC prior to the Separation**

***IAC controls our company and has the ability to control the direction of our business.***

As of January 31, 2020, IAC owned 18,160,609 shares of our common stock and 209,919,402 shares of Class B common stock representing 100% of our outstanding Class B common stock. IAC's ownership of our outstanding common stock and Class B common stock represents approximately 80.7% of our outstanding shares of capital stock and approximately 97.5% of the combined voting power of our outstanding capital stock. As long as IAC owns shares of our capital stock representing a majority of the combined voting power of our outstanding capital stock, it will be able to control any corporate action that requires a stockholder vote, regardless of the vote

of any other stockholder. As a result, prior to the Separation, IAC has the ability to control significant corporate activities, including:

- the election of our board of directors and, through our board of directors, decision-making with respect to our business direction and policies, including the appointment and removal of our officers;
- acquisitions or dispositions of businesses or assets, mergers or other business combinations;
- issuances of shares of our common stock, Class B common stock, Class C common stock and our capital structure;
- corporate opportunities that may be suitable for us and IAC, subject to the corporate opportunity provisions in our certificate of incorporation, as described below;
- our financing activities, including the issuance of additional debt and equity securities, or the incurrence of other indebtedness generally;
- the payment of dividends; and
- the number of shares available for issuance under our equity incentive plans for our prospective and existing employees.

This voting control will limit the ability of other stockholders to influence corporate matters and, as a result, we may take actions that stockholders other than IAC do not view as beneficial. This voting control may also discourage transactions involving a change of control of our company, including transactions in which holders of our common stock might otherwise receive a premium for the holders' shares. Furthermore, IAC generally has the right at any time to sell or otherwise dispose of the shares of our capital stock that it owns, including the ability to transfer a controlling interest in us to a third party, without the approval of the holders of our common stock and without providing for the purchase of shares of common stock.

Even if IAC owns shares of our capital stock representing less than a majority of the combined voting power of our outstanding capital stock, so long as IAC retains shares representing a significant percentage of our combined voting power, IAC will have the ability to substantially influence these significant corporate activities.

In addition, pursuant to an investor rights agreement between us and IAC, prior to the Separation and in the event the Separation is not consummated, IAC has the right to maintain its level of ownership in us to the extent we issue additional shares of our capital stock in the future and, pursuant to an employee matters agreement between us and IAC, IAC may receive payment for certain compensation expenses through the receipt of additional shares of our capital stock. For a more complete summary of our agreements with IAC, see "Note 16—Related Party Transactions" to the consolidated financial statements included in "Item 8—Consolidated Financial Statements."

In addition, because of our relationship with IAC, credit rating agencies have considered, and prior to the Separation and in the event the Separation is not consummated, could continue to consider, IAC's creditworthiness when determining a corporate credit rating for us or credit ratings for our debt. Accordingly, prior to the Separation and in the event the Separation is not consummated, the activities of, or developments at, IAC that are outside of our control could have a negative impact on such credit ratings. A lowering of our corporate credit ratings or the credit ratings assigned to our debt could harm our ability to incur additional debt on acceptable terms. Until such time as IAC no longer controls or has the ability to substantially influence us, we will continue to face the risks described in this "Risk factors" section relating to IAC's control of us and the potential conflicts of interest between IAC and us.

***Prior to the Separation, our certificate of incorporation could prevent us from benefiting from corporate opportunities that might otherwise have been available to us.***

Our certificate of incorporation has a "corporate opportunity" provision in which we renounce any interests or expectancy in corporate opportunities which become known to: (i) any of our directors or officers who are also officers, directors, employees or other affiliates of IAC or its affiliates (except that we and our subsidiaries shall not be deemed affiliates of IAC or its affiliates for the purposes of the provision) or (ii) IAC itself, and which relate to the business of IAC or may constitute a corporate opportunity for both IAC and us. Generally, neither IAC nor our officers or directors who are also officers or directors of IAC or its affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such person pursues or acquires any

corporate opportunity for the account of IAC or its affiliates, directs or transfers such corporate opportunity to IAC or its affiliates, or does not communicate information regarding such corporate opportunity to us. The corporate opportunity provision may exacerbate conflicts of interest between IAC and us because the provision effectively permits any of our directors or officers who also serves as an officer or director of IAC to choose to direct a corporate opportunity to IAC instead of to us.

***IAC's interests may conflict with our interests and the interests of our stockholders. Prior to the Separation and in the event the Separation is not consummated, conflicts of interest between IAC and us could be resolved in a manner unfavorable to us and our public stockholders.***

Various conflicts of interest between us and IAC could arise. As of the date of this report, five of our ten directors are current members of the board of directors or executive officers of IAC. Ownership interests of directors or officers of IAC in our stock and ownership interests of our directors and officers in the stock of IAC, or a person's service as either a director or officer of both companies, could create or appear to create potential conflicts of interest when those directors and officers are faced with decisions relating to our company. These decisions could include:

- corporate opportunities;
- the impact that operating decisions for our business may have on IAC's consolidated financial statements;
- the impact that operating or capital decisions (including the incurrence of indebtedness) for our business may have on IAC's current or future indebtedness or the covenants under that indebtedness;
- business combinations involving us;
- our dividend policy;
- management stock ownership; and
- the intercompany services and agreements between IAC and us.

Potential conflicts of interest could also arise if we decide to enter into any new commercial arrangements with IAC in the future or in connection with IAC's desire to enter into new commercial arrangements with third parties.

Furthermore, prior to the Separation and in the event the Separation is not consummated, disputes may arise between IAC and us relating to our past and ongoing relationships, and these potential conflicts of interest may make it more difficult for us to favorably resolve such disputes, including those related to:

- tax, employee benefit, indemnification and other matters;
- the nature, quality and pricing of services IAC agrees to provide to us;
- sales or other disposal by IAC of all or a portion of its ownership interest in us; and
- business combinations involving us.

We may not be able to resolve any potential conflicts with IAC, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party. While we are controlled by IAC, we may not have the leverage to negotiate amendments to these agreements, if required, on terms as favorable to us as those we would negotiate with an unaffiliated third party.

***We are currently a "controlled company" as defined in the NASDAQ rules, and rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.***

As a result of IAC owning more than 50% of the combined voting power of our share capital, we are currently a "controlled company" under the Marketplace Rules of the NASDAQ Stock Market, or the Marketplace Rules. As a "controlled company," we are exempt from the obligation to comply with certain Marketplace Rules related to corporate governance, including the following requirements:

- that a majority of our board of directors consists of "independent directors," as defined under the Marketplace Rules; and



- that we have a nominating/governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

Accordingly, prior to the Separation and for so long as we are a “controlled company,” our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Marketplace Rules.

***Prior to the Separation and in the event the Separation is not consummated, in order to preserve the ability of IAC to distribute its shares of our capital stock on a tax-free basis, and to maintain tax consolidation with IAC for U.S. federal income tax purposes, we may be prevented from pursuing opportunities to raise capital, effectuate acquisitions or provide equity incentives to our employees, and our ability to manage our capital structure may also be adversely impacted, all of which could hurt our ability to grow.***

Under current laws, IAC must retain beneficial ownership of at least 80% of our combined voting power and 80% of each class of our nonvoting capital stock (if any is outstanding) in order to effect a tax-free distribution of our shares held by IAC to its stockholders. IAC has advised us that it intends to use its majority voting interest to retain its ability to engage in such a transaction. In addition, IAC must maintain ownership of at least 80% of our outstanding capital stock in order to maintain tax consolidation with us for U.S. federal income tax purposes. As of the date of this report, IAC has advised us that it currently intends to take such actions, or cause Match Group to take such actions, as may be necessary in order to preserve tax consolidation. Each of these intentions may cause IAC to not support transactions we wish to pursue that involve issuing shares of our capital stock, including for capital raising purposes, as consideration for an acquisition or as equity incentives to our employees, and may also otherwise impact our overall capital management strategy. The inability to pursue any such transactions or any reduced flexibility in the management of our capital structure, may adversely affect our business, financial condition and results of operations. See “—IAC controls our company and will have the ability to control the direction of our business” and “—IAC’s interests may conflict with our interests and the interests of our stockholders.” Conflicts of interest between IAC and us could be resolved in a manner unfavorable to us and our public stockholders.

***Prior to the Separation and in the event the Separation is not consummated, our agreements with IAC will require us to indemnify IAC for certain tax liabilities and may limit our ability to engage in desirable strategic or capital raising transactions, including following any distribution by IAC of our capital stock to its stockholders.***

Under a tax sharing agreement between us and IAC, we generally are responsible and are required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or one of its subsidiaries that includes us or any of our subsidiaries to the extent attributable to us or any of our subsidiaries, as determined under the tax sharing agreement, and (ii) all taxes imposed with respect to any consolidated, combined, unitary or separate tax returns of us or any of our subsidiaries. To the extent IAC failed to pay taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or one of its subsidiaries that includes us or any of our subsidiaries, the relevant taxing authority could seek to collect such taxes (including taxes for which IAC is responsible under the tax sharing agreement) from us or our subsidiaries.

Under the tax sharing agreement, we generally will be responsible for any taxes and related amounts imposed on IAC or us that arise from the failure of a future spin-off of IAC’s interest in us to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Section 368(a)(1)(D) and/or Section 355 of the Internal Revenue Code of 1986, as amended, of the Code, to the extent that the failure to so qualify is attributable to: (i) a breach of the relevant representations and covenants made by us in the tax sharing agreement or any representation letter provided in support of any tax opinion or ruling obtained by IAC with respect to the U.S. federal income tax treatment of such spin-off, or (ii) an acquisition of our equity securities.

To preserve the tax-free treatment of any potential future spin-off by IAC of its interest in us, and in addition to our indemnity obligation described above, the tax sharing agreement will restrict us, for the two-year period following any such spin-off, except in specific circumstances, from: (i) entering into any transaction pursuant to which all or a portion of shares of our stock would be acquired, whether by merger or otherwise, (ii) issuing equity securities beyond certain thresholds, (iii) repurchasing our shares other than in certain open-market transactions, (iv) ceasing to actively conduct our businesses or (v) taking or failing to take any other action that prevents the distribution and related transactions from qualifying as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Section 368(a)(1)(D) and/or Section 355 of the Code. In addition, the tax

sharing agreement provides that, without IAC's prior written consent, we may not take any action that could reasonably be expected to (i) cause IAC to cease to have "control" of us within the meaning of Section 386(c) of the Code or (ii) result in the loss of IAC's tax consolidation with us for U.S. federal income tax purposes.

These indemnity obligations and other limitations could have an adverse effect on our business, financial condition and results of operations.

***Future sales or distributions of our shares by IAC could depress our common stock price.***

IAC has the right to sell or distribute to its stockholders all or a portion of the shares of our capital stock that it holds (18,160,609 shares of our common stock and 209,919,402 shares of our Class B common stock, representing all of our outstanding Class B common stock, as of January 31, 2020). Any sales by IAC in the public market or distributions to its stockholders of substantial amounts of our stock in the form of common stock or Class B common stock, or the filing by IAC of a registration statement relating to a substantial amount of our stock, could depress the price of our common stock.

In addition, prior to the Separation and in the event the Separation is not consummated, IAC has the right, subject to certain conditions, to require us to file registration statements covering the sale of its shares or to include its shares in other registration statements that we may file. In the event IAC exercises its registration rights and sells all or a portion of its shares of our capital stock, the price of our common stock could decline.

***Prior to the Separation and in the event the Separation is not consummated, the services that IAC provides to us may not be sufficient to meet our needs, which may result in increased costs and otherwise adversely affect our business.***

IAC currently provides (and, in the event the Separation is not consummated, is expected to continue to provide) us with corporate and shared services related to certain corporate functions, including tax and other services, for a fee provided in the services agreement described in "Item 1—Business-Relationship with IAC." IAC is not obligated to provide these services in a manner that differs from the nature of the service when we were a wholly-owned subsidiary of IAC, and thus we may not be able to modify these services in a manner desirable to us as a stand-alone public company. Further, if we no longer receive these services from IAC, we may not be able to perform these services ourselves, or find appropriate third-party arrangements at a reasonable cost, and the cost may be higher than that charged by IAC.

**Risks relating to our indebtedness**

***Our indebtedness may affect our ability to operate our business, which could have a material adverse effect on our financial condition and results of operations. We and our subsidiaries may incur additional indebtedness, including secured indebtedness.***

As of December 31, 2019, we had total debt outstanding of approximately \$1.6 billion and borrowing availability of \$500 million under our revolving credit facility. In February 2020, we issued an additional \$500 million of senior notes and increased the borrowing availability under our revolving credit facility to \$750 million.

Our indebtedness could have important consequences, such as:

- limiting our ability to obtain additional financing to fund our working capital needs, acquisitions, capital expenditures or other debt service requirements or for other purposes;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service debt;
- limiting our ability to compete with other companies who are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;
- restricting us from making strategic acquisitions, developing properties or exploiting business opportunities;
- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our and certain of our subsidiaries' existing and future indebtedness, including, in the case of certain indebtedness of subsidiaries, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to us;

- exposing us to potential events of default (if not cured or waived) under financial and operating covenants contained in our or our subsidiaries' debt instruments that could have a material adverse effect on our business, financial condition and operating results; increasing our vulnerability to a downturn in general economic conditions or in pricing of our products; and
- limiting our ability to react to changing market conditions in our industry and in our customers' industries.

In addition to our debt service obligations, our operations require substantial investments on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of our operating assets and properties, as well as to provide capacity for the growth of our business, depends on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and financial, business, competitive, legal and other factors.

Subject to the restrictions in our credit agreement (which includes our revolving credit facility and term loan) and the restrictions included in the indentures related to our 6.375% Senior Notes due 2024, 5.00% Senior Notes due 2027, 5.625% Senior Notes due 2029, and the 4.125% Senior Notes due 2030 (the "Match Group Senior Notes"), we and our subsidiaries may incur significant additional indebtedness, including additional secured indebtedness. Although the terms of our credit agreement and the indentures related to the Match Group Senior Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and additional indebtedness incurred in compliance with these restrictions could be significant. If new debt is added to our and our subsidiaries' current debt levels, the risks described above could increase.

***We may not be able to generate sufficient cash to service all of our current and planned indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.***

Our ability to satisfy our debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and
- our future ability to borrow under our revolving credit facility, the availability of which will depend on, among other things, our complying with the covenants in the then-existing agreements governing our indebtedness.

We cannot assure you that our business will generate sufficient cash flow from operations, or that we will be able to draw under our revolving credit facility or otherwise, in an amount sufficient to fund our liquidity needs.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations, sell equity, and/or negotiate with our lenders to restructure the applicable debt, in order to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Our credit agreement and the indentures related to the Match Group Senior Notes may restrict, or market or business conditions may limit, our ability to avail ourselves of some or all of these options.

Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due.

***Our debt agreements contain restrictions that will limit our flexibility in operating our business.***

Our credit agreement and the indentures related to the Match Group Senior Notes contain, and any instruments governing future indebtedness of ours would likely contain, a number of covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- create liens on certain assets;
- incur additional debt;
- make certain investments and acquisitions;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- sell certain assets;
- pay dividends on or make distributions in respect of our capital stock or make restricted payments;
- enter into certain transactions with our affiliates; and
- cause our subsidiaries to pay dividends or make other distributions to us.

Any of these restrictions could limit our ability to plan for or react to market conditions and could otherwise restrict corporate activities. Any failure to comply with these covenants could result in a default under our credit agreement and/or the indentures related to the Match Group Senior Notes or any instruments governing future indebtedness of ours. Upon a default, unless waived, the lenders under our credit agreement could elect to terminate their commitments, cease making further loans, foreclose on our assets pledged to such lenders to secure our obligations under our credit agreement and force us into bankruptcy or liquidation. Holders of the Match Group Senior Notes also have the ability to force us into bankruptcy or liquidation in certain circumstances, subject to the terms of the related indentures. In addition, a default under our credit agreement or the indentures related to the Match Group Senior Notes may trigger a cross default under our other agreements and could trigger a cross default under the agreements governing our future indebtedness. Our operating results may not be sufficient to service our indebtedness or to fund our other expenditures and we may not be able to obtain financing to meet these requirements.

***Variable rate indebtedness that we have incurred or may incur under our credit agreement will subject us to interest rate risk, which could cause our debt service obligations to increase significantly.***

We currently have \$425 million of indebtedness outstanding under our term loan and no outstanding borrowings under our revolving credit agreement. Borrowings under the term loan are, and any borrowings under our revolving credit facility will be, at variable rates of interest. Indebtedness that bears interest at variable rates exposes us to interest rate risk. At December 31, 2019, our term loan bore interest at LIBOR plus 2.50% and the rate in effect was 4.44%. If LIBOR were to increase or decrease by 100 basis points, then the annual interest and expense payments on the outstanding balance and rate in effect as of December 31, 2019 on the term loan would increase or decrease, respectively, \$4.3 million. See also “Item 7A—Quantitative and Qualitative Disclosures About Market Risk.”

**Risks relating to the Separation**

***We may be unable to achieve some or all of the benefits that we expect to achieve through the Separation.***

The full strategic and financial benefits expected to result from the Separation may be delayed or may never occur at all. For instance, there can be no assurance that we will be able to attract transaction partners using its capital stock as acquisition currency and that analysts and investors will regard its new corporate structure as more clear and simple than our current corporate structure.

***If the Transactions, including the Separation and our subsequent merger, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we and our stockholders could suffer material adverse consequences.***

If the Transactions are implemented, following the completion of the Separation and the merger of Match Group into New Match Merger Sub (the “Merger”), our successor will become a wholly-owned subsidiary of New Match Group and most of IAC’s existing other subsidiaries will be held under a separate public company. It is a

condition to each party's obligation to the Transaction Agreement that each of IAC, Match Group, and New IAC receive opinions of IAC's outside counsel, among other things, to the effect that the Separation and related transactions taken together, and the Merger, will be tax-free for U.S. federal income tax purposes. The opinions of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of IAC, Match Group, and New IAC, including those relating to the past and future conduct of IAC, Match Group, and New IAC. If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if any of the representations or covenants contained in any of the transaction-related agreements and documents or in any document relating to the opinions of counsel are inaccurate or not complied with by IAC, Match Group, New IAC, or any of their respective subsidiaries, the opinions of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt of the opinions of counsel regarding the transactions, the U.S. Internal Revenue Service ("IRS") could determine that some or all of the transactions effected in connection with the Transactions should be treated as taxable for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the opinions of counsel were based are inaccurate or have not been complied with. Moreover, even if the foregoing representations, assumptions or undertakings are accurate and have been complied with, the opinions of counsel merely represent the judgment of such counsel and are not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinions of counsel. Accordingly, notwithstanding receipt of the opinions of counsel, there can be no assurance that the IRS will not assert that the transactions effected in connection with the Transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such a challenge, parties to the Transactions, including IAC (and its successor New Match Group) could be subject to tax with respect to the Transactions.

For example, if the transactions effected in connection with the Separation were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, IAC would recognize a taxable gain as if it had sold the New IAC stock in a taxable sale for its fair market value. Even if the transactions effected in connection with the Separation were to otherwise qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to IAC under Section 355(e) of the Code if the transactions effected in connection with the Separation were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in IAC or New IAC. For this purpose, any acquisitions of IAC stock (or New Match stock after the merger) or New IAC stock within the period beginning two years before the Separation and ending two years after the Separation are presumed to be part of such a plan, although IAC or New IAC may be able to rebut that presumption.

If the Transactions are implemented, because our successor and our subsidiaries will form part of New Match Group's consolidated tax group (and because it is possible that our successor will be a disregarded entity, the regarded owner of which for U.S. federal income tax purposes may be New Match), we and our subsidiaries could be liable to satisfy any tax liabilities of New Match with respect to the Transactions if their tax-free treatment for U.S. federal income tax purposes were successfully challenged by the IRS. While, in some cases, New IAC may be obligated under the Tax Matters Agreement to indemnify us for some or all of such taxes, even in those cases, there is no assurance that they will in fact indemnify us.

In addition, if the Merger were determined to be taxable for U.S. federal income tax purposes, we would be subject to tax on the transfer of our assets to New Match Merger Sub. Although, as discussed above, we expect that the Transactions will be respected as tax-free, there can be no assurance in this regard. If we, our successor or our subsidiaries were required to pay taxes imposed on IAC (and its successor New Match) with respect to the Transactions, our cash flows could be adversely affected.

***New Match may not be able to engage in desirable capital-raising or strategic transactions following the Separation.***

Under current U.S. federal income tax law, a distribution that otherwise qualifies for tax-free treatment can be rendered taxable to the distributing corporation and its stockholders as a result of certain post-distribution transactions, including certain acquisitions of shares or assets of the corporation the stock of which is distributed. To preserve the tax-free treatment of the transactions effected in connection with the Separation, the tax matters

agreement will impose certain restrictions on New Match and its subsidiaries during the two-year period following the Separation, except in specific circumstances, (1) ceasing to actively conduct certain of their businesses; (2) entering into certain transactions or series of transactions pursuant to which all or a portion of the shares of New Match common stock would be acquired, whether by merger or otherwise; (3) liquidating or merging or consolidating with any other person; (4) issuing equity securities beyond certain thresholds; (5) repurchasing shares New Match common stock, other than in certain open-market transactions; or (6) taking or failing to take any other action that would cause the transactions effected in connection with the Separation to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. These restrictions may limit the ability of New Match to pursue certain equity issuances, strategic transactions, repurchases or other transactions that it may otherwise believe to be in the best interests of its stockholders or that might increase the value of its business.

***After the Separation, actual or potential conflicts of interest may develop between the management and directors of New IAC, on the one hand, and the management and directors of New Match, on the other hand.***

After the Separation, certain New Match directors and the management and directors of New IAC may own both New IAC common stock and New Match common stock. In addition, two of New Match's directors will be executives, and in one case, a director, of New IAC. This ownership overlap could create, or appear to create, potential conflicts of interest when New Match's directors and New IAC's management and directors face decisions that could have different implications for New IAC and New Match. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between New IAC and New Match regarding the terms of the agreements governing the Separation and the relationship between New IAC and New Match thereafter, including the transaction agreement, the employee matters agreement, the tax matters agreement, the transition services agreement, or any commercial agreements between the parties or their affiliates. Potential conflicts of interest could also arise if New IAC and New Match enter into any commercial arrangements in the future.

In addition, Joseph Levin will serve as the executive chairman of the New Match board of directors, while also serving as the Chief Executive Officer of New IAC, Glenn H. Schiffman will serve as a director of New Match while also serving as an executive officer of New IAC, and Alan G. Spoon will serve as a director of each of New Match and New IAC. The fact that Messrs. Levin, Schiffman, and Spoon will hold positions with both New IAC and New Match could create, or appear to create, potential conflicts of interest for each of them when facing decisions that may affect both New IAC and New Match, and each of them also face conflicts of interest with regard to the allocation of his time between New IAC and New Match.

***The Reclassification Exchange Ratio is a calculation that is subject to a number of factors that are outside of the control of IAC and Match Group and will not be known until just before the closing.***

The number of shares of IAC Class M common stock into which shares of IAC common stock and IAC Class B common stock will be reclassified (which we refer to as the "Reclassification Exchange Ratio") is a calculation that will not be known until just before the closing of the Separation and is based on a variety of factors that are outside of the control of IAC and Match Group, including, among other things, the value of the exchangeable notes issued by the exchangeable notes issuers and related hedging instruments that will be retained by New Match, the cost of the New Match stock options to be received by IAC employees in respect of their existing IAC stock options, the number of shares of IAC Class M common stock (or New Match common stock), if any, sold in the IAC Class M equity offering and the number of shares of New Match common stock issued to non-IAC stockholders of Match Group in respect of additional stock elections and non-elections. Accordingly, Match Group stockholders will not know the number of shares of IAC Class M common stock into which the shares of IAC capital stock will be reclassified, and consequently the percentage interest in New Match represented by a share of New Match common stock, until after the date of the IAC annual meeting and the date of the Match special meeting.

***The Separation is subject to certain closing conditions that, if not satisfied or waived, will result in the Separation not being completed, which may cause the market price of Match Group securities to decline.***

The completion of the Separation is subject to the satisfaction (or waiver) of a number of conditions, including the receipt of certain approvals from the stockholders of IAC and Match Group and the absence of material litigation. Some of the conditions to the completion of the Separation are outside of the control of IAC and Match Group. If any condition to the closing of the Separation is not satisfied or waived, the Separation will

not be completed. In addition, IAC and Match Group may terminate the transaction agreement in certain circumstances.

If IAC and Match Group do not complete the Separation, the market price of Match Group securities may fluctuate to the extent that the current market prices of the shares reflect a market assumption that the Separation will be completed. Match Group will also be obligated to pay certain investment banking, financing, legal, and accounting fees and related expenses in connection with the Separation, whether or not the Separation is completed. In addition, Match Group has expended, and will continue to expend, significant management resources in an effort to complete the Separation. If the Separation is not completed, Match Group will have incurred significant costs, including the diversion of management resources, for which it will have received little or no benefit.

***New Match may incur increased expenses if the transition services agreement with New IAC is terminated.***

In connection with the Separation, New Match will enter into a transition services agreement and various other agreements with New IAC, pursuant to which New IAC will provide New Match with certain specified services on a transitional basis in areas where New Match may need assistance and support following the Separation. Depending on the particular service being provided, the agreements will extend for up to twelve months after the Separation, but may be terminated earlier under certain circumstances, including a default. If the transition services agreement is terminated, New Match may be required to obtain such services from a third party. This may be more expensive than the fees that New Match will be required to pay under the agreements with New IAC.

***After the Separation, New Match's certificate of incorporation could prevent New Match from benefiting from corporate opportunities that might otherwise have been available to New Match.***

Subject to obtaining the required approvals from the IAC stockholders, New Match's certificate of incorporation following the Separation is expected to have a "corporate opportunity" provision in which New Match and its affiliates renounce any interests or expectancy in corporate opportunities which become known to any of New Match's directors or officers who are also officers or directors of New IAC.

Generally, New Match's officers or directors who are also New IAC's officers or directors will not be liable to New Match or its stockholders for breach of any fiduciary because such person fails to communicate or offer to New Match a corporate opportunity that has been communicated or offered to New IAC, that may also be a corporate opportunity of New Match or because such person communicates or offers to New IAC any corporate opportunity that may also be a corporate opportunity of New Match. In order for any New Match director or officer who is also a New IAC director or officer not to be liable to New Match or its stockholders, such opportunity cannot become known to the officer or director in his or her capacity as a New Match director or officer and cannot be presented to any party other than New IAC. In addition, such officer or director cannot pursue such opportunity in his or her individual capacity. The corporate opportunity provision may exacerbate conflicts of interest between New IAC and New Match because the provision effectively permits any of New Match's directors or officers who also serve as an officer or director of New IAC to choose to direct a corporate opportunity to New IAC instead of to New Match.

***Exchange of the exchangeable notes may dilute the ownership interests of existing stockholders or may otherwise depress the price of New Match common stock.***

In connection with the Separation, New Match will retain IAC's obligations as a guarantor under the indentures relating to the exchangeable notes. Following completion of the Separation, the exchangeable notes will continue to be exchangeable into shares of New Match common stock in certain circumstances. The exchange of some or all of the exchangeable notes may dilute the ownership interests of New Match stockholders to the extent New Match delivers shares upon exchange of any of the exchangeable notes. While the exchangeable note hedges are expected to reduce the potential dilutive effect on New Match common stock upon any exchange of exchangeable notes and/or offset any cash payment the issuers of the exchangeable notes would be required to make in excess of the principal amount of the exchanged notes, the warrants have a dilutive effect to the extent that the market price per share of New Match common stock exceeds the strike price of the warrants. Any sales in the public market of New Match common stock issuable upon such exchange could adversely affect prevailing market prices of New Match common stock. In addition, the existence of the exchangeable notes may encourage short selling of New Match common stock by market participants because the exchange of the exchangeable notes

could be used to satisfy short positions. In addition, the anticipated exchange of the exchangeable notes could depress the price of New Match common stock.

***The shares of New Match common stock to be received by Match stockholders as a result of the Separation will have different rights from the shares of Match common stock and Match Class B common stock currently held.***

Upon completion of the Separation, Match Group stockholders will become New Match stockholders and their rights as stockholders will be governed by New Match's certificate of incorporation and bylaws. Certain of the rights associated with New Match common stock are different from the rights associated with Match Group common stock and Class B common stock. For example, under New Match's certificate of incorporation and bylaws, New Match stockholders (i) will be entitled to one vote per share, (ii) will not have the power to call special meetings of stockholders, (iii) if approved by IAC stockholders at the IAC annual meeting, will not have the power to remove directors without cause and will not have the power to fill director vacancies and (iv) if approved by IAC stockholders at the IAC annual meeting, will not have the power to act by written consent.

#### **Risks relating to ownership of our common stock prior to the Separation**

***The multi-class structure of our capital stock has the effect of concentrating voting control with holders of our Class B common stock and limiting the ability of holders of our common stock to influence corporate matters.***

Our publicly held common stock has one vote per share and our Class B common stock has ten votes per share. As of January 31, 2020, IAC owned all of the shares of our outstanding Class B common stock and 18,160,609 shares of our common stock, collectively representing approximately 80.7% of our outstanding shares of capital stock and approximately 97.5% of the combined voting power of our outstanding capital stock. Due to the ten-to-one voting ratio between our Class B common stock and common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our capital stock, even when the outstanding shares of Class B common stock represent a small minority of our outstanding capital stock, and such voting control will be concentrated with IAC. This concentrated control will significantly limit your ability to influence corporate matters.

***The difference in the voting rights of our common stock and our Class B common stock may harm the value and liquidity of our common stock.***

Holders of our Class B common stock are entitled to ten votes per share and holders of our common stock are entitled to one vote per share. The difference in the voting rights of our common stock and Class B common stock could harm the value of our common stock to the extent that any investor or potential future purchaser of our common stock ascribes value to the right of the holders of our Class B common stock to ten votes per share. The existence of two classes of common stock with different voting rights could result in less liquidity for either class of stock than if there were only one class of our common stock.

***The price of our common stock has been and may continue to be volatile or may decline regardless of our operating performance, and you could lose all or part of your investment.***

During 2019, our common stock closing price traded as high as \$91.77 and as low as \$41.12 and on February 26, 2020, the closing price of our common stock was \$66.04. The market price of our common stock has been and may continue to be subject to wide fluctuations in response to various factors, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the market price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of technology stocks generally, or those in our industry in particular;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- volatility in the market price of our common stock due to the limited number of shares of our common stock held by the public;
- sales of shares of our stock by us and/or our directors, executive officers, employees and stockholders;



- the failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, and any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new brands, products or services;
- the public’s reaction to our earnings releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors’ businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of (or changes to) existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management or our board composition; and
- general economic conditions and slow or negative growth in any of our significant markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company’s securities, securities class action litigation has often been instituted against these companies. We currently are, and in the future may be, the target of this type of litigation. See “Item 3—Legal Proceedings.” Securities litigation against us could result in substantial costs and a diversion of our management’s attention and resources.

***You may experience dilution due to the issuance of additional securities in the future.***

Our dilutive securities consist of vested and unvested options to purchase shares of our common stock, restricted stock unit awards, shares of our common stock issuable to IAC as reimbursement for the cost of vested and unvested IAC equity awards held by our employees and stock appreciation rights settled in IAC stock.

These dilutive securities are reflected in our share calculations underlying our dilutive earnings per share calculation contained in our financial statements for fiscal years ended December 31, 2019, 2018 and 2017. For more information, see “Note 10—Earnings per Share” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data.” Intra-quarter movements in our stock price, could lead to more or less dilution than reflected in these calculations.

At the option of IAC, the shares Match Group issues in connection with former subsidiary equity awards, which were converted into Match Group equity awards in 2017, will either be issued to holders of such awards or to IAC. In the event they are issued to IAC, IAC would in turn provide the equity holders with IAC shares of equivalent value to the Match Group shares issued to it. In cases where Match Group shares are issued directly to equity holders, recipients may sell such stock into the open market. If sales are significant and concentrated, these sales could have a temporary impact on the trading value of our stock.

***Our quarterly results or operating metrics could fluctuate significantly, which could cause the trading price of our common stock to decline.***

Our quarterly results and operating metrics have fluctuated historically, and we expect that they could continue to fluctuate in the future as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- the timing, size and effectiveness of our marketing efforts;

- fluctuations in the rate at which we attract new users, the level of engagement of such users and the propensity of such users to subscribe to our brands or to purchase à la carte features;
- increases or decreases in our revenues and expenses caused by fluctuations in foreign currency exchange rates;
- the timing, size and effectiveness of non-marketing operating expenses that we may incur to grow and expand our operations, develop new products and remain competitive;
- the performance, reliability and availability of our technology, network systems and infrastructure and data centers;
- operational and financial risks we may experience in connection with historical and potential future acquisitions and investments;
- legal costs and settlements; and
- general economic conditions in either domestic or international markets.

The occurrence of any one of these factors, as well as other factors, or the cumulative effect of the occurrence of one or more of such factors could cause our quarterly results and operating metrics to fluctuate significantly. As a result, quarterly comparisons of results and operating metrics may not be meaningful.

In addition, the variability and unpredictability of our quarterly results or operating metrics could result in our failure to meet our expectations, or those of any of our investors or of analysts that cover our company, with respect to revenues or other operating results for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could fall substantially.

***We do not expect to declare any regular cash dividends in the foreseeable future.***

We paid a special cash dividend in December 2018; however, we have no current plans to pay cash dividends on our common stock and Class B common stock. Instead, we anticipate that all of our future earnings will be retained to support our operations and to finance the growth and development of our business. Any future determination relating to our dividend policy will be made by our board of directors and will depend on a number of factors, including:

- our historical and projected financial condition, liquidity and results of operations;
- our capital levels and needs;
- tax considerations;
- any acquisitions or potential acquisitions that we may consider;
- statutory and regulatory prohibitions and other limitations;
- the terms of any credit agreements or other borrowing arrangements that restrict our ability to pay cash dividends, including the Match Group Credit Agreement and the indentures relating to the Match Group Senior Notes;
- general economic conditions; and
- other factors deemed relevant by our board of directors.

We are not obligated to pay dividends on our common stock or Class B common stock. Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking regular cash dividends should not purchase our common stock.

***Provisions in our certificate of incorporation and bylaws or Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.***

Delaware corporate law and our certificate of incorporation and bylaws contain provisions that could discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous, including provisions which:

- authorize the issuance of “blank check” preferred stock that our board could issue to increase the number of outstanding shares and to discourage a takeover attempt;
- limit the ability of our stockholders to call special meetings of stockholders;
- provide that certain litigation against us can only be brought in Delaware; and
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws.

Any provision of our certificate of incorporation, our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 2. Properties**

Match Group believes that the facilities for its management and operations are generally adequate for its current and near-term future needs. Match Group’s facilities, most of which are leased (in some cases, from IAC) in various cities in the United States and abroad, generally consist of executive and administrative offices and data centers.

We believe that our current facilities are adequate to meet our ongoing needs. We also believe that, if we require additional space, we will be able to lease additional facilities on commercially reasonable terms.

### **Item 3. 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. 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.

#### **Consumer Class Action Litigation Challenging Tinder’s Age-Tiered Pricing**

On May 28, 2015, a putative state-wide class action was filed against Tinder in state court in California. *See Allan Candelore v. Tinder, Inc.*, No. BC583162 (Superior Court of California, County of Los Angeles). The complaint principally alleged that Tinder violated California’s Unruh Civil Rights Act (the “Unruh Act”) by offering and charging users age 30 and over a higher price than younger users for subscriptions to its premium Tinder Plus service. The complaint sought certification of a class of California Tinder Plus subscribers age 30 and over and damages in an unspecified amount. On September 21, 2015, Tinder filed a demurrer seeking dismissal of the complaint. On October 26, 2015, the court issued an opinion sustaining Tinder’s demurrer to the complaint without leave to amend, ruling that the age-based pricing differential for Tinder Plus subscriptions did not violate California law in essence because offering a discount to users under age 30 was neither invidious nor unreasonable in light of that age group’s generally more limited financial means. On December 29, 2015, in accordance with its ruling, the court entered judgment dismissing the action. On February 1, 2016, the plaintiff filed a notice of appeal from the judgment, and the parties thereafter briefed the appeal. On January 29, 2018, the California Court of Appeal (Second Appellate District, Division Three) issued an opinion reversing the judgment of dismissal, ruling that the lower court had erred in sustaining Tinder’s demurrer because the complaint, as pleaded, stated a cognizable claim for violation of the Unruh Act. Because we believe that the appellate court’s reasoning was flawed as a matter of law and runs afoul of binding California precedent, on March 12, 2018, Tinder filed a petition with the California Supreme Court seeking interlocutory review of the Court of Appeal’s decision. On May 9, 2018, the California Supreme Court denied the petition. The case was then returned to the trial court for further proceedings.

In a related development, on June 19, 2019, in a substantially similar putative class action asserting the same substantive claims and pending in federal district court in California, the court issued an order granting final approval of a class-wide settlement, the terms of which are not material to the Company. *See Lisa Kim v. Tinder, Inc.*, No. 18-cv-3093 (U.S. District Court, Central District of California). On June 21, 2019, the *Kim* court entered judgment in accordance with its prior order. Because the approved settlement class in *Kim* subsumes the proposed settlement class in *Candelore*, the judgment in *Kim* would effectively render *Candelore* a single-plaintiff lawsuit. Accordingly, on July 11, 2019, two objectors to the *Kim* settlement, represented by the plaintiff's counsel in *Candelore*, filed a notice of appeal from the *Kim* judgment to the U.S. Court of Appeals for the Ninth Circuit. The parties are in the process of briefing the appeal.

On September 13, 2019, Tinder filed a motion to stay the *Candelore* case pending the Ninth Circuit's decision on the appeal of the court-approved settlement in the *Kim* case. On November 13, 2019, the court issued an order staying the class claims in the *Candelore* case pending the Ninth Circuit's decision on the *Kim* appeal. We believe that the allegations in the *Candelore* lawsuit are without merit and will continue to defend vigorously against it.

### **Tinder Optionholder Litigation Against IAC and Match Group**

On August 14, 2018, ten then-current and former employees of Match Group, LLC or Tinder, Inc. ("Tinder"), an operating business of Match Group, filed a lawsuit in New York state court against IAC and Match Group. *See Sean Rad et al. v. IAC/InterActiveCorp and Match Group, Inc.*, No. 654038/2018 (Supreme Court, New York County). The complaint alleges that in 2017, the defendants: (i) wrongfully interfered with a contractually established process for the independent valuation of Tinder by certain investment banks, resulting in a substantial undervaluation of Tinder and a consequent underpayment to the plaintiffs upon exercise of their Tinder stock options, and (ii) then wrongfully merged Tinder into Match Group, thereby depriving certain of the plaintiffs of their contractual right to later valuations of Tinder on a stand-alone basis. The complaint asserts claims for breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, interference with contractual relations (as against Match Group only), and interference with prospective economic advantage, and seeks compensatory damages in the amount of at least \$2 billion, as well as punitive damages. On August 31, 2018, four plaintiffs who were still employed by Match Group filed a notice of discontinuance of their claims without prejudice, leaving the six former employees as the remaining plaintiffs.

On October 9, 2018, the defendants filed a motion to dismiss the complaint on various grounds, including that the 2017 valuation of Tinder by the investment banks was an expert determination any challenge to which is both time-barred under applicable law and available only on narrow substantive grounds that the plaintiffs have not pleaded in their complaint; the plaintiffs opposed the motion. On June 13, 2019, the court issued a decision and order (i) granting the motion to dismiss the claims for breach of the implied covenant of good faith and fair dealing and for unjust enrichment, (ii) granting the motion to dismiss the merger-related claim for breach of contract as to two of the remaining six plaintiffs, and (iii) otherwise denying the motion to dismiss. On June 21, 2019, the defendants filed a notice of appeal from the trial court's partial denial of their motion to dismiss, and the parties thereafter briefed the appeal. On October 29, 2019, the Appellate Division, First Department, issued an order affirming the lower court's decision. On November 22, 2019, the defendants filed a motion for reargument or, in the alternative, leave to appeal the Appellate Division's order to the New York Court of Appeals; the plaintiffs opposed the motion, which remains pending.

On June 3, 2019, the defendants filed a second motion to dismiss based upon certain provisions of the plaintiffs' agreement with a litigation funding firm; the plaintiffs have opposed the motion, which remains pending. On July 15, 2019, the defendants filed an answer denying the material allegations of the complaint, as well as counterclaims against Sean Rad for breach of contract and unjust enrichment based upon his alleged misappropriation of confidential company information. On September 13, 2019, the defendants filed an amended answer and counterclaims, adding claims based on Rad's alleged unauthorized recording of conversations with company employees. On November 21, 2019, the defendants filed a second amended answer and counterclaims, adding claims based on Rad's alleged unauthorized destruction of company information and breach of his non-solicitation obligations.

Document discovery in the case is substantially complete and deposition discovery is underway. On January 30, 2020, the parties participated in a mediation that did not result in resolution of the matter. We believe that the

allegations against Match Group and IAC in this lawsuit are without merit and will continue to defend vigorously against it.

### **FTC Lawsuit Against Match Group**

In March 2017, the Federal Trade Commission (“FTC”) requested information and documents in connection with a civil investigation regarding certain business practices of Match.com. The FTC raised potential claims relating to Match.com’s marketing, chargeback, and online cancellation practices. In November 2018, the FTC proposed to resolve its potential claims via a consent judgment requiring certain changes in those practices, as well as a \$60 million payment. Ensuing discussions between the Company and the FTC ended without resolution.

On August 7, 2019, the FTC voted to assert claims against the Company and referred the matter to the U.S. Department of Justice (“DOJ”). The DOJ subsequently declined to pursue a civil case against the Company and referred the matter back to the FTC.

On September 25, 2019, the FTC filed a lawsuit in the Northern District of Texas against Match Group. *See FTC v. Match Group, Inc.*, No. 3:19-cv-02281-K (N.D. Tex.). The complaint alleges that, prior to mid-2018, for marketing purposes Match.com told non-paying users that other users were trying to communicate with them, even though Match.com had identified those subscriber accounts as potentially fraudulent, thereby inducing non-paying users to subscribe and exposing them to the risk of fraud should they subscribe. The complaint also challenges the adequacy of Match.com’s disclosure of the terms of its six-month guarantee, the efficacy of its cancellation process, and its handling of chargeback disputes. The complaint seeks among other things permanent injunctive relief, civil penalties, restitution, disgorgement, and costs of suit. On October 17, 2019, the Company filed a motion to dismiss the complaint. The FTC opposed the motion, which remains pending.

On September 26, 2019, the Company received a grand-jury subpoena from the DOJ for documents relating to certain of the marketing-related claims in the FTC’s complaint. The Company has cooperated with the DOJ in responding to its subpoena.

Match Group believes that the FTC’s claims regarding Match.com’s practices, policies, and procedures are without merit and will defend vigorously against them.

### **Securities Class Action Lawsuit Against Match Group**

On October 3, 2019, a Match Group shareholder filed a securities class action lawsuit in federal court in Texas against Match Group, Inc., its CEO, and its CFO, on behalf of a class of acquirers of Match Group securities between August 6, 2019 and September 25, 2019. *See Phillip R. Crutchfield v. Match Group, Inc., Amanda W. Ginsberg, and Gary Swidler*, No. 3:19-cv-02356-C (Northern District of Texas, Dallas Division). Invoking the allegations in the FTC lawsuit described above, the complaint alleges (i) that Defendants failed to disclose to investors that the Company induced customers to buy and upgrade subscriptions using misleading advertisements, that the Company made it difficult for customers to cancel their subscriptions, and that, as a result, the Company was likely to be subject to regulatory scrutiny; (ii) that the Company lacked adequate disclosure controls and procedures; and (iii) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects, were materially misleading and/or lacked a reasonable basis. On January 6, 2020, the court approved a stipulation appointing two lead plaintiffs as well as co-lead counsel. On January 23, 2020, the Court entered a scheduling order, which allows Lead Plaintiffs to file an amended complaint on or before March 23, 2020. Match Group believes that the allegations in this lawsuit are without merit and will defend vigorously against them.

### **House Oversight Committee Investigation of Online Dating**

On January 30, 2020, Match Group, Inc. received a letter from the House of Representatives’ Subcommittee on Economic and Consumer Policy (the “Oversight Committee”) regarding its inquiry into underage use of online dating services and efforts by those services to remove registered sex offenders from their platforms. The Oversight Committee is also inquiring about under what circumstances online dating services share or sell sensitive user information with third parties. The Oversight Committee has requested documents and information related to its inquiry. The Company is cooperating with the investigation.

**Irish Data Protection Commission Inquiry Regarding Tinder's Practices**

On February 3, 2020, we received a letter from the Irish Data Protection Commission (the "DPC") notifying us that the DPC has commenced an inquiry examining Tinder's compliance with the EU's General Data Protection Regulation, focusing on Tinder's processes for handling access and deletion requests and Tinder's user data retention policies. We are planning to fully cooperate with the DPC in connection with this inquiry.

**Item 4. Mine Safety Disclosure**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market for Registrant’s Common Equity and Related Stockholder Matters

Our common stock is quoted on the Nasdaq Global Select Market (“NASDAQ”) under the ticker symbol “MTCH.” There is no established public trading market for our Class B common stock. As of February 26, 2020, the closing price of our common stock on NASDAQ was \$66.04.

As of January 31, 2020, there were 26 holders of record of the Company’s common stock and one holder of record of the Company’s Class B common stock. Because the substantial majority of the outstanding shares of our common stock are held by brokers and other institutions on behalf of shareholders, we are not able to estimate the total number of beneficial shareholders represented by these record holders.

#### Unregistered Sales of Equity Securities

Under the terms of the Employee Matters Agreement dated as of November 24, 2015, by and between IAC/ InterActiveCorp (“IAC”) and Match Group, Inc. (the “Company”), as amended effective as of April 13, 2016 (the “Employee Matters Agreement”), IAC may cause certain equity awards of the Company to be settled in shares of IAC common stock, par value \$0.001 (“IAC Common Stock”) and cause the Company to reimburse IAC for the cost of such shares of IAC Common Stock by issuing shares of Company common stock, par value \$0.001 (“Company Common Stock”) to IAC. The Employee Matters Agreement also provides that 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.

On December 31, 2019, 122,696 shares of Company Common Stock were issued to IAC as reimbursement for shares of IAC Common Stock issued in connection with the exercise of IAC stock options held by Match Group employees.

On October 31, 2019; November 30, 2019; and December 31, 2019, 4,385; 66,789; and 22,841 shares, respectively, of Company Common Stock were issued to IAC as reimbursement for shares of IAC Common Stock issued in connection with the exercise and settlement of equity shares of a subsidiary of the Company pursuant to the Employee Matters Agreement.

The issuances of Company Common Stock described above did not involve any underwriters or public offerings and the Company believes that such issuances were exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) of such act.

#### Issuer Purchases of Equity Securities

The following table sets forth purchases by the Company of its common stock during the quarter ended December 31, 2019:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	(d) Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs <sup>(2)</sup>
October 2019	331,260	\$ 73.64	331,260	9,938,071
November 2019	—	\$ —	—	9,938,071
December 2019	80,400	\$ 68.16	80,400	9,857,671
Total	<u>411,660</u>	<u>\$ 72.57</u>	<u>411,660</u>	<u>9,857,671</u>

(1) Reflects repurchases made pursuant to the repurchase program originally authorized in May 2017, which has no expiration. On August 30, 2019, the Company’s Board of Directors authorized an increase to the repurchase program of 10 million shares, resulting in a total repurchase authorization of 16 million shares.

(2) Represents the total number of shares of common stock that remained available for repurchase pursuant to the Company’s repurchase program, including the increase of 10 million shares authorized on August 30, 2019. 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.

## Dividend

On December 19, 2018, we paid a special dividend of \$2.00 per share on Match Group common stock and Class B common stock, to stockholders of record as of the close of business on December 5, 2018.

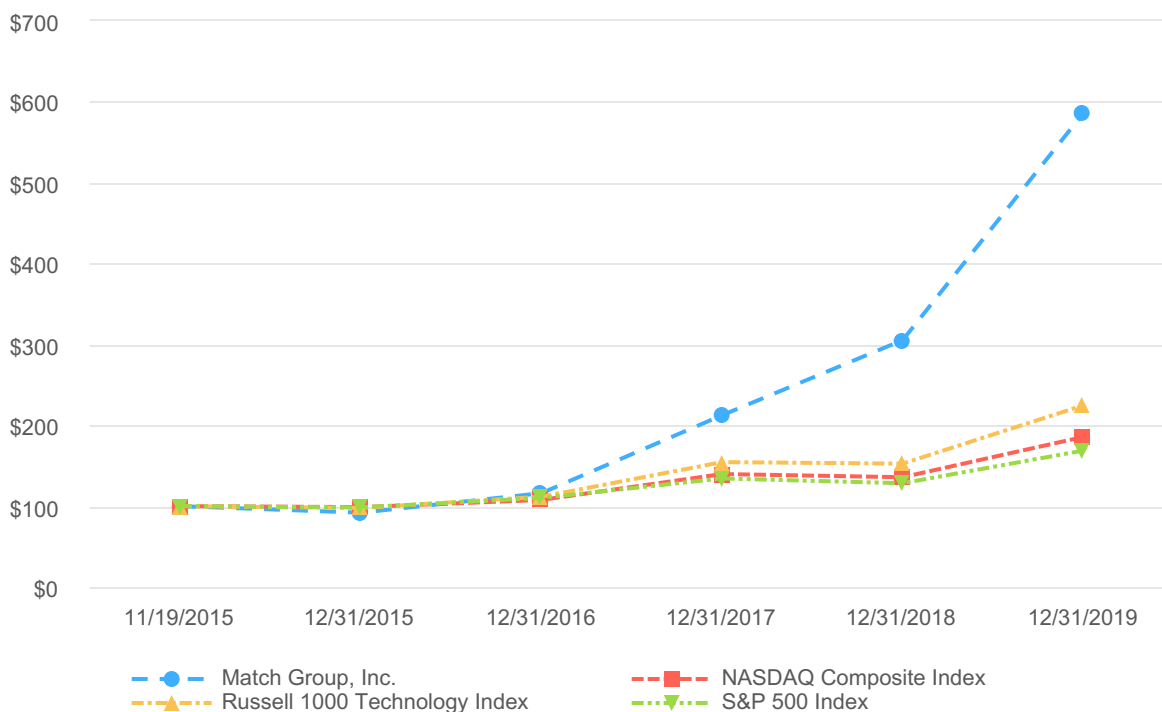
## Stock Performance Graph

The following graph compares the cumulative total return (assuming dividend reinvestment, as applicable) of Match Group common stock, the NASDAQ Composite index, the Russell 1000 Technology Index, and the Standard & Poor's 500 Stock Index, in each case, based on \$100 invested at the close of trading on November 19, 2015 through December 31, 2019. In accordance with applicable SEC rules, Match Group presents the cumulative return of peer issuers. Match Group has selected the NASDAQ Composite Index and the Russell 1000 Technology Index as its peer issuers because they both include companies engaged in many of the same businesses as Match Group. The returns shown are based on historical results and are not intended to suggest future performance.

### COMPARISON OF CUMULATIVE TOTAL RETURN

#### Match Group, Inc. Common Stock

Among Match Group, Inc., the NASDAQ Composite Index, the Russell 1000 Technology Index, and the S&P 500 Index



	11/19/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Match Group, Inc.	\$100.00	\$91.93	\$116.01	\$212.42	\$305.27	\$586.05
NASDAQ Composite Index	\$100.00	\$98.82	\$107.68	\$139.70	\$135.77	\$185.65
Russell 1000 Technology Index	\$100.00	\$97.81	\$111.59	\$154.44	\$152.58	\$224.62
S&P 500 Index	\$100.00	\$98.43	\$110.20	\$134.25	\$128.35	\$168.75



## Item 6. Selected Financial Data

The selected financial data set forth in the table below as of December 31, 2019, 2018, 2017, 2016, and 2015 and for the years then ended were derived from our audited consolidated and combined financial statements. This selected financial data should be read in conjunction with the consolidated financial statements and accompanying notes included herein.

	Years Ended December 31,				
	2019	2018	2017	2016	2015
(Dollars in thousands, except per share data)					
<b>Statement of Operations Data:</b>					
Revenue	\$ 2,051,258	\$ 1,729,850	\$ 1,330,661	\$ 1,118,110	\$ 909,705
Earnings from continuing operations	534,425	472,969	355,977	178,341	133,163
Loss from discontinued operations	—	(378)	(5,650)	(6,328)	(12,676)
Net earnings attributable to Match Group, Inc. shareholders	534,731	477,939	350,148	171,451	120,383
Earnings per share from continuing operations attributable to Match Group, Inc. shareholders:					
Basic	\$ 1.91	\$ 1.73	\$ 1.35	\$ 0.71	\$ 0.76
Diluted	\$ 1.81	\$ 1.61	\$ 1.20	\$ 0.66	\$ 0.72
Earnings per share attributable to Match Group, Inc. shareholders:					
Basic	\$ 1.91	\$ 1.73	\$ 1.33	\$ 0.68	\$ 0.69
Diluted	\$ 1.81	\$ 1.61	\$ 1.18	\$ 0.64	\$ 0.65
Dividend declared per share	\$ —	\$ 2.00	\$ —	\$ —	\$ —

	December 31,				
	2019	2018	2017	2016	2015
(In thousands)					
<b>Balance Sheet Data:</b>					
Total assets	\$ 2,423,712	\$ 2,053,061	\$ 2,130,146	\$ 2,048,678	\$ 1,909,392
Long-term debt, net including current maturities	1,603,483	1,515,911	1,252,696	1,176,493	1,216,871

## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Separation

On December 19, 2019, Match Group and IAC entered into the Transaction Agreement pursuant to which, following the satisfaction of certain closing conditions, including IAC and Match Group stockholder approval, the businesses of Match Group will be separated from the remaining businesses of IAC through Transactions that will result in two, separate public companies—(1) IAC, which will be re-named “Match Group, Inc.” and which will own the businesses of Match Group and certain IAC financing subsidiaries, and (2) IAC Holdings, Inc., which will be re-named “IAC/InterActiveCorp” and which will own IAC’s other businesses—and the pre-transaction stockholders of Match Group and of IAC owning shares in New Match.

For additional information relating to the Separation and the related transactions and agreements, see “Part I—Item 1—Business—Relationship with IAC—Separation.”

### Key Terms:

#### Operating metrics:

- **North America** - consists of the financial results and metrics associated with users located in the United States and Canada.
- **International** - consists of the financial results and metrics associated with users located outside of the United States and Canada.
- **Direct Revenue** - is revenue that is received directly from end users of our products and includes both subscription and à la carte revenue.
- **Indirect Revenue** - is revenue that is not received directly from an end user of our products, substantially all of which is advertising revenue.
- **Subscribers** - are users who purchase a subscription to one of our products. Users who purchase only à la carte features are not included in Subscribers.
- **Average Subscribers** - is the number of Subscribers at the end of each day in the relevant measurement period divided by the number of calendar days in that period.
- **Average Revenue per Subscriber (“ARPU”)** - is Direct Revenue from Subscribers in the relevant measurement period (whether in the form of subscription or à la carte revenue) divided by the Average Subscribers in such period and further divided by the number of calendar days in such period. Direct Revenue from users who are not Subscribers and have purchased only à la carte features is not included in ARPU.

#### Operating costs and expenses:

- **Cost of revenue** - consists primarily of the amortization of in-app purchase fees, compensation expense (including stock-based compensation expense) and other employee-related costs for personnel engaged in data center and customer care functions, 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 in connection with the processing of in-app purchases of subscriptions and product features through the in-app payment systems provided by Apple and Google.
- **Selling and marketing expense** - consists primarily of advertising expenditures and compensation expense (including stock-based compensation expense) 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 sites, offline marketing (which is primarily television advertising), and payments to partners that direct traffic to our brands.
- **General and administrative expense** - consists primarily of compensation expense (including stock-based compensation expense) 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 (including transaction-related costs for acquisitions), and facilities costs.

- **Product development expense** - consists primarily of compensation expense (including stock-based compensation expense) 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 financial performance and/or operating metric targets of the acquired company. The fair value of the liability is estimated at the date of acquisition and adjusted each reporting period until the liability is settled. Significant changes in forecasted earnings and/or operating metrics will result in a significantly higher or lower fair value measurement. The changes in the estimated fair value of the contingent consideration arrangements during each reporting period, including the accretion of the discount if the arrangement is longer than one year, are recognized in “General and administrative expense” in the accompanying consolidated statement of operations.

**Long-term debt:**

- **Credit Facility** - The Company’s revolving credit facility. At December 31, 2019, \$500 million was available under the Credit Facility and the Credit Facility bore interest at LIBOR plus 1.50%. On February 13, 2020, the Credit Facility was amended to, among other things, increase the available borrowing capacity from \$500 million to \$750 million, reduce interest rate margins by 0.125% to LIBOR plus 1.375%, and extend its maturity from December 7, 2023 to February 13, 2025.
- **Term Loan** - The Company’s \$425 million term loan. At December 31, 2019, the Term Loan bore interest at LIBOR plus 2.50% and the then applicable rate was 4.44%. On February 13, 2020, the Term Loan was amended to reprice the outstanding balance to LIBOR plus 1.75% and extend its maturity from November 16, 2022 to February 13, 2027.
- **6.375% 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. At December 31, 2019, \$400 million aggregate principal amount is outstanding.
- **5.00% Senior Notes** - The Company’s 5.00% Senior Notes due December 15, 2027, with interest payable each June 15 and December 15, which were issued on December 4, 2017. At December 31, 2019, \$450 million aggregate principal amount is outstanding.
- **5.625% Senior Notes** - The Company’s 5.625% Senior Notes due February 15, 2029, with interest payable each February 15 and August 15, which were issued on February 15, 2019. At December 31, 2019, \$350 million aggregate principal amount is outstanding.
- **4.125% Senior Notes** - The Company’s 4.125% Senior Notes due August 1, 2030, with interest payable each February 1 and August 1, commencing on August 1, 2020, which were issued on February 11, 2020. The proceeds were used to pay expenses associated with the offering and, in the event the Separation is consummated, will be used to fund the Intercompany Loan to IAC. If the Separation is not consummated, the proceeds will be used for general corporate purposes.

**Non-GAAP financial measure:**

- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)** - is a Non-GAAP financial measure. See “Principles of Financial Reporting” for the definition of Adjusted EBITDA and a reconciliation of net earnings attributable to Match Group, Inc. shareholders to operating income and Adjusted EBITDA.

**MANAGEMENT OVERVIEW**

Match Group, Inc., through its portfolio companies, is a leading provider of dating products available globally. Our portfolio of brands includes Tinder<sup>®</sup>, Match<sup>®</sup>, Meetic<sup>®</sup>, OkCupid<sup>®</sup>, Hinge<sup>®</sup>, Pairs<sup>™</sup>, PlentyOfFish<sup>®</sup>, and OurTime<sup>®</sup>, as well as a number of other brands, each designed to increase our users’ likelihood of finding a meaningful connection. Through our portfolio companies and their trusted brands, we provide tailored products to meet the varying preferences of our users. Our products are available in over 40 languages to our users all over the world.

## Sources of Revenue

All our products provide the use of certain features for free, and then offer a variety of additional features to Subscribers. Our revenue is primarily derived directly from users in the form of recurring subscription fees.

Subscription revenue is presented net of credits and credit card chargebacks. Subscribers pay in advance, primarily by using a credit card or through mobile app stores, and, subject to certain conditions identified in our terms and conditions, all purchases are final and nonrefundable. Fees collected, or contractually due, in advance for subscriptions are deferred and recognized as revenue using the straight-line method over the term of the applicable subscription period, which primarily ranges from one to six months, and corresponding mobile app store fees incurred on such transactions, if any, are deferred and expensed over the same period. We also earn revenue from online advertising, the purchase of à la carte features, and offline events. Online advertising revenue is recognized every time an ad is displayed. Revenue from the purchase of à la carte features is recognized based on usage. Revenue and the related expenses associated with offline events are recognized when each event occurs.

## Trends affecting our business

Over the last several years, we have seen significant changes in our business. Tinder has grown from incubation to the largest contributing brand in our portfolio and our other brands have generally been stable in the aggregate. This in turn has allowed us to invest in or acquire brands such as Hinge and incubate new brands such as Chispa, BLK, and Ship, where we see significant potential future growth opportunities. With our evolving portfolio of brands, we have seen a number of significant trends in our business including the following:

***Lower cost users.*** All of our brands rely on word-of-mouth, or free, customer acquisition to varying degrees. Word-of-mouth acquisition is typically a function of scale (with larger communities driving greater numbers of referrals), youthfulness (with the viral effect being more pronounced in younger populations due, in part, to a significantly higher concentration of single people in any given social circle and the increased adoption of social media and similar platforms among such populations), and monetization rate (with people generally more likely to talk openly about using dating products that are less heavily monetized). Additionally, some, but not all, of our brands spend meaningfully on paid marketing. Accordingly, the average amount we spend to acquire a user differs significantly across brands based in large part on each brand's mix of paid and free acquisition channels. As our mix has shifted toward younger users, our mix of acquisition channels has shifted toward free channels, driving a significant decline over the past several years in the average amount we spend to acquire a new user across our portfolio. As a percentage of revenue, our costs of acquiring Subscribers have declined.

***Changing paid acquisition dynamics.*** Even as our acquisition of lower cost users increases, paid acquisition of users remains an important driver of our business. The channels through which we market our brands are always evolving, but we are currently in a period of rapid change as TV and video consumption patterns evolve and internet consumption occurs regularly on mobile devices. As we adapt our paid marketing activities to maximize user engagement with our brands, we may increase our use of paid advertising at brands where we traditionally relied on word-of-mouth engagement to leverage these shifts in media consumption patterns and fuel international growth. Other brands in our portfolio may reduce paid marketing activities to reflect the change in audience engagement.

***Increasing In-App Purchase Fees.*** Purchases made by our customers through mobile applications, as opposed to desktop or mobile web, continue to increase. Purchases processed through the in-app payments systems provided by the Apple App Store and Google Play Store are subject to in-app purchase fees, which are generally 30% of the purchase price. As a result, the percentage of our revenues paid to Apple and Google continues to increase. In 2019, Tinder began offering subscribers an alternative payment method to Google's in-app payment system similar to the payment alternatives other brands in our portfolio have historically offered to subscribers through mobile apps on Android. The availability of this alternative payment method has reduced the amount of in-app purchases fees paid to Google as a percentage of total Android revenue. To the extent that app stores fee change, or the mix of our revenue generated through app stores shifts, our results, in particular our profit measures, could be impacted.

***Increase in acceptance and growth of dating products globally.*** Over the past decade, there has been meaningful growth in dating product usage in North America and Western Europe, and we see the potential for similar growth in the rest of the world in the years ahead. As more internet-connected singles utilize online dating

products and the stigma around dating continues to erode, we believe that there is potential for accelerating growth in the use of dating products globally.

### **Other factors affecting the comparability of our results**

**Advertising spend.** Our advertising spend, which is included in our selling and marketing expense, has consistently been our largest operating expense. How we deploy our advertising spend varies among brands, with the majority of our advertising spend taking place online, including search engines, social media sites, streaming services and influencers. Additionally, some brands utilize television and out-of-home marketing campaigns, such as on outdoor billboards. For established brands, we seek to optimize for total return on advertising spend by frequently analyzing and adjusting this spend to focus on marketing channels and markets that generate returns above our thresholds. Our data-driven approach provides us the flexibility to scale and optimize our advertising spend. We spend advertising dollars against an expected lifetime value of a Subscriber that is realized over a multi-year period; and while this advertising spend is intended to be profitable on that basis, it is nearly always negative during the period in which the expense is incurred. For newer brands that are gaining scale, or existing brands that are expanding into new geographies, we may make incremental advertising investments to establish the brand before optimizing monetization of the brand. In general, our more established brands spend a higher proportion of their revenue on advertising while our newer brands spend a lower proportion and tend to rely more on word of mouth and other viral marketing. Additionally, advertising spend is typically higher during the first quarter of our fiscal year, and lower during the fourth quarter. See “Seasonality” below.

**Seasonality.** Historically, our business has experienced seasonal fluctuations in quarterly operating results, particularly with respect to our profit measurements. This is driven primarily by a higher concentration of advertising spend in the first quarter, when advertising prices are lowest and demand for our products is highest, and a lower concentration of advertising spend in the fourth quarter, when advertising costs are highest and demand for our products is lowest. Seasonality is not consistent across our brands, with brands targeted at older users generally showing more seasonality than brands targeted at younger users.

**International markets.** Our products are available across the world. Our international revenue represented 53% and 50% of our total revenue for the years ended December 31, 2019 and 2018, respectively. We vary our pricing to align with local market conditions and our international businesses typically earn revenue in local currencies. As foreign currency exchange rates change, translation of the statement of operations of our international businesses into U.S. dollars affects year-over-year comparability of operating results.

### **2019 Developments**

On February 15, 2019, we issued \$350 million aggregate principal amount of the 5.625% Senior Notes. The proceeds from the issuance of the 5.625% Senior Notes were used to repay outstanding borrowings under the Credit Facility, to pay expenses associated with the offering, and for general corporate purposes.

On December 19, 2019, Match Group and IAC entered into the Transaction Agreement, pursuant to which, following the satisfaction of certain closing conditions, including IAC and Match Group stockholder approval, the businesses of Match Group will be separated from the remaining businesses of IAC through Transactions that will result in two, separate public companies—(1) IAC, which will be re-named “Match Group, Inc.” and which will own the businesses of Match Group and certain IAC financing subsidiaries, and (2) IAC Holdings, Inc., which will be re-named “IAC/InterActiveCorp” and which will own IAC’s other businesses—and the pre-transaction stockholders of Match Group (other than IAC) and of IAC owning shares in New Match. For additional information relating to the Separation and the related transactions and agreements, see “Part I—Item 1—Business—Relationship with IAC—Separation.”

### **2019 Consolidated Results**

In 2019, revenue, operating income and Adjusted EBITDA grew 19%, 17% and 19%, respectively. Revenue growth was primarily due to strong growth at Tinder and additional contributions from certain other brands. The growth in operating income and Adjusted EBITDA was due to higher revenue and lower selling and marketing expense as a percentage of revenue due to the continued product mix shift toward brands with lower marketing spend as a percentage of revenue, partially offset by an increase in cost of revenue expense primarily due to higher in-app purchase fees as a result of growing revenue sourced through mobile app stores, and higher legal costs. Operating income was further impacted by the impairment of the Match brand in the UK and higher stock-based compensation expense as a percentage of revenue, resulting in decreased growth compared to Adjusted EBITDA.

## Results of Operations for the years ended December 31, 2019, 2018 and 2017

The following discussion should be read in conjunction with “Item 8. Consolidated Financial Statements and Supplementary Data.” For a discussion regarding our financial condition and results of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 28, 2019.

### Revenue

	Years Ended December 31,						2017
	2019	\$ Change	% Change	2018	\$ Change	% Change	
(Amounts in thousands, except ARPU)							
<b>Direct Revenue:</b>							
North America	\$ 1,024,161	\$ 121,683	13%	\$ 902,478	\$ 161,144	22%	\$ 741,334
International	983,013	208,320	27%	774,693	234,778	43%	539,915
Total Direct Revenue	2,007,174	330,003	20%	1,677,171	395,922	31%	1,281,249
Indirect Revenue	44,084	(8,595)	(16)%	52,679	3,267	7%	49,412
Total Revenue	<u>\$ 2,051,258</u>	<u>\$ 321,408</u>	19%	<u>\$ 1,729,850</u>	<u>\$ 399,189</u>	30%	<u>\$ 1,330,661</u>

<b>Direct Revenue</b>							
Tinder	\$ 1,152,045	\$ 346,729	43%	\$ 805,316	\$ 402,100	100%	\$ 403,216
Other brands	855,129	(16,726)	(2)%	871,855	(6,178)	(1)%	878,033
Total Direct Revenue	<u>\$ 2,007,174</u>	<u>\$ 330,003</u>	20%	<u>\$ 1,677,171</u>	<u>\$ 395,922</u>	31%	<u>\$ 1,281,249</u>

<b>Percentage of Total Revenue:</b>							
<b>Direct Revenue:</b>							
North America	50%			52%			56%
International	48%			45%			40%
Total Direct Revenue	98%			97%			96%
Indirect Revenue	2%			3%			4%
Total Revenue	<u>100%</u>			<u>100%</u>			<u>100%</u>

<b>Average Subscribers:</b>							
North America	4,554	393	9%	4,161	592	17%	3,569
International	4,729	1,017	27%	3,712	873	31%	2,839
Total	<u>9,283</u>	<u>1,410</u>	18%	<u>7,873</u>	<u>1,465</u>	23%	<u>6,408</u>

(Change calculated using non-rounded numbers)

<b>ARPU:</b>							
North America	\$ 0.61		4%	\$ 0.59		4%	\$ 0.56
International	\$ 0.56		—%	\$ 0.56		10%	\$ 0.51
Total	\$ 0.58	\$ 0.01	2%	\$ 0.57	\$ 0.03	6%	\$ 0.54

For the year ended December 31, 2019 compared to the year ended December 31, 2018

International Direct Revenue grew \$208.3 million, or 27%, in 2019 versus 2018, driven by 27% growth in Average Subscribers. North America Direct Revenue grew \$121.7 million, or 13%, in 2019 versus 2018, driven by 9% growth in Average Subscribers, and a 4% increase in ARPU.

Growth in International and North America Average Subscribers was primarily driven by Tinder. Hinge and Pairs also contributed to subscriber growth in North America and International, respectively. North America ARPU increased primarily due to increases in ARPU at Tinder as Subscribers purchased premium subscriptions, such as Tinder Gold, as well as additional à la carte features. International ARPU was unfavorably impacted by the strength of the U.S. dollar relative to the Euro, British pound (“GBP”), and certain other currencies.

Indirect Revenue decreased \$8.6 million primarily due to lower impressions and a lower price per impression received from an advertising network provider.

***Cost of revenue (exclusive of depreciation)***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
	(Dollars in thousands)						
Cost of revenue	\$527,184	\$117,184	29%	\$410,000	\$130,501	47%	\$279,499
Percentage of revenue	26%			24%			21%

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

Cost of revenue increased due to an increase in in-app purchase fees of \$80.1 million, as revenue continues to be increasingly sourced through mobile app stores; an increase in hosting fees of \$21.9 million; and an increase in compensation expense of \$11.2 million related to increased headcount and other operating costs in customer care.

***Selling and marketing expense***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
	(Dollars in thousands)						
Selling and marketing expense	\$427,440	\$7,486	2%	\$419,954	\$44,344	12%	\$375,610
Percentage of revenue	21%			24%			28%

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

Selling and marketing expense increased primarily due to increases in spending at Tinder, Hinge, and Pairs, partially offset by decreases at Meetic, Match, and PlentyOfFish. Selling and marketing expense declined as a percentage of revenue as we continue to generate revenue growth from brands with relatively lower marketing expense.

***General and administrative expense***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
	(Dollars in thousands)						
General and administrative expense	\$254,966	\$74,680	41%	\$180,286	\$482	—%	\$179,804
Percentage of revenue	12%			10%			14%

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

General and administrative expense increased primarily due to an increase of \$38.1 million in legal fees; an increase in compensation of \$19.0 million primarily related to stock-based compensation expense due to new equity awards made since the prior year period, modification charges during 2019, and an increase in headcount; and an increase of \$4.7 million for non-income taxes that includes the recently enacted French Digital Services Tax, which was made effective retroactively to January 1, 2019.

### ***Product development expense***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
(Dollars in thousands)							
Product development expense	\$151,960	\$19,930	15%	\$132,030	\$30,880	31%	\$101,150
Percentage of revenue	7%			8%			8%

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

Product development expense increased primarily as a result of an increase of \$18.6 million in compensation, including an increase of \$10.3 million in stock-based compensation expense primarily due to the vesting of certain awards for which the market condition was met, and increased headcount at Tinder.

### ***Depreciation***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
(Dollars in thousands)							
Depreciation	\$32,450	\$(518)	(2)%	\$32,968	\$355	1%	\$32,613
Percentage of revenue	2%			2%			2%

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

Depreciation decreased primarily due to certain internally developed software becoming fully depreciated, partially offset by increased depreciation related to leasehold improvements.

### ***Operating Income and Adjusted EBITDA***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
(Dollars in thousands)							
Operating income	\$648,531	\$95,237	17%	\$553,294	\$192,777	53%	\$360,517
Percentage of revenue	32%			32%			27%
Adjusted EBITDA	\$779,432	\$125,501	19%	\$653,931	\$184,990	39%	\$468,941
Percentage of revenue	38%			38%			35%

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

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

Operating income and Adjusted EBITDA increased \$95.2 million, or 17%, and \$125.5 million, or 19%, respectively, primarily as a result of the increase in revenue of \$321.4 million and lower selling and marketing expense as a percentage of revenue due to the ongoing product mix shift toward brands with lower marketing spend as a percentage of revenue, partially offset by an increase in cost of revenue due to higher in-app purchase fees and an increase in legal fees. Operating income was also impacted by higher stock-based compensation expense as a percentage of revenue and an increase in amortization due to the impairment of the Match brand in the UK, resulting in decreased growth compared to Adjusted EBITDA.

At December 31, 2019, there was \$114.1 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 2.4 years.



### ***Interest expense***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
(Dollars in thousands)							
Interest expense	\$91,719	\$18,302	25%	\$73,417	\$(4,148)	(5)%	\$77,565

*For the year ended December 31, 2019 compared to the year ended December 31, 2018*

Interest expense increased primarily due to the issuance of the 5.625% Senior Notes in February 2019. Additionally, the interest rate on the Term Loan, which is based on LIBOR, was higher in the current year period.

### ***Other (expense) income, net***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
(Dollars in thousands)							
Other (expense) income, net	\$(2,026)	\$(9,791)	NM	\$7,765	\$38,592	NM	\$(30,827)

NM = not meaningful

Other expense, net, in 2019 includes a \$4.0 million impairment of an equity investment, expense of \$1.7 million related to a mark-to-market adjustment pertaining to a liability classified equity instrument, and \$0.9 million in net foreign currency losses in the period, partially offset by interest income of \$4.4 million.

Other income, net, in 2018 includes \$5.3 million in net foreign currency exchange gains due primarily to a strengthening of the U.S. dollar relative to the GBP in the period and \$4.9 million of interest income, partially offset by \$2.1 million of impairments of certain equity investments and \$0.7 million of expense related to a mark-to-market adjustment pertaining to a subsidiary denominated equity instrument.

### ***Income tax (provision) benefit***

	Years Ended December 31,						
	2019	\$ Change	% Change	2018	\$ Change	% Change	2017
(Dollars in thousands)							
Income tax (provision) benefit	\$(20,361)	\$(5,688)	39%	\$(14,673)	\$(118,525)	NM	\$103,852
Effective income tax rate	4%			3%			NM

For discussion of income taxes, see “Note 3—Income Taxes” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data.”

For the year ended December 31, 2019 and 2018, the Company recorded an income tax provision of \$20.4 million and \$14.7 million, respectively, representing an effective tax rate of 4% and 3%, respectively, which is lower than the statutory rate of 21% due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards and research credits.

### ***Related party transactions***

For discussion of related party transactions, see “Note 16—Related Party Transactions” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data.”

## PRINCIPLES OF FINANCIAL REPORTING

Match Group reports Adjusted EBITDA and Revenue excluding foreign effects, both of which are supplemental measures to U.S. generally accepted accounting principles (“GAAP”). Adjusted EBITDA 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 effects provides a comparable framework for assessing how our business performed without 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 measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measure, 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 they are non-cash in nature. Adjusted EBITDA has certain limitations because it excludes the impact of these expenses.

#### *Non-Cash Expenses That Are Excluded From Adjusted EBITDA*

*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 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). To the extent that stock-based awards are settled on a net basis, the Company remits the required tax-withholding amounts from its current funds.

*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 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 table reconciles net earnings attributable to Match Group, Inc. shareholders to operating income and Adjusted EBITDA:

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
<b>Net earnings attributable to Match Group, Inc. shareholders</b>	\$ 534,731	\$ 477,939	\$ 350,148
Add back:			
Net (loss) earnings attributable to noncontrolling interests	(306)	(5,348)	179
Loss from discontinued operations, net of tax	—	378	5,650
Income tax provision (benefit)	20,361	14,673	(103,852)
Other expense (income), net	2,026	(7,765)	30,827
Interest expense	91,719	73,417	77,565
<b>Operating Income</b>	<b>648,531</b>	<b>553,294</b>	<b>360,517</b>
Stock-based compensation expense	89,724	66,031	69,090
Depreciation	32,450	32,968	32,613
Amortization of intangibles	8,727	1,318	1,468
Acquisition-related contingent consideration fair value adjustments	—	320	5,253
<b>Adjusted EBITDA</b>	<b>\$ 779,432</b>	<b>\$ 653,931</b>	<b>\$ 468,941</b>

#### Effects of Changes in Foreign Exchange Rates on Revenue

The impact of foreign exchange rates on the Company, 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 revenue is 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 the Company'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 revenue using prior period exchange rates. The percentage change in revenue excluding foreign exchange effects is calculated by determining the change in current period revenue over prior period revenue where current period revenue is translated using prior period exchange rates.

The following table presents the impact of foreign exchange on total revenue, ARPU, and International ARPU for the year ended December 31, 2019 compared to the year ended December 31, 2018:

	Years Ended December 31,			2018
	2019	\$ Change	% Change	
(Dollars in thousands, except ARPU)				
Revenue, as reported	\$2,051,258	\$ 321,408	19%	\$ 1,729,850
Foreign exchange effects	47,459			
Revenue excluding foreign exchange effects	<u>\$2,098,717</u>	\$ 368,867	21%	<u>\$ 1,729,850</u>
<i>(Percentage change calculated using non-rounded numbers)</i>				
ARPU, as reported	\$ 0.58		2%	\$ 0.57
Foreign exchange effects	0.02			
ARPU, excluding foreign exchange effects	<u>\$ 0.60</u>		4%	<u>\$ 0.57</u>
International ARPU, as reported	\$ 0.56		—%	\$ 0.56
Foreign exchange effects	0.03			
International ARPU, excluding foreign exchange effects	<u>\$ 0.59</u>		5%	<u>\$ 0.56</u>

## FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

### Financial Position

	December 31, 2019	December 31, 2018
(In thousands)		
Cash and cash equivalents:		
United States	\$ 322,267	\$ 83,851
All other countries	143,409	103,096
Total cash and cash equivalents	\$ 465,676	\$ 186,947
Long-term debt, net:		
Credit Facility due December 7, 2023	\$ —	\$ 260,000
Term Loan due November 16, 2022	425,000	425,000
6.375% Senior Notes	400,000	400,000
5.00% Senior Notes	450,000	450,000
5.625% Senior Notes	350,000	—
Total long-term debt	1,625,000	1,535,000
Less: unamortized original issue discount and original issue premium, net	6,282	7,352
Less: unamortized debt issuance costs	15,235	11,737
Total long-term debt, net	\$ 1,603,483	\$ 1,515,911

### Long-term Debt

For a detailed description of long-term debt, see “Note 7—Long-term Debt, net” to the consolidated financial statements included in “Item 8. Consolidated Financial Statements and Supplementary Data.”

#### *IAC Subordinated Loan Facility:*

At December 31, 2019, the Company had an uncommitted subordinated loan facility with IAC (the “IAC Subordinated Loan Facility”), which allowed the Company to make one or more requests to IAC to borrow funds from it. At December 31, 2019, the Company had no indebtedness outstanding under the IAC Subordinated Loan Facility. The IAC Subordinated Loan Facility was terminated on February 26, 2020.

### Cash Flow Information

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

	Years ended December 31,		
	2019	2018	2017
(In thousands)			
Net cash provided by operating activities attributable to continuing operations	\$ 658,402	\$ 603,455	\$ 321,108
Net cash (used in) provided by investing activities attributable to continuing operations	(41,450)	(37,761)	118,188
Net cash used in financing activities attributable to continuing operations	(336,847)	(649,555)	(423,714)

### 2019

Net cash provided by operating activities attributable to continuing operations in 2019 includes adjustments to earnings consisting primarily of \$89.7 million of stock-based compensation expense, \$32.5 million of depreciation, and \$8.7 million of amortization of intangibles. Partially offsetting these adjustments was deferred income tax benefit of \$7.5 million primarily related to an increase in tax credit carryforwards, partially offset by the utilization of net operating losses. The decrease in cash from changes in working capital primarily consists of

an increase in other assets of \$24.3 million primarily related to an increase in prepaid hosting services, an increase in accounts receivable of \$17.9 million primarily related to an increase in revenue, and a decrease from income taxes payable and receivable of \$4.4 million due primarily to the timing of tax payments. These decreases in cash were partially offset by an increase in accounts payable and accrued expenses and other current liabilities of \$29.1 million due mainly to the timing of payments, including interest payments; and an increase in deferred revenue of \$9.5 million, due mainly to growth in subscription sales.

Net cash used in investing activities attributable to continuing operations in 2019 consists primarily of capital expenditures of \$38.8 million that are primarily related to internal development of software and computer hardware to support our products and services.

Net cash used in financing activities attributable to continuing operations in 2019 is primarily due to cash payments of \$300.0 million for the repayment of borrowings under the Credit Facility, purchases of treasury stock of \$216.4 million, and \$203.2 million for withholding taxes paid on behalf of employees for net settled equity awards. Partially offsetting these payments were proceeds of \$350.0 million from the issuance of the 5.625% Senior Notes and proceeds of \$40.0 million from borrowings under the Credit Facility.

## **2018**

Net cash provided by operating activities attributable to continuing operations in 2018 includes adjustments to earnings consisting primarily of \$66.0 million of stock-based compensation expense, \$33.0 million of depreciation, and \$1.3 million of amortization of intangibles. Partially offsetting these adjustments was deferred income tax of \$19.6 million primarily related to an increase in tax credit carryforwards, partially offset by the utilization of net operating losses. The increase in cash from changes in working capital primarily consists of an increase in accounts payable and accrued expenses and other current liabilities of \$20.8 million due to the timing of payments; a decrease in accounts receivable of \$17.3 million primarily related to an accelerated cash receipt from a mobile app store provider; an increase in deferred revenue of \$13.1 million, due mainly to growth in subscription sales; and an increase from income taxes payable and receivable of \$12.8 million due primarily to the timing of tax payments. These increases in cash were partially offset by an increase in other assets of \$14.6 million primarily related to an increase in capitalized mobile app fees.

Net cash used in investing activities attributable to continuing operations in 2018 consists primarily of capital expenditures of \$31.0 million that are primarily related to computer hardware and internal development of software to support our products and services and purchases of investments of \$3.8 million, partially offset by net cash acquired in a business combination of \$1.1 million.

Net cash used in financing activities attributable to continuing operations in 2018 is primarily due to a cash dividend payment of \$556.4 million, withholding taxes paid on behalf of employees for net settled stock awards of \$207.7 million, purchases of treasury stock of \$133.5 million, purchases of non-controlling interests of \$10.0 million, and debt issuance costs of \$1.3 million. Partially offsetting these payments were proceeds of \$260.0 million from a draw on the Credit Facility.

## **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. At December 31, 2019, \$500 million was available under the Credit Facility and the Credit Facility bore interest at LIBOR plus 1.50%. On February 13, 2020, the Credit Facility was amended to, among other things, increase the available borrowing capacity from \$500 million to \$750 million, reduce interest rate margins by 0.125% to LIBOR plus 1.375%, and extend its maturity from December 7, 2023 to February 13, 2025. Additionally on February 13, 2020, the \$425 million Term Loan was amended to reprice the outstanding balance from LIBOR plus 2.50% to LIBOR plus 1.75% and extend its maturity from November 16, 2022 to February 13, 2027.

On February 11, 2020, we completed a private offering of \$500 million aggregate principal amount of 4.125% Senior Notes due August 1, 2030. The proceeds from these notes were used to pay expenses associated with the offering and, in the event the Separation is consummated, will be used to fund the Intercompany Loan to IAC. If the Separation is not consummated, the proceeds will be used for general corporate purposes.

On January 31, 2020, entities controlled by IAC completed the contribution to Match Group of two office buildings in Los Angeles for 1,378,371 shares of Match Group common stock.

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 2020 cash capital expenditures will be between \$55 million and \$60 million, an increase from 2019 cash capital expenditures primarily related to additional capitalized software cost and building improvements as Tinder expands office space.

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, the payment of withholding taxes paid on behalf of employees for net-settled stock-based awards, 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. In August 2019, the Board authorized an increase of 10 million shares in the share repurchase program, for a total authorization of 16 million shares. 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 purchased 3.1 million shares related to this repurchase authorization for the year ended December 31, 2019 for \$216.4 million. A total of 9.9 million shares remain available for repurchase under the repurchase program. Under the Company's existing tax sharing agreement with IAC, we are restricted from taking any action that could cause IAC to cease to have "control" of the Company within the meaning of Section 386(c) of the Code or result in the loss of IAC's tax consolidation with the Company for U.S. federal income tax purposes; we may repurchase shares of our common stock in order to ensure continued compliance with this requirement. In addition, pursuant to the Transaction Agreement, we agreed to repurchase sufficient shares to maintain IAC's ownership in the Company above 80% plus 500,000 shares at all times prior to the consummation of the Separation.

The Company currently settles substantially all equity awards on a net basis. Assuming all equity awards outstanding on January 31, 2020 were net settled, we would issue 7.6 million common shares (of which 2.2 million are related to vested shares and 5.4 million are related to unvested shares) and, assuming a 50% withholding rate, would remit \$597.0 million in cash for withholding taxes (of which \$174.7 million is related to vested shares and \$422.2 million is related to unvested shares). If we decided to issue a sufficient number of shares to cover the \$597.0 million employee withholding tax obligation, 7.6 million additional shares would be issued by the Company.

At December 31, 2019, all of the Company's international cash can be repatriated without significant tax consequences.

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 or invest in other areas, such as developing properties and exploiting business opportunities. As of December 31, 2019, IAC owns 80.7% of our outstanding shares of capital stock and has 97.5% 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, the incurrence of other indebtedness, or distributions to shareholders. 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.

Following the Separation, if consummated, Match Group will be a wholly owned subsidiary of New Match and New Match will continue to hold interests in certain IAC financing subsidiaries that are the issuers of approximately \$1.7 billion aggregate principal amount of currently outstanding exchangeable notes. If the Separation is not completed Match Group will remain a majority-owned subsidiary of IAC.

## CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Contractual Obligations <sup>(a)</sup>	Payments Due by Period				
	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
	(In thousands)				
Long-term debt <sup>(b)(c)</sup>	\$ 86,765	\$ 599,323	\$ 522,625	\$ 956,094	\$ 2,164,807
Operating leases <sup>(d)</sup>	16,184	24,176	6,305	5,727	52,392
Purchase obligation <sup>(e)</sup>	43,873	40,000	—	—	83,873
Total contractual obligations	<u>\$ 146,822</u>	<u>\$ 663,499</u>	<u>\$ 528,930</u>	<u>\$ 961,821</u>	<u>\$ 2,301,072</u>

- (a) The Company has excluded \$51.9 million in unrecognized tax benefits and related interest from the table above as we are unable to make a reasonably reliable estimate of the period in which these liabilities might be paid. For additional information on income taxes, see “Note 3—Income Taxes” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data.”
- (b) Represents contractual amounts due including interest on both fixed and variable rate instruments. Long-term debt at December 31, 2019 consists of the 6.375%, 5.00%, and 5.625% Senior Notes of \$400 million, \$450 million, and \$350 million, respectively, which bear interest at fixed rates, and the Term Loan balance of \$425 million, which bears interest at a variable rate. The Term Loan bears interest at LIBOR plus 2.50%, or 4.44%, at December 31, 2019. The amount of interest ultimately paid on the Term Loan may differ based on changes in interest rates and outstanding balances. For additional information on long-term debt, see “Note 7—Long-term Debt, net” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data.”
- (c) Subsequent to December 31, 2019, the Company issued \$500 million aggregate principal amount of 4.125% Senior Notes due August 1, 2030 and the \$425 million Term Loan was amended to reprice the outstanding balance to LIBOR plus 1.75% and extend the maturity to February 13, 2027. The interest and principal related to the 4.125% Senior Notes and the impact of the repricing and extension of the Term Loan are not reflected in the table above.
- (d) The Company leases office space, data center facilities and equipment used in connection with its operations under various operating leases, many of which contain escalation clauses. The Company is also committed to pay a portion of the related operating expenses under certain lease agreements. These operating expenses are not included in the table above. For additional information on operating leases, see “Note 13—Leases” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data.”
- (e) The purchase obligations consist primarily of a web hosting commitment.

We also had \$0.1 million of surety bonds outstanding as of December 31, 2019 that could potentially require performance by the Company in the event of demands by third parties or contingent events.

### ***Off-Balance Sheet Arrangements***

Other than the items described above, the Company does not have any off-balance sheet arrangements as of December 31, 2019.



## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following disclosure is provided to supplement the descriptions of Match Group’s accounting policies contained in “Note 2—Summary of Significant Accounting Policies” to the consolidated financial statements included in “Item 8—Consolidated Financial Statements and Supplementary Data” in regard to significant areas of judgment. Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”). These estimates, judgments and assumptions impact the reported amount of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. Because of the size of the financial statement elements to which they relate, some of our accounting policies and estimates have a more significant impact on our consolidated financial statements than others. What follows is a discussion of some of our more significant accounting policies and estimates.

### **Business Combinations and Contingent Consideration Arrangements**

Acquisitions have been, and will continue to be, an important part of the Company’s growth strategy. The purchase price of each acquisition is attributed to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, including identifiable intangible assets that either arise from a contractual or legal right or are separable from goodwill. The fair value of these intangible assets is based on valuations that use information and assumptions provided by management. The excess purchase price over the net tangible and identifiable intangible assets is recorded as goodwill and is assigned to the reporting unit that is expected to benefit from the combination as of the acquisition date.

In connection with certain business combinations in the past, the Company has entered into contingent consideration arrangements that are determined to be part of the purchase price. Each of these arrangements is initially recorded at its fair value at the time of the acquisition and reflected at current fair value for each subsequent reporting period thereafter until settled. The contingent consideration arrangements are generally based upon earnings performance and/or operating metrics. The Company determines the fair value of the contingent consideration arrangements by using probability-weighted analyses to determine the amounts of the gross liability, and, if the arrangement is long-term in nature, applying a discount rate that appropriately captures the risk associated with the obligation to determine the net amount reflected in the consolidated financial statements. Significant changes in forecasted earnings or operating metrics would result in a significantly higher or lower fair value measurement. The changes in the remeasured fair value of the contingent consideration arrangements during each reporting period, including the accretion of the discount, if applicable, are recognized in “General and administrative expense” in the accompanying consolidated statement of operations.

### **Recoverability of Goodwill and Indefinite-Lived Intangible Assets**

Goodwill is the Company’s largest asset with a carrying value of \$1.2 billion at both December 31, 2019 and 2018, representing 51% and 61%, respectively, of the Company’s total assets. Indefinite-lived intangible assets, which consist of the Company’s acquired trade names and trademarks, have a carrying value of \$221.2 million and \$230.7 million at December 31, 2019 and 2018, respectively.

Goodwill and indefinite-lived intangible assets are assessed annually for impairment as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value.

In performing its annual goodwill impairment assessment, the Company has the option under GAAP to qualitatively assess whether it is more likely than not that the fair value of a reporting unit is less than its carrying value; if the conclusion of the qualitative assessment is that there are no indicators of impairment, the Company does not perform a quantitative test, which would require a valuation of the reporting unit, as of October 1. If needed, the annual or interim quantitative test of the recovery of goodwill involves a comparison of the estimated fair value of each reporting unit to its carrying value, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the carrying value of the reporting unit exceeds its estimated fair value, an impairment loss equal to the excess is recorded. The 2019 and 2018 annual assessments did not identify any impairments.

For the Company’s annual goodwill test at October 1, 2019, a qualitative assessment of goodwill was performed because the Company concluded it was more likely than not that the fair value of its single reporting

unit was in excess of its carrying value. The primary factors that the Company considered in its qualitative assessment were the Company's strong operating performance and that, as of September 30, 2019, its market capitalization of \$20.0 billion exceeded the carrying value by approximately \$19.8 billion.

While the Company has the option to qualitatively assess whether it is more likely than not that the fair values of its indefinite-lived intangible assets are less than their carrying values, the Company's policy is to determine the fair value of each of its indefinite-lived intangible assets annually as of October 1, in part, because the level of effort required to perform the quantitative and qualitative assessments is essentially equivalent. The Company determines the fair value of its indefinite-lived intangible assets using an avoided royalty DCF valuation analysis. Significant judgments inherent in this analysis include the selection of appropriate royalty and discount rates and estimating the amount and timing of expected future cash flows. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows generated by the respective intangible assets. The royalty rates used in the DCF analyses are based upon an estimate of the royalty rates that a market participant would pay to license the Company's trade names and trademarks. The future cash flows are based on the Company's most recent forecast and budget and, for years beyond the budget, the Company's estimates, which are based, in part, on forecasted growth rates. Assumptions used in the avoided royalty DCF analyses, including the discount rate and royalty rate, are assessed annually based on the actual and projected cash flows related to the asset, as well as macroeconomic and industry specific factors. The discount rates used in the Company's annual indefinite-lived impairment assessment ranged from 11% to 26% in both 2019 and 2018, and the royalty rates used ranged from 3% to 8% in both 2019 and 2018.

If the carrying value of an indefinite-lived intangible asset exceeds its estimated fair value, an impairment equal to the excess is recorded. During the year ended December 31, 2019, the Company recognized an impairment charge related to the Match brand in the UK of \$6.6 million. At December 31, 2019 and 2018, the aggregate indefinite-lived intangible asset balance for which the estimate of fair value at that time was less than 110% of their carrying values was approximately \$92.3 million and \$101.7 million, respectively.

#### **Recoverability and Estimated Useful Lives of Long-Lived Assets**

We review the carrying value of all long-lived assets, comprising property and equipment and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is deemed not to be recoverable, an impairment loss is recorded equal to the amount by which the carrying value of the long-lived asset exceeds its fair value. In addition, the Company reviews the useful lives of its long-lived assets whenever events or changes in circumstances indicate that these lives may be changed. The carrying value of property and equipment and definite-lived intangible assets is \$73.1 million and \$65.3 million, at December 31, 2019 and 2018, respectively.

#### **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. The Company'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. The tax sharing agreement between the Company and IAC governs the parties' respective rights, responsibilities and obligations with respect to tax matters, including responsibility for taxes attributable to the Company, entitlement to refunds, allocation of tax attributes and other matters.

The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. At December 31, 2019 and 2018 the balance of the Company's net deferred tax asset is \$122.4 million and \$114.2 million, respectively.

We evaluate and account for uncertain tax positions using a two-step approach. Recognition (step one) occurs when we conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. De-recognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. This measurement step is inherently difficult and requires subjective estimations of such amounts to determine the probability of various possible outcomes. At December 31, 2019 and 2018, the Company has unrecognized tax benefits of \$55.5 million and \$37.6 million, including interest and penalties, respectively. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustment, and which may not accurately anticipate actual outcomes. Although management currently believes changes to reserves from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided 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 ultimate amount of deferred income tax assets realized and the amounts paid for deferred income tax liabilities and uncertain tax positions may vary from our estimates due to future changes in income tax law, state income tax apportionment or the outcome of any review of our tax returns by the various tax authorities, as well as actual operating results of the Company that vary significantly from anticipated results.

The Company has not provided for approximately \$2.1 million of deferred taxes on \$41.8 million of international cash earnings that are indefinitely reinvested outside the U.S. The remaining \$101.6 million of international cash can be repatriated without any significant tax consequences. The Company reassesses its intention to remit or permanently reinvest these cash earnings each reporting period; any required adjustment to the income tax provision would be reflected in the period that the Company changes this intention.

### **Stock-Based Compensation**

The Company recorded stock-based compensation expense of \$89.7 million and \$66.0 million for the years ended December 31, 2019 and 2018, respectively.

Stock-based compensation at the Company is complex due to our desire to attract, retain, and reward employees and managers at many of our brands by allowing them to benefit directly from the value they help to create. We also use equity awards as part of our acquisition strategy. We accomplish these objectives, in part, by issuing equity awards denominated in the equity of our non-public subsidiaries as well as in Match Group Inc. We further refine this approach by tailoring the equity awards to the applicable circumstances. For example, we issue certain equity awards with vesting linked to the achievement of a performance target such as revenue or profits; these awards are referred to as performance awards. In other cases, we link the vesting of equity awards to the achievement of a value target for a subsidiary or the Company's stock price; these awards are referred to as market-based awards.

The Company estimated the fair value of stock options issued in 2018 using a Black-Scholes option pricing model measured at the grant date and is expensing this fair value over the vesting term; no options were issued in 2019. The impact on stock-based compensation expense for the year ended December 31, 2019, assuming a 1% increase in the risk-free interest rate, a 10% increase in the volatility factor and a one-year increase in the weighted average expected term of the outstanding options would be an increase of \$1.1 million, \$6.9 million and \$2.4 million, respectively. The Company also issues restricted stock units ("RSUs"). For RSUs issued, the value of the instrument is measured at the grant date as the fair value of Match Group common stock and, for those with a market condition, the fair value is estimated using a lattice model, and expensed as stock-based compensation expense over the vesting term.

### **Recent Accounting Pronouncements**

For a discussion of recent accounting pronouncements, see "Note 2—Summary of Significant Accounting Policies" to the consolidated financial statements included in "Item 8—Consolidated Financial Statements and Supplementary Data."

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Interest Rate Risk**

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt.

At December 31, 2019, the Company's outstanding long-term debt was \$1.6 billion, of which \$1.2 billion of Senior Notes bear interest at fixed rates. If market rates decline, the Company runs the risk that the 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 \$69.3 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. At December 31, 2019, the \$425 million Term Loan bore interest at a variable rate, LIBOR plus 2.50%. At December 31, 2019, the rate in effect was 4.44%. 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, respectively, by \$4.3 million based upon the outstanding balance and rate in effect at December 31, 2019.

### **Foreign Currency Exchange Risk**

The Company conducts business in certain foreign markets, primarily in various jurisdictions within the European Union ("EU") and Asia. We are primarily exposed to foreign exchange risk for both the Euro and British Pound ("GBP").

For the years ended December 31, 2019, 2018 and 2017, international revenue accounted for 53%, 50% and 46%, respectively, of our consolidated revenue. We have exposure to foreign currency exchange risk related to transactions carried out in a currency other than the U.S. dollar, and investments in foreign subsidiaries with a functional currency other than the U.S. dollar. As foreign currency exchange rates change, translation of the statement of operations of our international businesses into U.S. dollars affects year-over-year comparability of operating results. The average GBP and Euro exchange rates strengthened against the U.S. Dollar by 4% and 5%, respectively, in 2019 compared to 2018. Additionally, the departure of the United Kingdom from the EU, commonly referred to as "Brexit," has caused, and may continue to cause, volatility in currency exchange rates between the U.S. dollar and the GBP. Foreign currency exchange rate changes during the year ended December 31, 2019 negatively impacted revenue by \$47.5 million, or 2% of total revenue. See "Principles of Financial Reporting" in "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" for the definition of Revenue excluding foreign exchange effects and a reconciliation of Revenue to Revenue excluding foreign exchange effects. Foreign currency exchange rate changes did not have a material impact on revenue during the year ended December 31, 2018.

Foreign currency exchange gains and losses included in the Company's earnings for the years ended December 31, 2019, 2018 and 2017 are (losses) and gains of \$(0.9) million, \$5.3 million and \$(10.3) million, respectively. The loss in 2017 is primarily related to a U.S. dollar denominated intercompany loan in which the receivable is held by a foreign subsidiary with a GBP functional currency. As the GBP strengthened against the U.S. Dollar during the year, the intercompany loan incurred losses.

Foreign currency exchange gains or losses historically have not been material to the Company. As a result, we have not historically, hedged any foreign currency exposures. The continued growth and expansion of our international operations into new countries increases our exposure to foreign exchange rate fluctuations. Significant foreign exchange rate fluctuations, in the case of one currency or collectively with other currencies, could adversely affect our future results of operations.

## **Item 8. Consolidated Financial Statements and Supplementary Data**

### **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Match Group, Inc.

#### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Match Group, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2020 expressed an unqualified opinion thereon.

#### **Adoption of ASU No. 2016-02**

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases, which generally requires all leases be recognized in the statement of financial position, in 2019 due to the adoption of ASU No. 2016-02, Leases (Topic 842). The Company adopted the standard effective January 1, 2019 on a prospective basis.

#### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the Matter</i>	<p><b>Stock-Based Compensation</b></p> <p>During the year ended December 31, 2019, the Company recorded stock-based compensation expense of \$89.7 million. As discussed in Note 11 to the consolidated financial statements, the Company issues various types of equity awards, including stock options, restricted stock units, performance-based stock units, market-based awards and equity instruments denominated in the shares of certain subsidiaries.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>Auditing the Company’s accounting for stock-based compensation required complex auditor judgement due to the number and the variety of the types of equity awards, the subjectivity of assumptions used to value stock-based awards (e.g. expected term), the frequent use of performance-based vesting conditions and the existence of awards denominated in the shares of certain subsidiaries.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company’s controls over stock-based compensation. For example, we tested controls over the Company’s process to assess the completeness of its share-based awards and for measuring and recording stock-based compensation, including management’s review of the underlying calculations, the significant assumptions used in valuing certain awards and related valuation reports prepared by its specialists.</p> <p>To test stock-based compensation expense, we performed audit procedures that included, among others, assessing the completeness of the awards granted and evaluating the methodologies used to estimate the fair value of the awards granted and the significant assumptions described above. Our procedures also included, evaluating the key terms and conditions of awards granted to assess the accounting treatment for a sample of awards and testing the clerical accuracy of the calculation of the expense recorded. Additionally, for certain awards issued by the Company, we involved our internal valuation specialists to assess the valuation methodologies and assumptions used in estimating the fair value of the awards.</p>
<i>Description of the Matter</i>	<p><b>Recoverability of Indefinite-Lived Intangible Assets</b></p> <p>As of December 31, 2019, the Company’s indefinite-lived intangible asset balance was \$221.2 million. As disclosed in Note 2 to the consolidated financial statements, indefinite-lived intangible assets are assessed annually for impairment as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of an indefinite-lived intangible asset below its carrying value.</p> <p>Auditing management’s impairment test for indefinite-lived intangible assets was complex and judgmental due to the measurement uncertainty in estimating the fair value of indefinite-lived intangible assets. Specifically, the fair value estimates for indefinite-lived intangible assets were sensitive to assumptions such as discount rates, revenue growth rates, royalty rates and projected cash flow terminal growth rates. These assumptions are affected by such factors as expected future market or economic conditions.</p>

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over its indefinite-lived intangible assets impairment review process. For example, we tested of controls over the Company's forecasting and budgeting process as well as controls over management's review of the significant assumptions used to estimate the fair values of the indefinite-lived intangible assets.

To test the estimated fair value of indefinite-lived intangible assets, our audit procedures included, among others, assessing the methodologies and testing the significant assumptions and underlying data used by the Company. We evaluated the Company's underlying forecast and budget information by comparing the significant assumptions to current industry and economic trends, changes in the Company's business model and assessed the historical accuracy of management's estimates. For example, we evaluated management's forecasted revenue to identify, understand and evaluate changes as compared to historical results. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of indefinite-lived intangible assets resulting from changes in the assumptions. In addition, we involved an internal valuation specialist to assist in evaluating the methodologies and significant assumptions applied in developing the fair value estimates.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2014.

New York, New York  
February 27, 2020

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**

	December 31,	
	2019	2018
(In thousands, except share data)		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 465,676	\$ 186,947
Accounts receivable, net of allowance of \$578 and \$724, respectively	116,459	99,052
Other current assets	94,200	57,766
Total current assets	676,335	343,765
Right-of-use assets	43,288	—
Property and equipment, net	65,940	58,351
Goodwill	1,239,584	1,244,758
Intangible assets, net	228,324	237,640
Deferred income taxes	140,726	134,347
Long-term investments	5,076	9,076
Other non-current assets	24,439	25,124
<b>TOTAL ASSETS</b>	<b>\$ 2,423,712</b>	<b>\$ 2,053,061</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 20,191	\$ 9,528
Deferred revenue	218,843	209,935
Accrued expenses and other current liabilities	178,578	135,971
Total current liabilities	417,612	355,434
Long-term debt, net	1,603,483	1,515,911
Income taxes payable	12,597	13,918
Deferred income taxes	18,285	20,174
Other long-term liabilities	51,068	21,760
Redeemable noncontrolling interests	709	—
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock; \$0.001 par value; authorized 1,500,000,000 shares; 76,980,538 and 71,513,087 shares issued; and 70,838,209 and 68,460,563 shares outstanding at December 31, 2019 and December 31, 2018, respectively	77	72
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	(171,765)	(57,575)
Retained earnings	988,509	453,778
Accumulated other comprehensive loss	(147,438)	(137,166)
Treasury stock; 6,142,329 and 3,052,524 shares, respectively	(349,808)	(133,455)
Total Match Group, Inc. shareholders' equity	319,785	125,864
Noncontrolling interests	173	—
Total shareholders' equity	319,958	125,864
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 2,423,712</b>	<b>\$ 2,053,061</b>

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



**MATCH GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

	Years Ended December 31,		
	2019	2018	2017
	(In thousands, except per share data)		
Revenue	\$ 2,051,258	\$ 1,729,850	\$ 1,330,661
Operating costs and expenses:			
Cost of revenue (exclusive of depreciation shown separately below)	527,184	410,000	279,499
Selling and marketing expense	427,440	419,954	375,610
General and administrative expense	254,966	180,286	179,804
Product development expense	151,960	132,030	101,150
Depreciation	32,450	32,968	32,613
Amortization of intangibles	8,727	1,318	1,468
Total operating costs and expenses	1,402,727	1,176,556	970,144
Operating income	648,531	553,294	360,517
Interest expense	(91,719)	(73,417)	(77,565)
Other (expense) income, net	(2,026)	7,765	(30,827)
Earnings from continuing operations, before tax	554,786	487,642	252,125
Income tax (provision) benefit	(20,361)	(14,673)	103,852
<b>Net earnings from continuing operations</b>	<b>534,425</b>	<b>472,969</b>	<b>355,977</b>
Loss from discontinued operations, net of tax	—	(378)	(5,650)
<b>Net earnings</b>	<b>534,425</b>	<b>472,591</b>	<b>350,327</b>
Net loss (earnings) attributable to noncontrolling interests	306	5,348	(179)
<b>Net earnings attributable to Match Group, Inc. shareholders</b>	<b>\$ 534,731</b>	<b>\$ 477,939</b>	<b>\$ 350,148</b>
<b>Net earnings per share from continuing operations:</b>			
Basic	\$ 1.91	\$ 1.73	\$ 1.35
Diluted	\$ 1.81	\$ 1.61	\$ 1.20
<b>Net earnings per share attributable to Match Group, Inc. shareholders:</b>			
Basic	\$ 1.91	\$ 1.73	\$ 1.33
Diluted	\$ 1.81	\$ 1.61	\$ 1.18
<b>Dividend declared per share</b>	<b>\$ —</b>	<b>\$ 2.00</b>	<b>\$ —</b>
<b>Stock-based compensation expense by function:</b>			
Cost of revenue	\$ 3,693	\$ 2,287	\$ 1,701
Selling and marketing expense	5,112	3,599	4,545
General and administrative expense	42,863	32,346	42,840
Product development expense	38,056	27,799	20,004
Total stock-based compensation expense	<b>\$ 89,724</b>	<b>\$ 66,031</b>	<b>\$ 69,090</b>

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

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS**

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
Net earnings	\$ 534,425	\$ 472,591	\$ 350,327
Other comprehensive (loss) income, net of tax			
Change in foreign currency translation adjustment	(10,272)	(24,967)	64,588
Total other comprehensive (loss) income	(10,272)	(24,967)	64,588
Comprehensive income	524,153	447,624	414,915
Comprehensive loss (income) attributable to noncontrolling interests	306	5,467	(701)
Comprehensive income attributable to Match Group, Inc. shareholders	\$ 524,459	\$ 453,091	\$ 414,214

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

MATCH GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2019, 2018 and 2017

Match Group, Inc. Shareholders' Equity												
	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	Treasury Stock	Total Match Group, Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
		\$	Shares	\$	Shares							
(In thousands)												
<b>Balance as of December 31, 2016</b>	\$ 6,062	\$ 46	45,797	\$ 210	209,919	\$ 490,587	\$ 182,063	\$ (176,384)	\$ —	\$ 496,522	\$ —	\$ 496,522
Net earnings for the years ended December 31, 2017	179	—	—	—	—	—	350,148	—	—	350,148	—	350,148
Other comprehensive income, net of tax	522	—	—	—	—	—	—	64,066	—	64,066	—	64,066
Stock-based compensation expense	—	—	—	—	—	54,604	—	—	—	54,604	—	54,604
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	6	6,688	—	—	(248,787)	—	—	—	(248,781)	—	(248,781)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	12	11,885	—	—	(215,429)	—	—	—	(215,417)	—	(215,417)
Purchase of redeemable noncontrolling interests	(436)	—	—	—	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair value	(107)	—	—	—	—	107	—	—	—	107	—	107
Other	(164)	—	—	—	—	—	—	—	—	—	—	—
<b>Balance as of December 31, 2017</b>	6,056	64	64,370	210	209,919	81,082	532,211	(112,318)	—	501,249	—	501,249
Net earnings (loss) for the years ended December 31, 2018	108	—	—	—	—	—	477,939	—	—	477,939	(5,456)	472,483
Other comprehensive loss, net of tax	(119)	—	—	—	—	—	—	(24,848)	—	(24,848)	—	(24,848)
Stock-based compensation expense	—	—	—	—	—	66,031	—	—	—	66,031	—	66,031
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	5	4,173	—	—	(207,950)	—	—	—	(207,945)	—	(207,945)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	3	2,970	—	—	(3)	—	—	—	—	—	—
Dividends (\$2.00 per share of Common Stock and Class B Convertible Common Stock)	—	—	—	—	—	—	(556,372)	—	—	(556,372)	—	(556,372)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(133,455)	(133,455)	—	(133,455)
Purchase of redeemable noncontrolling interests	(3,503)	—	—	—	—	—	—	—	—	—	—	—
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(8,128)	(8,128)
Adjustment of redeemable noncontrolling interests to fair value	(2,542)	—	—	—	—	2,542	—	—	—	2,542	—	2,542
Noncontrolling interests created in an acquisition	—	—	—	—	—	—	—	—	—	—	14,307	14,307
Adjustment to noncontrolling interests related to business acquisition	—	—	—	—	—	723	—	—	—	723	(723)	—
<b>Balance as of December 31, 2018</b>	—	72	71,513	210	209,919	(57,575)	453,778	(137,166)	(133,455)	125,864	—	125,864
Net (loss) earnings for the year ended December 31, 2019	(333)	—	—	—	—	—	534,731	—	—	534,731	27	534,758
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(10,272)	—	(10,272)	—	(10,272)
Stock-based compensation expense	—	—	—	—	—	89,642	—	—	—	89,642	—	89,642
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	4	4,644	—	—	(203,145)	—	—	—	(203,141)	—	(203,141)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	1	824	—	—	(514)	—	—	—	(513)	—	(513)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(216,353)	(216,353)	—	(216,353)
Noncontrolling interests created in an acquisition	1,042	—	—	—	—	—	—	—	—	—	—	—
Noncontrolling interest created by the exercise of subsidiary denominated equity award	—	—	—	—	—	(173)	—	—	—	(173)	173	—
Other	—	—	—	—	—	—	—	—	—	—	(27)	(27)
<b>Balance as of December 31, 2019</b>	\$ 709	\$ 77	76,981	\$ 210	209,919	\$ (171,765)	\$ 988,509	\$ (147,438)	\$ (349,808)	\$ 319,785	\$ 173	\$ 319,958

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

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Years Ended December 31,		
	2019	2018	2017
(In thousands)			
<b>Cash flows from operating activities attributable to continuing operations:</b>			
<b>Net earnings from continuing operations</b>	\$ 534,425	\$ 472,969	\$ 355,977
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities attributable to continuing operations:			
Stock-based compensation expense	89,724	66,031	69,090
Depreciation	32,450	32,968	32,613
Amortization of intangibles	8,727	1,318	1,468
Deferred income taxes	(7,472)	(19,639)	(118,251)
Acquisition-related contingent consideration fair value adjustments	—	320	5,253
Other adjustments, net	8,536	230	22,142
Changes in assets and liabilities			
Accounts receivable	(17,862)	17,272	(51,587)
Other assets	(24,301)	(14,606)	(10,547)
Accounts payable and other liabilities	29,076	20,769	(16,801)
Income taxes payable and receivable	(4,379)	12,765	(1,002)
Deferred revenue	9,478	13,058	32,753
<b>Net cash provided by operating activities attributable to continuing operations</b>	<b>658,402</b>	<b>603,455</b>	<b>321,108</b>
<b>Cash flows from investing activities attributable to continuing operations:</b>			
Net cash (used) acquired in business combinations	(3,759)	1,136	(280)
Capital expenditures	(38,754)	(30,954)	(28,833)
Proceeds from the sale of a business, net	—	—	96,144
Proceeds from the sale of a long-term investment	—	—	60,163
Purchases of investments	—	(3,800)	(9,076)
Other, net	1,063	(4,143)	70
<b>Net cash (used in) provided by investing activities attributable to continuing operations</b>	<b>(41,450)</b>	<b>(37,761)</b>	<b>118,188</b>
<b>Cash flows from financing activities attributable to continuing operations:</b>			
Borrowings under the Credit Facility	40,000	260,000	—
Term Loan borrowings	—	—	75,000
Proceeds from Senior Notes offering	350,000	—	450,000
Principal payments on Credit Facility	(300,000)	—	(445,172)
Debt issuance costs	(5,593)	(1,281)	(12,285)
Purchase of treasury stock	(216,353)	(133,455)	—
Dividends	—	(556,372)	—
Proceeds from issuance of common stock pursuant to stock-based awards	—	12	59,442
Withholding taxes paid on behalf of employees on net settled stock-based awards	(203,177)	(207,720)	(254,210)
Purchase of noncontrolling interests	(1,650)	(9,980)	(436)
Purchase of stock-based awards	—	—	(272,459)
Acquisition-related contingent consideration payments	—	(185)	(23,429)
Other, net	(74)	(574)	(165)
<b>Net cash used in financing activities attributable to continuing operations</b>	<b>(336,847)</b>	<b>(649,555)</b>	<b>(423,714)</b>
Total cash provided by (used in) continuing operations	280,105	(83,861)	15,582

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

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
Net cash used in operating activities attributable to discontinued operations	—	—	(6,061)
Net cash used in investing activities attributable to discontinued operations	—	—	(471)
Total cash used in discontinued operations	—	—	(6,532)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1,442)	(1,760)	9,940
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>278,663</b>	<b>(85,621)</b>	<b>18,990</b>
Cash, cash equivalents, and restricted cash at beginning of period	187,140	272,761	253,771
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 465,803</b>	<b>\$ 187,140</b>	<b>\$ 272,761</b>

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

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1—ORGANIZATION**

Match Group, Inc., through its portfolio companies, is a leading provider of dating products available globally. Our portfolio of brands includes Tinder<sup>®</sup>, Match<sup>®</sup>, Meetic<sup>®</sup>, OkCupid<sup>®</sup>, Hinge<sup>®</sup>, Pairs<sup>™</sup>, PlentyOfFish<sup>®</sup>, and OurTime<sup>®</sup>, as well as a number of other brands, each designed to increase our users' likelihood of finding a meaningful connection. Through our portfolio companies and their trusted brands, we provide tailored products to meet the varying preferences of our users. Our products are available in over 40 languages to our users all over the world. Match Group has one operating segment, Dating, which is managed as a portfolio of dating brands.

As used herein, "Match Group," the "Company," "we," "our," "us," and similar terms refer to Match Group, Inc. and its subsidiaries, unless the context indicates otherwise.

As of December 31, 2019, IAC/InterActiveCorp's ("IAC") economic ownership interest and voting interest in Match Group were 80.7% and 97.5%, respectively.

**Separation**

On December 19, 2019, Match Group and IAC entered into a Transaction Agreement (the "Transaction Agreement") pursuant to which, following the satisfaction of certain closing conditions, including IAC and Match Group stockholder approval, the businesses of Match Group will be separated from the remaining businesses of IAC through a series of transactions (the "Transactions") that will result in two, separate public companies—(1) IAC, which will be re-named "Match Group, Inc." (referred to herein as "New Match") and which will own the businesses of Match Group and certain IAC financing subsidiaries, and (2) IAC Holdings, Inc. (which we refer to as "New IAC"), which will be re-named "IAC/InterActiveCorp" and which will own IAC's other businesses—and the pre-transaction stockholders of Match Group (other than IAC) and of IAC owning shares in New Match (the "Separation"). Completion of the Separation is expected to occur in mid-second quarter of 2020.

Under the terms of the Transaction Agreement, if the closing of the Transactions occurs, Match Group will merge with and into an indirect wholly-owned subsidiary of IAC ("New Match Merger Sub"), with New Match Merger Sub surviving the merger as an indirect wholly-owned subsidiary of New Match. Match Group stockholders (excluding shares owned by IAC, Match Group, or any of their respective wholly-owned subsidiaries) will receive, through the merger, in exchange for each outstanding share of Match Group common stock that they hold, one share of New Match common stock and, at the holder's election, either (i) \$3.00 in cash or (ii) a fraction of a share of New Match common stock with a value of \$3.00 (calculated pursuant to the Transaction Agreement) (an "additional stock election"). In the event the holder fails to make a valid election, the holder will be treated as if such holder made an additional stock election. As a result of the merger and other transactions contemplated by the Transaction Agreement, Match Group stockholders (other than IAC) will become stockholders of New Match, which will hold the businesses of Match Group and the IAC financing subsidiaries and be separate from the other business of IAC.

Following the Separation, Match Group will be a wholly-owned subsidiary of New Match and New Match will continue to own certain IAC financing subsidiaries that are the issuers of approximately \$1.7 billion aggregate principal amount of currently outstanding exchangeable notes. If the Separation is not completed, Match Group will remain a majority-owned subsidiary of IAC, and IAC may pursue other options with respect to its ownership interest in Match Group.

Under the terms of the Transaction Agreement, Match Group has agreed to make a loan (the "Intercompany Loan") to IAC in connection with the closing of the Transactions, in an aggregate principal amount equal to the product of (i) \$3.00 and (ii) the number of shares of Match Group capital stock outstanding immediately prior to the effective time of the Separation, excluding any shares of Match Group capital stock held by a wholly-owned subsidiary of Match Group. Following receipt by IAC of the full amount of the Intercompany Loan, IAC will contribute the proceeds of the loan, less an amount equal to the product of \$3.00 multiplied by the aggregate number of shares of Match capital stock in respect of which a valid cash election has been made, to New IAC as part of the closing of the Transactions. Following the Separation, the Intercompany Loan will be the obligation of New Match payable to Match Group and may be eliminated during certain intercompany transactions between

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

New Match and Match Group. In the event that the Separation is not consummated, we do not intend to make the Intercompany Loan.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Consolidation**

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”). 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. Intercompany transactions and accounts have been eliminated.

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

**Accounting for Investments in Equity Securities**

Investments in equity securities, other than those of our consolidated subsidiaries, are accounted for at fair value or under the measurement alternative of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, following its adoption on January 1, 2018, with any changes to fair value recognized within other income (expense), net each reporting period. Under the measurement alternative, equity investments without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar securities of the same issuer; value is generally determined based on a market approach as of the transaction date. A security will be considered identical or similar if it has identical or similar rights to the equity securities held by the Company. The Company reviews its investments in equity securities without readily determinable fair values for impairment each reporting period when there are qualitative factors or events that indicate possible impairment. Factors we consider in making this determination include negative changes in industry and market conditions, financial performance, business prospects, and other relevant events and factors. When indicators of impairment exist, the Company prepares quantitative assessments of the fair value of our investments in equity securities, which require judgment and the use of estimates. When our assessment indicates that the fair value of the investment is below its carrying value, the Company writes down the investment to its fair value and records the corresponding charge within other income (expense), net.

**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. Actual results could differ from these estimates.

On an ongoing basis, the Company evaluates its estimates and judgments including those related to: the fair values of cash equivalents; the carrying value of accounts receivable, including the determination of the allowance for doubtful accounts; the determination of revenue reserves; the carrying value of right-of-use assets (“ROU assets”); the useful lives and recoverability of definite-lived intangible assets and property and equipment; the recoverability of goodwill and indefinite-lived intangible assets; the fair value of equity securities without readily determinable fair values; contingencies; unrecognized tax benefits; 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.

**Revenue Recognition**

The Company accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Revenue is recognized when control of the promised services is transferred to our customers and in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company's revenue is primarily derived directly from users in the form of recurring subscriptions. Subscription revenue is presented net of credits and credit card chargebacks. Subscribers pay in advance, primarily by credit card or through mobile app stores, and, subject to certain conditions identified in our terms and conditions, generally all purchases are final and nonrefundable. Revenue is initially deferred and is recognized using the straight-line method over the term of the applicable subscription period, which generally ranges from one to six months. Revenue is also earned from online advertising, the purchase of à la carte features and offline events. Online advertising revenue is recognized when an advertisement is displayed. Revenue from the purchase of à la carte features is recognized based on usage. Revenue associated with offline events is recognized when each event occurs.

As permitted under the practical expedient available under ASU No. 2014-09, the Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance, and (iii) contracts for which the Company recognizes revenue at the amount which we have the right to invoice for services performed.

*Transaction Price*

The objective of determining the transaction price is to estimate the amount of consideration the Company is due in exchange for its services, including amounts that are variable. The Company determines the total transaction price, including an estimate of any variable consideration, at contract inception and reassesses this estimate each reporting period.

The Company excludes from the measurement of transaction price all taxes assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers. Accordingly, such tax amounts are not included as a component of revenue or cost of revenue.

For contracts that have an original duration of one year or less, the Company uses the practical expedient available under ASU No. 2014-09 applicable to such contracts and does not consider the time value of money.

*Assets Recognized from the Costs to Obtain a Contract with a Customer*

The Company has determined that certain costs, primarily mobile app store fees, meet the requirements to be capitalized as a cost of obtaining a contract. The Company recognizes an asset for these costs if we expect to recover those costs. Mobile app store fees are amortized over the period of contract performance. Specifically, the Company capitalizes and amortizes mobile app store fees over the term of the applicable subscription.

During the years ended December 31, 2019 and 2018, the Company recognized expense of \$364.7 million and \$284.7 million, respectively, related to the amortization of these costs. The contract asset balances at December 31, 2019 and 2018, and January 1, 2018 related to costs to obtain a contract are \$28.5 million, \$29.2 million, and \$22.5 million, respectively, included in "Other current assets" in the accompanying consolidated balance sheet.

*Accounts Receivables, Net of Allowance for Doubtful Accounts and Revenue Reserves*

The majority of our users purchase our products through mobile app stores. At December 31, 2019, two mobile app stores accounted for approximately 56% and 13%, respectively, of our gross accounts receivables. The comparable amounts at December 31, 2018 were 45% and 21%, respectively. We evaluate the credit worthiness of these two mobile app stores on an ongoing basis and do not require collateral from these entities. We generally collect these balances between 30 and 45 days following the purchase. Payments made directly through our applications are processed by third-party payment processors. We generally collect these balances within 3 to 5 days following the purchase. The Company also maintains allowances to reserve for potential credits issued to users or other revenue adjustments. The amounts of these reserves are based primarily upon historical experience.

Accounts receivable related to indirect revenue include amounts billed and currently due from customers. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of accounts receivable that will not be collected. The allowance for doubtful accounts is based upon a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, and the



**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

specific customer's ability to pay its obligation. The time between the Company issuance of an invoice and payment due date is not significant; customer payments that are not collected in advance of the transfer of promised services are generally due no later than 30 days from invoice date.

*Deferred Revenue*

Deferred revenue consists of advance payments that are received or are contractually due in advance of the Company's performance. The Company's deferred revenue is reported on a contract by contract basis at the end of each reporting period. The Company classifies deferred revenue as current when the term of the applicable subscription period or expected completion of our performance obligation is one year or less. The deferred revenue balances are \$218.8 million, \$209.9 million, and \$198.3 million at December 31, 2019 and 2018, and January 1, 2018, respectively. During the years ended December 31, 2019 and 2018, the Company recognized \$209.9 million and \$198.3 million of revenue that was included in the deferred revenue balance as of December 31, 2018 and January 1, 2018, respectively. At December 31, 2019 and 2018, there is no non-current portion of deferred revenue.

*Disaggregation of Revenue*

The following table presents disaggregated revenue:

	For the Years Ended December 31,		
	2019	2018	2017
<b>Direct Revenue:</b>			
North America	\$ 1,024,161	\$ 902,478	\$ 741,334
International	983,013	774,693	539,915
Total Direct Revenue	2,007,174	1,677,171	1,281,249
Indirect Revenue (principally advertising revenue)	44,084	52,679	49,412
Total Revenue	<u>\$ 2,051,258</u>	<u>\$ 1,729,850</u>	<u>\$ 1,330,661</u>
<b>Direct Revenue</b>			
Tinder	\$ 1,152,045	\$ 805,316	\$ 403,216
Other brands	855,129	871,855	878,033
Total Direct Revenue	<u>\$ 2,007,174</u>	<u>\$ 1,677,171</u>	<u>\$ 1,281,249</u>

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and short-term investments, with maturities of less than 91 days from the date of purchase. Domestically, cash equivalents primarily consist of AAA rated government money market funds and time deposits. Internationally, cash equivalents primarily consist of money market funds.

**Property and Equipment**

Property and equipment, including significant improvements, are recorded at cost. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or, in the case of leasehold improvements, the lease term, if shorter.

<u>Asset Category</u>	<u>Estimated Useful Lives</u>
Computer equipment and capitalized software	2 to 3 years
Furniture and other equipment	5 years
Leasehold improvements	6 to 10 years

The Company capitalizes certain internal use software costs including external direct costs utilized in developing or obtaining the software and compensation for personnel directly associated with the development of the software. Capitalization of such costs begins when the preliminary project stage is complete and ceases when

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

the project is substantially complete and ready for its intended purpose. The net book value of capitalized internal use software is \$27.5 million and \$19.5 million at December 31, 2019 and 2018, respectively.

**Business Combinations**

The purchase price of each acquisition is attributed to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, including identifiable intangible assets that either arise from a contractual or legal right or are separable from goodwill. The Company typically engages outside valuation experts to assist in the allocation of purchase price to the identifiable intangible assets acquired but, management has ultimate responsibility for the valuation methods, models, and inputs used and the resulting purchase price allocation. The excess purchase price over the net tangible and identifiable intangible assets is recorded as goodwill and is assigned to the reporting unit that is expected to benefit from the combination as of the acquisition date.

In connection with certain business combinations, the Company has entered into contingent consideration arrangements that are determined to be part of the purchase price. Each of these arrangements is initially recorded at its fair value at the time of the acquisition and reflected at current fair value for each subsequent reporting period thereafter until settled. Generally, our contingent consideration arrangements are based upon financial performance and/or operating metric targets. The Company generally determines the fair value of the contingent consideration arrangements by using probability-weighted analyses to determine the amounts of the gross liability, and, if the arrangement is long-term in nature, applying a discount rate that appropriately captures the risk associated with the obligation to determine the net amount reflected in the consolidated financial statements. Significant changes in forecasted earnings or operating metrics would result in a significantly higher or lower fair value measurement. The changes in the remeasured fair value of the contingent consideration arrangements during each reporting period, including the accretion of the discount, if applicable, are recognized in “General and administrative expense” in the accompanying consolidated statement of operations. See “Note 6—Financial Instruments” for changes in the contingent consideration arrangements.

**Goodwill and Indefinite-Lived Intangible Assets**

The Company assesses goodwill on its one reporting unit and indefinite-lived intangible assets for impairment annually as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value.

When the Company elects to perform a qualitative assessment and concludes it is not more likely than not that the fair value of the reporting unit is less than its carrying value, no further assessment of that reporting unit’s goodwill is necessary; otherwise, a quantitative assessment is performed and the fair value of the reporting unit is determined. If the carrying value of the reporting unit exceeds its fair value an impairment loss equal to the excess is recorded.

For the Company’s annual goodwill test at October 1, 2019, a qualitative assessment of goodwill was performed because the Company concluded it was more likely than not that the fair value of its single reporting unit was in excess of its carrying value. The primary factors that the Company considered in its qualitative assessment were the Company’s strong operating performance and that, as of September 30, 2019, its market capitalization of \$20.0 billion exceeded its carrying value by approximately \$19.8 billion. A qualitative assessment was also performed for 2018 and the Company concluded it was more likely than not that the fair value of the reporting unit was in excess of its carrying value.

The Company foregoes a qualitative assessment and tests the goodwill for impairment when it concludes that it is more likely than not that there may be an impairment. If needed, the annual or interim quantitative test of the recovery of goodwill involves a comparison of the estimated fair value of the Company’s reporting unit to its carrying value, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the carrying value of the reporting unit exceeds its estimated fair value, an impairment loss equal to the excess is recorded.

While the Company has the option to qualitatively assess whether it is more likely than not that the fair values of its indefinite-lived intangible assets are less than their carrying values, the Company’s policy is to

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

determine the fair value of each of its indefinite-lived intangible assets annually as of October 1, in part, because the level of effort required to perform the quantitative and qualitative assessments is essentially equivalent. The Company determines the fair value of its indefinite-lived intangible assets using an avoided royalty DCF valuation analysis. Significant judgments inherent in this analysis include the selection of appropriate royalty and discount rates and estimating the amount and timing of expected future cash flows. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows generated by the respective intangible assets. The royalty rates used in the DCF analyses are based upon an estimate of the royalty rates that a market participant would pay to license the Company's trade names and trademarks. The future cash flows are based on the Company's most recent forecast and budget and, for years beyond the budget, the Company's estimates, which are based, in part, on forecasted growth rates. Assumptions used in the avoided royalty DCF analyses, including the discount rate and royalty rate, are assessed annually based on the actual and projected cash flows related to the asset, as well as macroeconomic and industry specific factors. The discount rates used in the Company's annual indefinite-lived impairment assessment ranged from 11% to 26% in both 2019 and 2018, and the royalty rates used ranged from 3% to 8% in both 2019 and 2018. During the year ended December 31, 2019, the Company recognized an impairment charge related to the Match brand in the UK of \$6.6 million, which is included within amortization. At December 31, 2019 and 2018, the aggregate indefinite-lived intangible asset balance for which the estimate of fair value at that time was less than 110% of their carrying values was approximately \$92.3 million and \$101.7 million, respectively.

**Long-Lived Assets and Intangible Assets with Definite Lives**

Long-lived assets, which consist of ROU assets, property and equipment, and intangible assets with definite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is deemed not to be recoverable, an impairment loss is recorded equal to the amount by which the carrying value of the long-lived asset exceeds its fair value. Amortization of definite-lived intangible assets is computed either on a straight-line basis or based on the pattern in which the economic benefits of the asset will be realized.

**Fair Value Measurements**

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 market prices for identical assets and liabilities in active markets.
- Level 2: Other inputs, which are observable directly or indirectly, such as quoted market prices for similar assets or liabilities in active markets, quoted market 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 "Note 6—Financial Instruments" for a discussion of fair value measurements made using Level 3 inputs.

The Company's non-financial assets, such as goodwill, intangible assets, ROU assets, and property and equipment, are adjusted to fair value only when an impairment is recognized. The Company's financial assets, comprising of equity securities without readily determinable fair values, are adjusted to fair value when observable price changes are identified or an impairment is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Advertising Costs**

Advertising costs are expensed in the period incurred (when the advertisement first runs for production costs that are initially capitalized) and represent online marketing, including fees paid to search engines and social media sites; offline marketing, which is primarily television advertising; and partner-related payments to those who direct traffic to our websites. Advertising expense is \$388.6 million, \$386.0 million and \$340.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

**Legal Costs**

Legal costs are expensed as incurred.

**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 on an as if Match Group 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.

The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense.

The Company evaluates and accounts for uncertain tax positions using a two-step approach. Recognition (step one) occurs when the Company concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Measurement (step two) determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. De-recognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act imposes a new minimum tax on global intangible low taxed income ("GILTI") earned by foreign subsidiaries beginning in 2018. The FASB Staff Q&A, Topic 740 No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity may make an accounting policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI in the year the tax is incurred. The Company elected to recognize the tax on GILTI as a period expense in the period the tax is incurred.

**Earnings Per Share**

Basic earnings per share is computed by dividing net earnings attributable to Match Group shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vested resulting in the issuance of common stock that could share in the earnings of the Company.

**Foreign Currency Translation and Transaction Gains and Losses**

The financial position and operating results of foreign entities whose primary economic environment is based on their local currency are consolidated using the local currency as the functional currency. These local currency assets and liabilities are translated at the rates of exchange as of the balance sheet date, and local currency revenue and expenses of these operations are translated at average rates of exchange during the period. Translation gains and losses are included in accumulated other comprehensive income as a component of shareholders' equity. Transaction gains and losses resulting from assets and liabilities denominated in a currency

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

other than the functional currency are included in the consolidated statement of operations as a component of other (expense) income, net. See “Note 18—Consolidated Financial Statement Details” for additional information regarding foreign currency exchange gains and losses.

Translation gains and losses relating to foreign entities that are liquidated or substantially liquidated are reclassified out of accumulated other comprehensive loss into earnings. Losses of \$0.7 million during the year ended December 31, 2017 are included in “Other (expense) income, net” in the accompanying consolidated statement of operations.

**Stock-Based Compensation**

Stock-based compensation is measured at the grant date based on the fair value of the award and is generally expensed over the requisite service period. See “Note 11—Stock-based Compensation” for a discussion of the Company’s stock-based compensation plans.

**Redeemable Noncontrolling Interests**

Noncontrolling interests in the consolidated subsidiaries of the Company are ordinarily reported on the consolidated balance sheet within shareholders’ equity, separately from the Company’s equity. However, securities that are redeemable at the option of the holder and not solely within the control of the issuer must be classified outside of shareholders’ equity. Accordingly, all noncontrolling interests that are redeemable at the option of the holder are presented outside of shareholders’ equity in the accompanying consolidated balance sheet.

In connection with the acquisition of certain subsidiaries, management of these businesses has retained an ownership interest. The Company is party to fair value put and call arrangements with respect to these interests. These put and call arrangements allow management of these businesses to require the Company to purchase their interests or allow the Company to acquire such interests at fair value, respectively. These put and call arrangements do not meet the definition of a derivative instrument as the put agreements do not provide for net settlement. These put and call arrangements become exercisable by the Company and the counterparty at various dates in the future. One of these arrangements was exercised during each of the years ended December 31, 2018 and 2017. These put arrangements are exercisable by the counter-party outside the control of the Company. Accordingly, to the extent that the fair value of these interests exceeds the value determined by normal noncontrolling interest accounting, the value of such interests is adjusted to fair value with a corresponding adjustment to additional paid-in capital. During the years ended December 31, 2018 and 2017, the Company recorded adjustments of \$2.5 million and \$0.1 million, respectively, to decrease these interests to fair value. No exercises or adjustments were made for the year ended December 31, 2019. Fair value determinations require high levels of judgment and are based on various valuation techniques, including market comparables and discounted cash flow projections.

**Certain Risks and Concentrations**

The Company’s business is subject to certain risks and concentrations including dependence on third-party technology providers, exposure to risks associated with online commerce security and credit card fraud.

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents. Cash and cash equivalents are principally maintained with financial institutions that are not covered by deposit insurance.

**Recent Accounting Pronouncements**

*Accounting Pronouncement adopted by the Company*

The Company adopted ASU 2016-02, *Leases (Topic 842)* (“ASC 842”) effective January 1, 2019. ASC 842 superseded previously existing guidance on accounting for leases and generally requires all leases to be recognized in the statement of financial position.

The adoption of ASC 842 resulted in the recognition of right-of-use assets (the “ROU assets”) and related lease liabilities of \$53.0 million and \$57.9 million, respectively, as of January 1, 2019, with no cumulative effect adjustment. The adoption of ASC 842 had no impact on the Company’s consolidated results of operations and

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

consolidated statement of cash flows. In addition, the adoption of ASC 842 did not impact the leverage calculations set forth in the agreements governing the outstanding debt or credit agreements of the Company, because, in each circumstance, the leverage calculations are not affected by the lease liabilities that were recorded upon adoption of ASC 842.

The Company adopted ASC 842 prospectively and, therefore, did not revise comparative period information or disclosure. In addition, the Company elected the package of practical expedients permitted under ASC 842.

See “Note 13—Leases” for additional information on the adoption of ASC 842.

*Accounting Pronouncement not yet adopted by the Company*

In December 2019, the FASB issued ASU No. 2019-12, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. The provisions of ASU 2019-12 are effective for reporting periods beginning after December 15, 2020 with early adoption permitted. Most amendments within ASU No. 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company expects to early adopt ASU No. 2019-12 effective January 1, 2020 on a modified retrospective basis for those amendments that are not applied on a prospective basis. The adoption of ASU No. 2019-12 is not expected to have a material impact on the Company’s consolidated financial statements.

**Reclassifications**

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

**NOTE 3—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.

U.S. and foreign earnings before income taxes are as follows:

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
U.S.	\$ 476,402	\$ 392,798	\$ 143,286
Foreign	78,384	94,844	108,839
Total	\$ 554,786	\$ 487,642	\$ 252,125

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of the provision (benefit) for income taxes are as follows:

	Years Ended December 31,		
	2019	2018	2017
(In thousands)			
<b>Current income tax provision (benefit):</b>			
Federal	\$ 964	\$ (688)	\$ (11,533)
State	342	341	(512)
Foreign	26,527	34,659	26,444
Current income tax provision	<u>27,833</u>	<u>34,312</u>	<u>14,399</u>
<b>Deferred income tax benefit:</b>			
Federal	2,991	(11,158)	(102,337)
State	(9,567)	(1,846)	(15,731)
Foreign	(896)	(6,635)	(183)
Deferred income tax benefit	<u>(7,472)</u>	<u>(19,639)</u>	<u>(118,251)</u>
Income tax provision (benefit)	<u>\$ 20,361</u>	<u>\$ 14,673</u>	<u>\$ (103,852)</u>

The tax effects of cumulative temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below. The valuation allowance is primarily related to deferred tax assets for tax credits and net operating losses.

	December 31,	
	2019	2018
(In thousands)		
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 105,141	\$ 127,630
Tax credit carryforwards	70,137	43,501
Disallowed interest carryforwards	21,682	13,751
Stock-based compensation	14,274	12,684
Other	24,496	13,019
Total deferred tax assets	<u>235,730</u>	<u>210,585</u>
Less valuation allowance	(54,878)	(47,448)
Net deferred tax assets	<u>180,852</u>	<u>163,137</u>
<b>Deferred tax liabilities:</b>		
Intangible assets	(43,568)	(45,363)
Right-of-use assets	(10,056)	—
Property and equipment	(3,896)	(2,686)
Other	(891)	(915)
Total deferred tax liabilities	<u>(58,411)</u>	<u>(48,964)</u>
Net deferred tax assets	<u>\$ 122,441</u>	<u>\$ 114,173</u>

Upon the Separation, the Company will be allocated a portion of tax attributes related to the IAC consolidated federal and state tax filings pursuant to the Internal Revenue Code and applicable state law. This allocation will require that the Company's net deferred tax asset (computed above on an as if standalone, separate

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

return basis) be adjusted as of the separation date. As of December 31, 2019, the Company's net deferred tax asset is estimated to increase by \$54.2 million due to the Separation. The final allocation of tax attributes and resulting adjustment to the Company's deferred taxes will be impacted by multiple factors, including, but not limited to, the ultimate date of the Separation and the amount of taxable income or loss generated by the IAC consolidated tax group in the year of the Separation

At December 31, 2019, the Company has federal and state net operating losses ("NOLs") of \$342.9 million and \$147.4 million, respectively. If not utilized, \$13.8 million of the federal NOLs can be carried forward indefinitely, and \$329.1 million will expire at various times primarily between 2033 and 2037. The state NOLs will expire at various times primarily between 2032 and 2038. Federal and state NOLs of \$317.6 million and \$103.7 million, respectively, can be used against future taxable income without restriction and the remaining NOLs will be subject to limitations under Section 382 of the Internal Revenue Code, separate return limitations, and applicable state law. At December 31, 2019, the Company has foreign NOLs of \$98.2 million available to offset future income. Of these foreign NOLs, \$91.0 million can be carried forward indefinitely and \$7.2 million will expire at various times between 2020 and 2029. During 2019, the Company recognized tax benefits related to NOLs of \$0.5 million. At December 31, 2019, the Company has federal capital losses of \$12.2 million. If not utilized, the capital losses will expire during 2021 and 2022. Utilization of capital losses will be limited to the Company's ability to generate future capital gains. At December 31, 2019, the Company has federal and foreign disallowed interest carryforwards of \$60.7 million and \$46.4 million, respectively, that can be carried forward indefinitely and can be used against future taxable income.

At December 31, 2019, the Company has tax credit carryforwards of \$99.4 million. Of this amount, \$70.2 million relates to federal and state tax credits for research activities, \$29.0 million relates to foreign tax credits, and \$0.2 million to various other credits. Of these credit carryforwards, \$29.1 million can be carried forward indefinitely and \$70.3 million will expire at various times primarily between 2026 and 2039.

The Company regularly assesses the realizability of deferred tax assets considering all available evidence, including, to the extent applicable, the nature, frequency and severity of prior cumulative losses, forecasts of future taxable income, tax filing status, the duration of statutory carryforward periods, available tax planning and historical experience.

During 2019, the Company's valuation allowance increased by \$7.4 million primarily due to an increase in foreign and state net operating losses and foreign interest deduction carryforwards. At December 31, 2019, the Company has a valuation allowance of \$54.9 million related to the portion of credits, NOLs, and other items for which it is more likely than not that the tax benefit will not be realized.



**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

A reconciliation of the income tax provision (benefit) to the amounts computed by applying the statutory federal income tax rate to earnings before income taxes is shown as follows:

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
Income tax provision at the federal statutory rate of 21% (35% for 2017)	\$ 116,505	\$ 102,405	\$ 88,244
State income taxes, net of effect of federal tax benefit	10,404	7,742	3,403
Stock-based compensation	(90,374)	(92,140)	(278,342)
Research credits	(27,248)	(6,701)	(2,652)
Withholding taxes	6,296	4,462	—
Foreign income taxed at a different statutory rate	3,526	13,129	(15,014)
Deferred tax adjustment for enacted changes in tax laws and rates	(587)	136	68,594
Non-taxable foreign currency exchange gains and losses	(557)	(2,086)	6,231
Transition tax	—	(3,178)	23,748
Other, net	2,396	(9,096)	1,936
Income tax provision (benefit)	<u>\$ 20,361</u>	<u>\$ 14,673</u>	<u>\$ (103,852)</u>

A reconciliation of the beginning and ending amount of unrecognized tax benefits, including penalties but excluding interest, is as follows:

	December 31,		
	2019	2018	2017
	(In thousands)		
Balance at January 1	\$ 35,679	\$ 25,063	\$ 25,913
Additions based on tax positions related to the current year	11,221	8,589	697
Additions for tax positions of prior years	7,599	3,901	1,104
Reductions for tax positions of prior years	(283)	(134)	(1,233)
Expiration of applicable statute of limitations	(892)	(1,740)	(1,418)
Balance at December 31	<u>\$ 53,324</u>	<u>\$ 35,679</u>	<u>\$ 25,063</u>

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. At December 31, 2019 and 2018, the Company had accrued \$2.2 million and \$1.9 million, respectively, for the payment of interest. At December 31, 2019 and 2018, the Company had accrued \$0.9 million and \$1.2 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 (“IRS”) is currently auditing IAC’s federal income tax returns for the years ended December 31, 2010 through 2016, which includes the operations of Match Group. The statute of limitations for years 2010 through 2012 have been extended to November 30, 2020, and the statute of limitations for years 2013 through 2015 have been extended to December 31, 2020. 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. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustment, and which may not accurately anticipate actual outcomes. Although management currently believes changes to reserves from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided will not have a material impact on the liquidity, results

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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.

At December 31, 2019 and 2018, unrecognized tax benefits, including interest, were \$55.5 million and \$37.6 million, respectively. At December 31, 2019 and 2018, approximately \$41.5 million and \$22.6 million, respectively, were included in unrecognized tax benefits for tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at December 31, 2019 are subsequently recognized, \$51.9 million, net of related deferred tax assets and interest, would reduce income tax expense. The comparable amount as of December 31, 2018 was \$35.6 million. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by approximately \$17.3 million by December 31, 2020, primarily due to settlements and expirations of statutes of limitations.

On December 22, 2017, the U.S. enacted the Tax Act, which subjected to U.S. taxation certain previously deferred earnings of foreign subsidiaries as of December 31, 2017 ("Transition Tax") and implemented a number of changes that take effect on January 1, 2018, including but not limited to, a reduction of the U.S. federal corporate tax rate from 35% to 21% and a new minimum tax on GILTI earned by foreign subsidiaries. The Company was able to make a reasonable estimate of the Transition Tax and recorded a provisional transition tax expense in 2017. During 2018, the Company finalized this calculation, which resulted in a \$3.2 million reduction in the Transition Tax. The net reduction in the Transition Tax was due primarily to the utilization of additional foreign tax credits, partially offset by additional taxable earnings and profits of our foreign subsidiaries based on guidance issued by the IRS subsequent to December 21, 2017.

The Company has not provided for approximately \$2.1 million of deferred taxes on \$41.8 million of international cash earnings that are indefinitely reinvested outside the U.S. The remaining \$101.6 million of international cash can be repatriated without any significant tax consequences. The Company reassesses its intention to remit or permanently reinvest these cash earnings each reporting period; any required adjustment to the income tax provision would be reflected in the period that the Company changes this intention.

**NOTE 4—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 in the years ended December 31, 2018 and 2017 of \$0.4 million (reflecting an adjustment to the loss on sale recorded in 2017), and \$2.1 million, respectively, which is reported within discontinued operations.

The key components of loss from discontinued operations for the years ended December 31, 2018 and 2017 consist of the following:

	<b>For the years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(In thousands)</b>	
Revenue	\$ —	\$ 23,980
Operating cost and expenses	—	(29,601)
Operating loss	—	(5,621)
Other expense	(378)	(2,136)
Income tax benefit	—	2,107
Loss from discontinued operations	<u>\$ (378)</u>	<u>\$ (5,650)</u>

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE 5—GOODWILL AND INTANGIBLE ASSETS**

Goodwill and intangible assets, net, are as follows:

	December 31,	
	2019	2018
	(In thousands)	
Goodwill	\$ 1,239,584	\$ 1,244,758
Intangible assets with indefinite lives	221,199	230,684
Intangible assets with definite lives, net	7,125	6,956
Total goodwill and intangible assets, net	<u>\$ 1,467,908</u>	<u>\$ 1,482,398</u>

An impairment of \$6.6 million was recognized on the Match brand in the UK, which is included within amortization, during the year ended December 31, 2019.

The following table presents the balance of goodwill, including the changes in the carrying value of goodwill, for the years ended December 31, 2019 and 2018:

	December 31,	
	2019	2018
	(In thousands)	
Balance at January 1	\$ 1,244,758	\$ 1,247,644
Additions	3,553	11,187
Foreign Exchange Translation	(8,727)	(14,073)
Balance at December 31	<u>\$ 1,239,584</u>	<u>\$ 1,244,758</u>

Intangible assets with indefinite lives are trade names and trademarks acquired in various acquisitions. At December 31, 2019 and 2018, intangible assets with definite lives are as follows:

	December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Useful Life (Years)
	(In thousands)			
Patent and technology	\$ 10,797	\$ (5,876)	\$ 4,921	8.9
Trade names	6,297	(4,986)	1,311	3.0
Customer lists	262	(262)	—	—
Other	3,513	(2,620)	893	4.0
Total	<u>\$ 20,869</u>	<u>\$ (13,744)</u>	<u>\$ 7,125</u>	7.2

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	December 31, 2018			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted- Average Useful Life (Years)
	(In thousands)			
Patent and technology	\$ 10,715	\$ (4,859)	\$ 5,856	8.5
Trade names	4,814	(4,814)	—	—
Customer Lists	270	(270)	—	—
Other	3,000	(1,900)	1,100	5.0
Total	\$ 18,799	\$ (11,843)	\$ 6,956	7.9

At December 31, 2019, amortization of intangible assets with definite lives is estimated to be as follows:

	(In thousands)
2020	\$ 2,052
2021	1,346
2022	951
2023	564
2024 and thereafter	2,212
Total	\$ 7,125

**NOTE 6—FINANCIAL INSTRUMENTS**

**Long-term investments**

At December 31, 2019 and 2018, the carrying value of the Company’s investments in equity securities without readily determinable fair values totaled \$5.1 million and \$9.1 million, respectively, and is included in “Long-term investments” in the accompanying consolidated balance sheet.

***Equity securities without readily determinable fair values***

For all equity securities without readily determinable fair values as of December 31, 2019, the Company has elected the measurement alternative. Since the adoption of ASU 2016-01 on January 1, 2018, the cumulative downward adjustments (including impairments) to the carrying value of equity securities without readily determinable fair values was \$6.1 million through December 31, 2019. For the years ended December 31, 2019 and 2018, we recognized impairments of \$4.0 million and \$2.1 million, respectively, which are included in “Other (expense) income, net” in the accompanying consolidated statement of operations.

***Cost method investments (prior to the adoption of ASU No. 2016-01)***

During the year ended December 31, 2017, we recognized an other-than-temporary impairment charge of \$2.3 million related to certain cost method investments as a result of our assessment of the near-term prospects and financial condition of the investees.

On October 23, 2017, a cost method investment with a carrying value of \$51.1 million was sold for net proceeds of \$60.2 million resulting in a pre-tax gain of \$9.1 million, which is included in “Other (expense) income, net” in the accompanying consolidated statement of operations.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Fair Value Measurements**

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

	December 31, 2019			
	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)			
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 150,865	\$ —	\$ —	\$ 150,865
Time deposits	—	30,000	—	30,000
<b>Total</b>	<b>\$ 150,865</b>	<b>\$ 30,000</b>	<b>\$ —</b>	<b>\$ 180,865</b>

	December 31, 2018			
	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)			
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 72,546	\$ —	\$ —	\$ 72,546
<b>Liabilities:</b>				
Contingent consideration arrangements	\$ —	\$ —	\$ (1,974)	\$ (1,974)

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

	December 31,	
	2019	2018
	Contingent Consideration Arrangements	
	(In thousands)	
Balance at January 1	\$ (1,974)	\$ (2,647)
Total net (losses):		
Fair value adjustments	—	(320)
Included in other comprehensive (loss) income	(14)	45
Settlements	1,988	948
Balance at December 31	\$ —	\$ (1,974)

**Contingent consideration arrangements**

As of December 31, 2019, there are no contingent consideration arrangements. The contingent consideration arrangement liability at December 31, 2018 of \$2.0 million is included in "Accrued expenses and other current liabilities" and was paid during the year ended December 31, 2019.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**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.

	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Long-term debt, net <sup>(a)</sup>	\$ (1,603,483)	\$ (1,696,033)	\$ (1,515,911)	\$ (1,513,683)

(a) At December 31, 2019 and 2018, the carrying value of long-term debt, net includes unamortized original issue discount and debt issuance costs of \$21.5 million and \$19.1 million, respectively.

At December 31, 2019 and 2018, the fair value of long-term debt, net is estimated using observable market prices or indices for similar liabilities, which are Level 2 inputs. At December 31, 2018, we considered the Company's \$500 million revolving credit facility (the "Credit Facility"), which has a variable interest rate, to have a fair value equal to its carrying value. The Credit Facility did not have an outstanding balance at December 31, 2019.

**NOTE 7—LONG-TERM DEBT, NET**

Long-term debt, net consists of:

	December 31,	
	2019	2018
	(In thousands)	
Credit Facility due December 7, 2023	\$ —	\$ 260,000
Term Loan due November 16, 2022	425,000	425,000
6.375% Senior Notes due June 1, 2024 (the "6.375% Senior Notes"); interest payable each June 1 and December 1	400,000	400,000
5.00% Senior Notes due December 15, 2027 (the "5.00% Senior Notes"); interest payable each June 15 and December 15	450,000	450,000
5.625% Senior Notes due February 15, 2029 (the "5.625% Senior Notes"); interest payable each February 15 and August 15	350,000	—
Total long-term debt	1,625,000	1,535,000
Less: Unamortized original issue discount and original issue premium, net	6,282	7,352
Less: Unamortized debt issuance costs	15,235	11,737
Total long-term debt, net	<u>\$ 1,603,483</u>	<u>\$ 1,515,911</u>

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Senior Notes:*

The 5.625% Senior Notes were issued on February 15, 2019. The proceeds from these notes were used to repay outstanding borrowings under the Credit Facility, to pay expenses associated with the offering, and for general corporate purposes. At any time prior to February 15, 2024, these notes may be redeemed at a redemption price equal to the sum of the principal amount, plus accrued and unpaid interest and a make-whole premium set forth in the indenture governing the notes. Thereafter, these notes may be redeemed at redemption prices set forth below, together with accrued and unpaid interest to the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below:

Beginning February 15,	<u>Percentage</u>
2024	102.813%
2025	101.875%
2026	100.938%
2027 and thereafter	100.000%

The 5.00% Senior Notes were issued on December 4, 2017. These notes were issued at 99.027% of par. The proceeds of \$445.6 million, along with cash on hand, were used to redeem the \$445.2 million of outstanding senior notes due in 2022 (the “6.75% Senior Notes”) and pay the related call premium. At any time prior to December 15, 2022, these notes may be redeemed at a redemption price equal to the sum of the principal amount, plus accrued and unpaid interest and a make-whole premium set forth in the indenture governing the notes. Thereafter, these notes may be redeemed at the redemption prices set forth below, together with accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on December 15 of the years indicated below:

Beginning December 15,	<u>Percentage</u>
2022	102.500%
2023	101.667%
2024	100.833%
2025 and thereafter	100.000%

The 6.375% Senior Notes were issued on June 1, 2016, and are currently redeemable. These notes may be redeemed at the redemption prices set forth below, together with accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

Beginning June 1,	<u>Percentage</u>
2019	104.781%
2020	103.188%
2021	101.594%
2022 and thereafter	100.000%

The indentures governing the 5.00% and 6.375% 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 consolidated leverage ratio (as defined in the indentures) exceeds 5.0 to 1.0. At December 31, 2019, 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 certain financial ratios set forth therein, 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. The indenture governing the 5.625% Senior notes is less restrictive than the indentures governing the 6.375% and 5.00% Senior Notes and generally only limits the Company’s and its subsidiaries’ ability to, amount other things,

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

create liens on assets, and our ability to consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

The 5.00%, 5.625%, and 6.375% Senior Notes rate equally in right of payment.

*Term Loan and Credit Facility:*

The Company entered into the Term Loan under a credit agreement (the “Credit Agreement”) on November 16, 2015. At both December 31, 2019 and 2018, the outstanding balance on the Term Loan was \$425 million and the loan bore interest at LIBOR plus 2.50%. The interest rate of the Term Loan was 4.44% and 5.09%, at December 31, 2019 and 2018, respectively. Interest payments are due at least quarterly through the term of the loan. The Term Loan provides for 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.

On December 7, 2018, the \$500 million Credit Facility was amended to, among other things, modify the leverage ratio levels in the pricing grid used to calculate the applicable rate and extend its maturity to December 7, 2023. At December 31, 2019, there were no outstanding borrowings under the Credit Facility. At December 31, 2018, the outstanding borrowings under the Credit Facility were \$260 million, which bore interest at LIBOR plus 1.50%, or 3.97%, and were repaid with a portion of the net proceeds from the issuance of the 5.625% Senior Notes, described above. The annual commitment fee on undrawn funds, based on the current leverage ratio, is 25 basis points at both December 31, 2019 and 2018, respectively. 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, 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 2.0 to 1.0 (in each case as defined in the agreement).

The Credit Facility and Term Loan contain covenants that would limit the ability of the Company to pay dividends, make distributions or repurchase our stock in the event the Company’s secured net leverage ratio exceeds 2.0 to 1.0, while the Term Loan remains outstanding and, thereafter, if the consolidated net leverage ratio exceeds 4.0 to 1.0, or in the event a default has occurred. There are additional covenants under these debt agreements that limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness, pay dividends or make distributions. 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 5.00%, 5.625%, and 6.375% Senior Notes to the extent of the value of the assets securing the borrowings under the Credit Agreement.

*Long-term debt maturities:*

<b>Years Ending December 31,</b>	<b>(In thousands)</b>
2022	\$ 425,000
2024	400,000
2027	450,000
2029	350,000
<b>Total</b>	<b>1,625,000</b>
Less: Unamortized original issue discount	6,282
Less: Unamortized debt issuance costs	15,235
<b>Total long-term debt, net</b>	<b>\$ 1,603,483</b>

**NOTE 8—SHAREHOLDERS’ EQUITY**

**Description of Common Stock, Class B Convertible Common Stock and Class C Common Stock**

The rights of holders of Match Group common stock, Class B common stock and Class C common stock are identical, except for voting rights, conversion rights and dividend rights. Holders of common stock are entitled to



**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

one vote per share on all matters to be voted upon by the stockholders. Holders of Class B common stock are entitled to ten votes per share on all matters to be voted upon by stockholders. Holders of Class C common stock have no voting rights, except as otherwise required by the laws of the State of Delaware, in which case holders of Class C common stock are entitled to one one-hundredth (1/100) of a vote per share. Holders of the Company's common stock, Class B common stock and Class C common stock do not have cumulative voting rights in the election of directors.

Shares of Match Group's Class B common stock are convertible into shares of our common stock at the option of the holder at any time on a share for share basis. Such conversion ratio will in all events be equitably preserved in the event of any recapitalization of Match Group by means of a stock dividend on, or a stock split or combination of, our outstanding common stock or Class B common stock, or in the event of any merger, consolidation or other reorganization of Match Group with another corporation. Upon the conversion of a share of our Class B common stock into a share of our common stock, the applicable share of Class B common stock will be retired and will not be subject to reissue. Shares of common stock and Class C common stock have no conversion rights.

The holders of shares of Match Group common stock, Class B common stock and Class C common stock are entitled to receive, share for share, such dividends as may be declared by Match Group's Board of Directors out of funds legally available therefor. In the event of a liquidation, dissolution or winding up, holders of the Company's common stock, Class B common stock and Class C common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of all liabilities and accrued but unpaid dividends and liquidation preferences on any outstanding preferred stock.

At December 31, 2019, IAC holds 209.9 million shares of our Class B common stock, representing 100% of our outstanding Class B common stock, and 16.6 million shares of our common stock, representing 23.5% of our outstanding common stock. IAC's ownership interest is 80.7% and IAC holds 97.5% of the outstanding total voting power of the Company.

In the event that Match Group issues or proposes to issue any shares of Match Group common stock, Class B common stock or Class C common stock (with certain limited exceptions), including shares issued upon the exercise, conversion or exchange of options, warrants and convertible securities, IAC will generally have a purchase right that permits it to purchase for fair market value, as defined in an investor rights agreement, up to such number of shares of the same class as the issued shares as would (i) enable IAC to maintain the same ownership interest in the Company that it had immediately prior to such issuance or proposed issuance, with respect to issuances of our voting capital stock, or (ii) enable IAC to maintain ownership of at least 80.1% of each class of the Company's non-voting capital stock, with respect to issuances of our non-voting capital stock.

**Special Dividend**

On December 19, 2018, we paid a special dividend of \$2.00 per share on Match Group common stock and Class B common stock, to stockholders of record as of the close of business on December 5, 2018, in the aggregate amount equal to \$556.4 million, which was funded with cash on hand and borrowings under our revolving credit facility.

**Reserved Common Shares**

In connection with equity compensation plans, 48.0 million shares of Match Group common stock are reserved at December 31, 2019.

**Common Stock Repurchases**

In May 2017, Match Group's Board of Directors authorized the repurchase of 6 million shares of Match Group common stock. In August 2019, the Board authorized an increase of 10 million shares in the share repurchase program, for a total authorization of 16 million shares. At December 31, 2019, the Company has approximately 9.9 million shares remaining in its share repurchase authorization.

During each of the years ended December 31, 2019 and 2018, the Company repurchased 3.1 million shares of Match Group common stock for aggregate consideration, on a trade date basis, of \$216.4 million and \$133.5 million, respectively. No repurchases were made during 2017.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE 9—ACCUMULATED OTHER COMPREHENSIVE LOSS**

The following tables present the components of accumulated other comprehensive loss and items reclassified out of accumulated other comprehensive loss into earnings. For the years ended December 31, 2019, 2018, and 2017, the Company's accumulated other comprehensive losses relate to foreign currency translation adjustments.

	<u>Accumulated Other Comprehensive (Loss) Income</u>
	<u>(In thousands)</u>
Balance at January 1, 2017	\$ (176,384)
Other comprehensive income before reclassifications	63,352
Amounts reclassified into earnings	714
Balance at December 31, 2017	(112,318)
Other comprehensive loss	(24,848)
Balance at December 31, 2018	(137,166)
Other comprehensive loss	(10,272)
Balance at December 31, 2019	<u>\$ (147,438)</u>

At December 31, 2019, 2018 and 2017, there was no tax benefit or provision on the accumulated other comprehensive loss.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE 10—EARNINGS PER SHARE**

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

	Years Ended December 31,					
	2019		2018		2017	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
(In thousands, except per share data)						
<b>Numerator</b>						
Net earnings from continuing operations	\$ 534,425	\$ 534,425	\$ 472,969	\$ 472,969	\$ 355,977	\$ 355,977
Net loss (earnings) attributable to noncontrolling interests	306	306	5,348	5,348	(179)	(179)
Impact from subsidiaries' dilutive securities	—	(666)	—	—	—	—
Net earnings from continuing operations attributable to Match Group, Inc. shareholders	534,731	534,065	478,317	478,317	355,798	355,798
Loss from discontinued operations, net of tax	—	—	(378)	(378)	(5,650)	(5,650)
Net earnings attributable to Match Group, Inc. shareholders	<u>\$ 534,731</u>	<u>\$ 534,065</u>	<u>\$ 477,939</u>	<u>\$ 477,939</u>	<u>\$ 350,148</u>	<u>\$ 350,148</u>
<b>Denominator</b>						
Weighted average basic shares outstanding	280,490	280,490	277,005	277,005	264,014	264,014
Dilutive securities <sup>(a)(b)</sup>	—	14,843	—	19,770	—	32,062
Denominator for earnings per share—weighted average shares	<u>280,490</u>	<u>295,333</u>	<u>277,005</u>	<u>296,775</u>	<u>264,014</u>	<u>296,076</u>
<b>Earnings (loss) per share:</b>						
Earnings per share from continuing operations	\$ 1.91	\$ 1.81	\$ 1.73	\$ 1.61	\$ 1.35	\$ 1.20
Loss per share from discontinued operations, net of tax	\$ —	\$ —	\$ —	\$ —	\$ (0.02)	\$ (0.02)
Earnings per share attributable to Match Group, Inc. shareholders	<u>\$ 1.91</u>	<u>\$ 1.81</u>	<u>\$ 1.73</u>	<u>\$ 1.61</u>	<u>\$ 1.33</u>	<u>\$ 1.18</u>

(a) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and subsidiary denominated equity and the vesting of restricted stock units (“RSUs”). For the years ended December 31, 2019, 2018, and 2017, 0.3 million, 0.2 million and 4.7 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 restricted stock units (“PSUs”) are considered contingently issuable shares. 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 are dilutive for the respective reporting periods. For the years ended December 31, 2019, 2018, and 2017, 0.8 million, 0.7 million, and 3.8 million market-based awards, PSOs and PSUs, respectively, were excluded from the calculation of diluted earnings per share because the market or performance conditions had not been met.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE 11—STOCK-BASED COMPENSATION**

The Company currently has two active stock and annual incentive plans, one which became effective in 2015 upon the completion of the IPO and another plan approved by shareholders in 2017. The 2015 plan replaced two historical plans that governed equity awards granted prior to the IPO. The 2015 plan covers stock options to acquire shares of Match Group common stock and RSUs granted pursuant to the historical plans and stock options and stock settled stock appreciation rights denominated in the equity of certain of our subsidiaries granted prior to the IPO, as well as provides for the future grant of these and other equity awards. The 2015 and 2017 plans authorize the Company to grant awards to its employees, officers, directors and consultants. At December 31, 2019, there were 30.9 million shares available for the future grant of equity awards under the 2015 and 2017 plans collectively.

The 2015 and 2017 plans have a stated term of ten years and provide that the exercise price of stock options granted will not be less than the market price of the Company's common stock on the grant date. Neither plan specifies grant dates or vesting schedules of awards as those determinations have been delegated to the Compensation and Human Resources Committee of Match Group's Board of Directors (the "Committee"). Each grant agreement reflects the vesting schedule for that particular grant as determined by the Committee. Stock options granted subsequent to September 1, 2015 will generally vest in four equal annual installments over a four-year period. RSU awards outstanding generally vest over a three- or four-year period. Market-based awards outstanding generally vest over a two- to four-year period.

Stock-based compensation expense recognized in the consolidated statement of operations includes expense related to the Company's stock options and RSUs, performance-based stock options, market-based RSUs and PSUs for which vesting is considered probable, equity instruments denominated in shares of subsidiaries, and IAC denominated stock options, RSUs and market-based awards held by Match Group employees. The amount of stock-based compensation expense recognized is net of estimated forfeitures, as the expense recorded is based on awards that are ultimately expected to vest. The forfeiture rate is estimated at the grant date based on historical experience and revised, if necessary, in subsequent periods if actual forfeitures differ from the estimated rate. At December 31, 2019, there is \$114.1 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 2.4 years.

The total income tax benefit recognized in the accompanying consolidated statement of operations for the years ended December 31, 2019, 2018 and 2017 related to all stock-based compensation is \$110.4 million, \$107.2 million and \$295.1 million, respectively.

The aggregate income tax benefit recognized related to the exercise of stock options for the years ended December 31, 2019, 2018, and 2017 is \$73.4 million, \$103.3 million, and \$310.9 million, respectively. As the Company is currently in a NOL position there will be some delay in the timing of the realization of cash benefit of income tax deductions related to stock-based compensation because it will be dependent upon the amount and timing of future taxable income and the timing of estimated income tax payments.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Stock Options**

Stock options outstanding at December 31, 2019 and changes during the year ended December 31, 2019 are as follows:

	December 31, 2019			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
(Shares and intrinsic value in thousands)				
Outstanding at January 1, 2019	19,495	\$ 14.72		
Exercised	(6,637)	13.88		
Forfeited	(1,080)	11.97		
Expired	(2)	11.76		
Outstanding at December 31, 2019 <sup>(a)</sup>	<u>11,776</u>	<u>\$ 15.44</u>	<u>6.4</u>	<u>\$ 785,108</u>
Options exercisable	<u>5,513</u>	<u>\$ 13.46</u>	<u>5.7</u>	<u>\$ 378,482</u>

(a) Included in the outstanding balance at December 31, 2019 are 0.6 million performance-based stock options, which vest in varying amounts and years depending upon certain performance conditions. The Company does not expect any shares to vest based on our current assessment of the performance conditions. The table above includes these awards at their maximum potential payout.

The aggregate intrinsic value in the table above represents the difference between Match Group's closing stock price on the last trading day of 2019 and the exercise price, multiplied by the number of in-the-money options that would have been exercised had all option holders exercised their options on December 31, 2019. The total intrinsic value of stock options exercised during the years ended December 31, 2019, 2018 and 2017 is \$344.2 million, \$455.1 million and \$533.8 million, respectively.

The following table summarizes the information about stock options outstanding and exercisable at December 31, 2019:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Outstanding at December 31, 2019	Weighted- Average Remaining Contractual Life in Years	Weighted- Average Exercise Price	Exercisable at December 31, 2019	Weighted- Average Remaining Contractual Life in Years	Weighted- Average Exercise Price
(Shares in thousands)						
\$0.01 to \$10.00	2,502	6.3	\$ 8.85	1,172	6.3	\$ 8.37
\$10.01 to \$20.00	6,820	6.0	14.31	3,623	5.1	13.18
\$20.01 to \$30.00	2,099	7.8	23.98	679	7.8	22.78
\$30.01 to \$40.00	355	8.0	33.10	39	8.0	30.97
	<u>11,776</u>	6.4	<u>\$ 15.44</u>	<u>5,513</u>	5.7	<u>\$ 13.46</u>

The fair value of stock option awards, with the exception of market-based awards, is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model incorporates various assumptions, including expected volatility and expected term. When options are granted, the Company uses a blend of Match Group's historical volatility and IAC's historical volatility. The risk-free interest rates are based on U.S. Treasuries with comparable terms as the awards, in effect at the grant date. The expected term is based upon the combination of the initial vesting term and the historical exercise behavior of our employees after vest. The following are the weighted average assumptions used in the Black-Scholes option pricing model:

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Years Ended December 31,	
	2018	2017
Expected volatility	29 %	27 %
Risk-free interest rate	2.5 %	1.9 %
Expected term	5.3 years	5.0 years
Dividend yield	— %	— %

There were no stock options granted by the Company during the year ended December 31, 2019. Approximately 0.6 million and 8.2 million stock options were granted by the Company during the years ended December 31, 2018 and 2017, respectively. The weighted average fair value of stock options granted during the years ended December 31, 2018, and 2017 were \$10.63 and \$5.67, respectively.

Cash received from stock option exercises for the years ended December 31, 2018, and 2017 is less than \$0.1 million, and \$59.4 million respectively. No cash was received from stock option exercises for the year ended December 31, 2019. The decrease in cash received from stock option exercises in 2019 and 2018 compared to 2017 is due to substantially all options being net settled for the exercise price beginning in late 2017.

**Restricted Stock Units and Performance-based Stock Units**

RSUs and PSUs are awards in the form of phantom shares or units denominated in a hypothetical equivalent number of shares of Match Group common stock and with the value of each RSU and PSU equal to the fair value of Match Group common stock at the date of grant. Each RSU and PSU grant is subject to service-based vesting, where a specific period of continued employment must pass before an award vests. PSUs also include performance-based vesting, where certain performance targets set at the time of grant must be achieved before an award vests. For RSU grants, the expense is measured at the grant date as the fair value of Match Group common stock and expensed as stock-based compensation over the vesting term. For PSU grants, the expense is measured at the grant date as the fair value of Match Group common stock and expensed as stock-based compensation over the vesting term if the performance targets are considered probable of being achieved.

Unvested RSUs and PSUs outstanding at December 31, 2019 and changes during the year ended December 31, 2019 are as follows:

	RSUs		PSUs	
	Number of shares	Weighted Average Grant Date Fair Value	Number of shares <sup>(a)</sup>	Weighted Average Grant Date Fair Value
(Shares in thousands)				
Unvested at January 1, 2019	2,759	\$ 29.38	—	\$ —
Granted	1,464	61.88	346	57.78
Vested	(917)	25.32	—	—
Forfeited	(257)	40.17	—	—
Unvested at December 31, 2019	<u>3,049</u>	<u>\$ 45.29</u>	<u>346</u>	<u>\$ 57.78</u>

(a) Represents the maximum shares issuable.

The weighted average fair value of RSUs and PSUs granted during the years ended December 31, 2019, 2018, and 2017, based on market prices of Match Group's common stock on the grant date, was \$61.10, \$42.24 and \$19.21, respectively. The total fair value of RSUs that vested during the years ended December 31, 2019, 2018, and 2017 was \$23.2 million, \$9.0 million and \$6.7 million, respectively. No PSUs vested during the years ended December 31, 2019, 2018, and 2017.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Market-based Awards**

During 2018 and 2017, the Company granted market-based awards to certain employees. The number of awards that ultimately vest for certain awards is dependent upon Match Group's stock price and for other awards on the valuation of a wholly-owned business. The grant date fair value of each market-based award is estimated using a lattice model that incorporates a Monte Carlo simulation of Match Group's stock price and, as necessary, the valuation of the subsidiary. Each market-based award is subject to service-based vesting, where a specific period of continued employment must pass before an award vests in addition to the market condition.

Market-based awards outstanding at December 31, 2019 and changes during the year ended December 31, 2019 are as follows:

	Market-based awards	
	Number of shares	Weighted Average Grant Date Price
	(Shares in thousands)	
Unvested at January 1, 2019	4,609	\$ 18.28
Vested	(2,375)	18.16
Forfeited	(170)	18.18
Expired	(133)	18.95
Unvested at December 31, 2019	1,931	\$ 19.68

The weighted average fair value of market-based awards granted during the years ended December 31, 2018, and 2017, based on the valuation model, was \$6.88 and \$7.50, respectively. There were no market-based awards granted for the year ended December 31, 2019. The total fair value of market-based awards that vested during the years ended December 31, 2019, 2018, and 2017 was \$16.5 million, \$4.9 million and \$3.1 million, respectively.

**Net Settlement of Awards**

We settle substantially all equity awards on a net basis. Assuming all equity awards outstanding on December 31, 2019 were net settled on that date, we would have issued 8.0 million common shares (of which 2.6 million are related to vested shares and 5.4 million are related to unvested shares) and, assuming a 50% withholding rate, would have remitted \$655.9 million in cash for withholding taxes (of which \$209.5 million is related to vested shares and \$446.4 million is related to unvested shares). If we decided to issue a sufficient number of shares to cover the \$655.9 million employee withholding tax obligation, 8.0 million additional shares would be issued by the Company.

**Converted Tinder Options**

In July 2017, the Company 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. These converted Match Group options are included in the option tables above.

These former subsidiary denominated awards, when exercised, can be settled by Match Group issuing shares of its common stock equal in value to the intrinsic value of the award being settled, net of shares with a value equal to the withholding taxes due, which taxes are remitted by Match Group to the government on behalf of the employees or the employee can pay the exercise price and applicable withholding taxes and receive the number of Match Group shares equal to the number of options exercised. At the time of settlement, IAC has the option to issue its own shares directly to the award holders, in which case Match Group would in turn issue its shares to IAC as reimbursement. In either settlement scenario, the same number of Match Group shares would be issued.

During the year ended December 31, 2017, we made cash payments totaling \$272.5 million to purchase certain fully vested options.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IAC Denominated Stock Options**

There were no IAC stock options granted by IAC under its equity incentive plans to employees of Match Group during the years ended December 31, 2019, 2018 and 2017. Approximately 0.1 million IAC stock options remain outstanding to employees of Match Group as of December 31, 2019. The fair value of each stock option award was estimated on the grant date using the Black–Scholes option pricing model. IAC stock options were granted with exercise prices at least equal to the fair value on the date of grant, vest ratably in annual installments over a four-year period and expire ten years from the date of grant.

**NOTE 12—GEOGRAPHIC INFORMATION**

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

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
<b>Revenue</b>			
United States	\$ 972,747	\$ 872,977	\$ 722,446
All other countries	1,078,511	856,873	608,215
Total	\$ 2,051,258	\$ 1,729,850	\$ 1,330,661

The United States is the only country from which revenue is greater than 10 percent of total revenue.

	December 31,	
	2019	2018
	(In thousands)	
<b>Long-lived assets (excluding goodwill and intangible assets)</b>		
United States	\$ 48,505	\$ 35,004
France	7,270	11,591
Canada	7,849	8,927
All other countries	2,316	2,829
Total	\$ 65,940	\$ 58,351

**NOTE 13—LEASES**

The Company leases office space, data center facilities, and equipment used in connection with its operations under various operating leases, many of which contain escalation clauses. Several of these lease agreements relate to properties owned by IAC. See “Note 16—Related Party Transactions” for additional information on the intercompany lease agreements.

ROU assets represent the Company’s right to use the underlying assets for the lease term and lease liabilities represent the present value of the Company’s obligation to make payments arising from leases. ROU assets and related lease liabilities are based on the present value of fixed lease payments over the lease term using the Company’s incremental borrowing rates on the lease commencement date or January 1, 2019 for leases that commenced prior to that date. The Company combines the lease and non-lease components of lease payments in determining ROU assets and related lease liabilities. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Company will exercise the options. Lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying consolidated balance sheet.



**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Variable lease payments consist primarily of common area maintenance, utilities, and taxes, which are not included in the recognition of ROU assets and related lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

<b>Leases</b>	<b>Balance Sheet Classification</b>	<b>December 31, 2019</b>
		<b>(In thousands)</b>
<b>Assets:</b>		
Right-of-use assets	Right-of-use assets	\$ 43,288
<b>Liabilities:</b>		
Current lease liabilities	Accrued expenses and other current liabilities	\$ 14,003
Long-term lease liabilities	Other long-term liabilities	32,475
Total lease liabilities		\$ 46,478

<b>Lease Cost</b>	<b>Income Statement Classification</b>	<b>Year Ended December 31, 2019</b>
		<b>(In thousands)</b>
Fixed lease cost	Cost of revenue	\$ 3,560
Fixed lease cost	General and administrative expense	15,850
Total fixed lease cost <sup>(a)</sup>		19,410
Variable lease cost	Cost of revenue	358
Variable lease cost	General and administrative expense	3,219
Total variable lease cost		3,577
Net lease cost		\$ 22,987

(a) Includes approximately \$3.0 million of short-term lease cost, and less than \$0.4 million of sublease income, for the year ended December 31, 2019.

Maturities of lease liabilities as of December 31, 2019<sup>(b)</sup>:

	<b>(In thousands)</b>
2020	\$ 15,953
2021	15,106
2022	8,909
2023	3,399
2024	2,905
After 2024	5,727
<b>Total</b>	<b>51,999</b>
Less: Interest	(5,521)
Present value of lease liabilities	\$ 46,478

(b) Operating lease payments exclude \$0.4 million of legally binding minimum lease payments for leases signed but not yet commenced.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following are the weighted average assumptions used for lease term and discount rate as of December 31, 2019:

Remaining lease term	4.0 years
Discount rate	5.05 %

	Year Ended December 31, 2019
	(In thousands)
<b>Other information:</b>	
Right-of-use assets obtained in exchange for lease liabilities	\$ 4,720
Cash paid for amounts included in the measurement of lease liabilities	\$ 18,508

**NOTE 14—COMMITMENTS AND CONTINGENCIES**

**Commitments**

The Company has funding commitments in the form of purchase obligations and surety bonds. The purchase obligations due in less than one year are \$43.9 million and the purchase obligations due between one and three years are \$40.0 million for a total of \$83.9 million in purchase obligations. The purchase obligations primarily relate to web hosting services with \$40.0 million due for both the years ended December 31, 2020 and 2021. Surety bonds totaling \$0.1 million are currently outstanding as of December 31, 2019.

**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 3—Income Taxes" for additional information related to income tax contingencies.

*Tinder Optionholder Litigation against IAC and Match Group*

On August 14, 2018, ten then-current and former employees of Match Group, LLC or Tinder, Inc. ("Tinder"), an operating business of Match Group, filed a lawsuit in New York state court against IAC and Match Group. See *Sean Rad et al. v. IAC/InterActiveCorp and Match Group, Inc.*, No. 654038/2018 (Supreme Court, New York County). The complaint alleges that in 2017, the defendants: (i) wrongfully interfered with a contractually established process for the independent valuation of Tinder by certain investment banks, resulting in a substantial undervaluation of Tinder and a consequent underpayment to the plaintiffs upon exercise of their Tinder stock options, and (ii) then wrongfully merged Tinder into Match Group, thereby depriving certain of the plaintiffs of their contractual right to later valuations of Tinder on a stand-alone basis. The complaint asserts claims for breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, interference with contractual relations (as against Match Group only), and interference with prospective economic advantage, and seeks compensatory damages in the amount of at least \$2 billion, as well as punitive damages. On August 31, 2018, four plaintiffs who were still employed by Match Group filed a notice of discontinuance of their claims without prejudice, leaving the six former employees as the remaining plaintiffs.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On October 9, 2018, the defendants filed a motion to dismiss the complaint on various grounds, including that the 2017 valuation of Tinder by the investment banks was an expert determination any challenge to which is both time-barred under applicable law and available only on narrow substantive grounds that the plaintiffs have not pleaded in their complaint; the plaintiffs opposed the motion. On June 13, 2019, the court issued a decision and order (i) granting the motion to dismiss the claims for breach of the implied covenant of good faith and fair dealing and for unjust enrichment, (ii) granting the motion to dismiss the merger-related claim for breach of contract as to two of the remaining six plaintiffs, and (iii) otherwise denying the motion to dismiss. On June 21, 2019, the defendants filed a notice of appeal from the trial court's partial denial of their motion to dismiss, and the parties thereafter briefed the appeal. On October 29, 2019, the Appellate Division, First Department issued an order affirming the lower court's decision. On November 22, 2019, the defendants filed a motion for reargument or, in the alternative, leave to appeal the Appellate Division's order to the New York Court of Appeals; the plaintiffs opposed the motion, which remains pending. On June 3, 2019, the defendants filed a second motion to dismiss based upon certain provisions of the plaintiffs' agreement with a litigation funding firm; the plaintiffs have opposed the motion, which remains pending.

Document discovery in the case is substantially complete, and deposition discovery is underway. On January 30, 2020, the parties participated in a mediation that did not result in resolution of the matter. We believe that the allegations in this lawsuit are without merit and will continue to defend vigorously against it.

*FTC Lawsuit against Match Group*

In March 2017, the Federal Trade Commission ("FTC") requested information and documents in connection with a civil investigation regarding certain business practices of Match.com. The FTC raised potential claims relating to Match.com's marketing, chargeback, and online cancellation practices. In November 2018, the FTC proposed to resolve its potential claims via a consent judgment requiring certain changes in those practices, as well as a \$60 million payment. Ensuing discussions between the Company and the FTC ended without resolution.

On August 7, 2019, the FTC voted to assert claims against the Company and referred the matter to the U.S. Department of Justice ("DOJ"). The DOJ subsequently declined to pursue a civil case against the Company and referred the matter back to the FTC.

On September 25, 2019, the FTC filed a lawsuit in the Northern District of Texas against Match Group. *See FTC v. Match Group, Inc.*, No. 3:19-cv-02281-K (N.D. Tex.). The complaint alleges that, prior to mid-2018, for marketing purposes Match.com told non-paying users that other users were trying to communicate with them, even though Match.com had identified those subscriber accounts as potentially fraudulent, thereby inducing non-paying users to subscribe and exposing them to the risk of fraud should they subscribe. The complaint also challenges the adequacy of Match.com's disclosure of the terms of its former six-month guarantee, the efficacy of its cancellation process, and its handling of chargeback disputes. The complaint seeks among other things permanent injunctive relief, civil penalties, restitution, disgorgement, and costs of suit. On October 17, 2019, the Company filed a motion to dismiss the complaint. The FTC opposed the motion, which remains pending.

On September 26, 2019, the Company received a grand-jury subpoena from the DOJ for documents relating to certain of the marketing-related claims in the FTC's complaint. The Company has cooperated with the DOJ in responding to its subpoena.

Match Group believes that the FTC's claims regarding Match.com's practices, policies, and procedures are without merit and will defend vigorously against them.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE 15—SUPPLEMENTAL CASH FLOW INFORMATION**

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
Cash paid (received) during the year for:			
Interest	\$ 78,278	\$ 71,308	\$ 71,893
Income tax payments, including amounts paid to IAC under the tax sharing agreement	33,592	39,267	28,938
Income tax refunds, including amounts refunded from IAC under the tax sharing agreement	(1,380)	(17,720)	(13,537)

	December 31,			
	2019	2018	2017	2016
	(In thousands)			
Cash and cash equivalents	\$ 465,676	\$ 186,947	\$ 272,624	\$ 253,651
Restricted cash included in other current assets	127	193	137	120
Total cash, cash equivalents and restricted cash as shown on the consolidated statement of cash flow	<u>\$ 465,803</u>	<u>\$ 187,140</u>	<u>\$ 272,761</u>	<u>\$ 253,771</u>

**NOTE 16—RELATED PARTY TRANSACTIONS**

**Relationship with IAC**

In connection with the IPO in 2015, the Company entered into certain agreements relating to our relationship with IAC. 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.

For the years ended December 31, 2019, 2018 and 2017, the Company incurred \$7.9 million, \$7.6 million, and \$9.9 million, respectively, pursuant to the services agreement. Included in these amounts are \$5.8 million, \$5.2 million and \$5.1 million, respectively, for leasing of office space for certain of our businesses at properties owned by IAC. In December 2017, certain international subsidiaries of the Company agreed to sell net operating losses that were not expected to be utilized to an IAC subsidiary for \$0.9 million. All amounts were paid in full by the Company at December 31, 2019, 2018, and 2017.

At December 31, 2019, \$15.1 million of both the ROU assets and the lease liabilities represented leases between the Company and IAC.

***Master Transaction Agreement***

The master transaction agreement sets forth the agreements between IAC and the Company regarding the principal transactions necessary to separate our business from IAC, as well as governs certain aspects of our relationship with IAC post IPO. Under the master transaction agreement, the Company agrees to assume all of the assets and liabilities related to its business and agrees to indemnify IAC against any losses arising out of any breach by the Company of the master transaction agreement or the other transaction related agreements described below. IAC also agrees to indemnify the Company against losses arising out of any breach by IAC of the master transaction agreement or any of the other transaction related agreements.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Investor Rights Agreement***

Under the investor rights agreement, the Company provides IAC with (i) specified registration and other rights relating to its shares of our common stock and (ii) anti-dilution rights. See “Note 8—Shareholders’ Equity” for additional information on the anti-dilution rights.

***Tax Sharing Agreement***

The tax sharing agreement governs the rights, responsibilities, and obligations of the Company and IAC with respect to tax liabilities and benefits, entitlements to refunds, preparation of tax returns, tax contests and other tax matters regarding U.S. federal, state, local and foreign income taxes. Under the tax sharing agreement, the Company is generally responsible and required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or one of its subsidiaries that includes the Company or any of its subsidiaries to the extent attributable to the Company or any of its subsidiaries, as determined under the tax sharing agreement, and (ii) all taxes imposed with respect to any of the Company’s subsidiaries’ consolidated, combined, unitary or separate tax returns.

At December 31, 2019, there was \$0.2 million of outstanding payables pursuant to the tax sharing agreement. At December 31, 2018, there were no outstanding receivables or payables pursuant to the tax sharing agreement. Refunds from IAC during the years ended December 31, 2018 and 2017 pursuant to this agreement were \$7.0 million and \$10.9 million. For the year ended December 31, 2019, there were no payments to or refunds from IAC pursuant to this agreement.

***Services Agreement***

The services agreement governs services that IAC provides to the Company including, among others: (i) assistance with certain legal, finance, internal audit, treasury, information technology support, insurance and tax matters, including assistance with certain public company reporting obligations; (ii) payroll processing services; (iii) tax compliance services; and (iv) such other services as to which IAC and the Company may agree. In addition, under the services agreement the Company provides IAC informational technology services and such other services as to which IAC and the Company may agree. The services agreement had an initial term of one year from the date of the IPO, and provides for automatic renewals for additional one-year periods, subject to IAC’s continued ownership of a majority of the combined voting power of the Company’s voting stock.

***Employee Matters Agreement***

The employee matters agreement covers a wide range of compensation and benefit issues related to the allocation of liabilities associated with: (i) employment or termination of employment, (ii) employee benefit plans and (iii) equity awards. Under the employee matters agreement, the Company’s employees participate in IAC’s U.S. health and welfare plans, 401(k) plan and flexible benefits plan and the Company reimburses IAC for the costs of such participation. In the event IAC no longer retains shares representing at least 80% of the aggregate voting power of shares entitled to vote in the election of the Company’s Board of Directors, Match Group will no longer participate in IAC’s employee benefit plans, but will establish its own employee benefit plans that will be substantially similar to the plans sponsored by IAC.

The employee matters agreement also requires the Company to reimburse IAC for the cost of any IAC equity awards held by Match Group’s employees and former employees and that IAC may elect to receive payment either in cash or Company common stock. With respect to equity awards originally denominated in shares of the Company’s subsidiaries, IAC may require those awards to be settled in either shares of IAC’s common stock or in shares of the Company’s common stock and, to the extent shares of IAC common stock are issued in settlement, the Company will reimburse IAC for the cost of those shares by issuing to IAC additional shares of the Company’s common stock.

During the years ended December 31, 2019, 2018 and 2017, 0.8 million, 3.0 million and 11.9 million shares, respectively, of Company common stock were issued to IAC pursuant to the employee matters agreement; 0.7 million, 2.5 million and 11.3 million, respectively, of which were issued as reimbursement for shares of IAC common stock issued in connection with the exercise and settlement of equity awards originally denominated in shares of a subsidiary of the Company; and 0.1 million, 0.5 million and 0.6 million, respectively, of which were

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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.

***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 allowed the Company to make one or more requests to IAC to borrow funds. If IAC agreed to fulfill any such borrowing request, the related indebtedness would be incurred in accordance with the terms of the IAC Subordinated Loan Facility. Any indebtedness outstanding under the IAC Subordinated Loan Facility would be by its terms subordinated in right of payment to the obligations under the Match Group Credit Agreement and the Match Group Senior Notes, and would bear interest at the applicable rate set forth in the pricing grid in the Match Group Credit Agreement, which rate is based on the Company’s consolidated net leverage ratio at the time of borrowing, plus an additional amount to be agreed upon. The IAC Subordinated Loan Facility had a scheduled final maturity date of no earlier than 90 days after the maturity date of the Match Group Credit Facility or the latest maturity date in respect of any class of Term Loans outstanding under the Match Group Credit Agreement. At December 31, 2019, the Company had no indebtedness outstanding under the IAC Subordinated Loan Facility. The IAC Subordinated Loan Facility was terminated on February 26, 2020.

**NOTE 17—BENEFIT PLANS**

Match Group employees are eligible to participate in a retirement savings plan sponsored by IAC in the United States, which is qualified under Section 401(k) of the Internal Revenue Code. Under the IAC/ InterActiveCorp Retirement Savings Plan (the “Plan”), participating employees may contribute up to 50% of their pre-tax earnings, but not more than statutory limits. Prior to July 2019, the employer match under the Plan was fifty cents for each dollar a participant contributed in the Plan, with a maximum contribution of 3% of a participant’s eligible earnings. Beginning July 1, 2019, the employer match under the Plan was changed to 100% of the first 10% of a participant’s eligible earnings, subject to IRS limits on the Company’s matching contribution that a participant contributes to the Plan. Matching contributions under the Plan for the years ended December 31, 2019, 2018 and 2017 were \$5.8 million, \$2.8 million and \$2.2 million, respectively. Matching contributions are invested in the same manner as each participant’s voluntary contributions in the investment options provided under the Plan. An investment option in the Plan is IAC common stock, but neither participant nor matching contributions are required to be invested in IAC common stock. The increase in matching contributions in 2019 is primarily due to the aforementioned change of the Company’s matching contribution in the second half of 2019.

Internationally, Match Group also has or participates in various benefit plans, primarily defined contribution plans. The Company’s contributions for these plans for the years ended December 31, 2019, 2018 and 2017 were \$3.1 million, \$2.8 million and \$2.2 million, respectively.

**NOTE 18—CONSOLIDATED FINANCIAL STATEMENT DETAILS**

	December 31,	
	2019	2018
	(In thousands)	
<b>Other current assets:</b>		
Capitalized mobile app fees	\$ 28,478	\$ 29,216
Prepaid expenses	55,676	19,476
Other	10,046	9,074
Other current assets	\$ 94,200	\$ 57,766

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	December 31,	
	2019	2018
	(In thousands)	
<b>Property and equipment, net:</b>		
Computer equipment and capitalized software	\$ 144,405	\$ 136,083
Leasehold improvements	27,628	24,529
Furniture and other equipment	8,442	7,395
Projects in progress	8,026	3,369
	188,501	171,376
Accumulated depreciation and amortization	(122,561)	(113,025)
Property and equipment, net	<u>\$ 65,940</u>	<u>\$ 58,351</u>

	December 31,	
	2019	2018
	(In thousands)	
<b>Accrued expenses and other current liabilities:</b>		
Accrued advertising expense	\$ 32,201	\$ 40,894
Accrued employee compensation and benefits	47,745	38,378
Accrued professional fees	22,728	14,118
Current lease liabilities	14,003	—
Other	61,901	42,581
Accrued expenses and other current liabilities	<u>\$ 178,578</u>	<u>\$ 135,971</u>

	Years Ended December 31,		
	2019	2018	2017
	(In thousands)		
<b>Other (expense) income, net</b>	<b>\$ (2,026)</b>	<b>\$ 7,765</b>	<b>\$ (30,827)</b>

Other expense, net, in 2019 includes a \$4.0 million impairment of an equity investment, expense of \$1.7 million related to a mark-to-market adjustment pertaining to a liability classified equity instrument, and \$0.9 million in net foreign currency losses in the period, partially offset by interest income of \$4.4 million.

Other income, net in 2018 includes \$5.3 million in net foreign currency exchange gains due primarily to a strengthening of the U.S. dollar relative to the British Pound in the period and \$4.9 million of interest income, partially offset by \$2.1 million related to impairments of certain equity investments and \$0.7 million related to a mark-to-market adjustment pertaining to a subsidiary denominated equity instrument.

Other expense, net, in 2017 includes expenses of \$15.4 million related to the redemption of our 6.75% Senior Notes and repricing of the Term Loan, \$13.0 million related to a mark-to-market adjustment pertaining to a subsidiary denominated equity award held by a non-employee, \$10.3 million in net foreign currency exchange losses, and a \$2.3 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. These expenses were partially offset by a gain on the sale of a cost method investment of \$9.1 million.

**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE 19—QUARTERLY RESULTS (UNAUDITED)**

	Quarter Ended March 31	Quarter Ended June 30	Quarter Ended September 30	Quarter Ended December 31
(In thousands, except per share data)				
<b>Year Ended December 31, 2019</b>				
Revenue	\$ 464,625	\$ 497,973	\$ 541,493	\$ 547,167
Cost of revenue	120,224	126,665	138,225	142,070
Operating income	118,828	172,898	176,604	180,201
Earnings from continuing operations	123,034	127,968	151,406	132,017
Net earnings attributable to Match Group, Inc. shareholders	123,034	127,973	151,498	132,226
<b>Per share information from continuing operations attributable to the Match Group, Inc. shareholders:</b>				
Basic <sup>(a)</sup>	\$ 0.44	\$ 0.46	\$ 0.54	\$ 0.47
Diluted <sup>(a)</sup>	\$ 0.42	\$ 0.43	\$ 0.51	\$ 0.45
<b>Per share information attributable to the Match Group, Inc. shareholders:</b>				
Basic <sup>(a)</sup>	\$ 0.44	\$ 0.46	\$ 0.54	\$ 0.47
Diluted <sup>(a)</sup>	\$ 0.42	\$ 0.43	\$ 0.51	\$ 0.45
<b>Year Ended December 31, 2018</b>				
Revenue	\$ 407,367	\$ 421,196	\$ 443,943	\$ 457,344
Cost of revenue	93,944	97,334	107,512	111,210
Operating income	112,233	150,165	139,895	151,001
Earnings from continuing operations	99,678	131,358	127,950	113,983
(Loss) earnings from discontinued operations, net of tax	—	—	(378)	—
Net earnings attributable to Match Group, Inc. shareholders	99,736	132,500	130,159	115,544
<b>Per share information from continuing operations attributable to the Match Group, Inc. shareholders:</b>				
Basic <sup>(a)</sup>	\$ 0.36	\$ 0.48	\$ 0.47	\$ 0.42
Diluted <sup>(a)</sup>	\$ 0.33	\$ 0.45	\$ 0.44	\$ 0.39
<b>Per share information attributable to the Match Group, Inc. shareholders:</b>				
Basic <sup>(a)</sup>	\$ 0.36	\$ 0.48	\$ 0.47	\$ 0.42
Diluted <sup>(a)</sup>	\$ 0.33	\$ 0.45	\$ 0.44	\$ 0.39

(a) Quarterly per share amounts may not add to the related annual per share amount because of differences in the average common shares outstanding during each period.

**NOTE 20—SUBSEQUENT EVENTS**

On January 31, 2020, entities controlled by IAC completed the contribution to Match Group of two office buildings in Los Angeles, which are primarily occupied by Tinder, for 1,378,371 shares of Match Group common stock.

On February 11, 2020, we completed a private offering of \$500 million aggregate principal amount of 4.125% Senior Notes due August 1, 2030. The proceeds from these notes were used to pay expenses associated with the offering and, in the event the Separation is consummated, will be used to fund the Intercompany Loan to IAC. If the Separation is not consummated, the proceeds will be used for general corporate purposes.



**MATCH GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On February 13, 2020, the \$500 million Credit Facility was amended to, among other things, increase the available borrowing capacity to \$750 million, reduce interest rate margins by 0.125% to LIBOR plus 1.375%, and extend its maturity to February 13, 2025. Additionally on February 13, 2020, the \$425 million Term Loan was amended to reprice the outstanding balance to LIBOR plus 1.75% and extend its maturity to February 13, 2027.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

## **Item 9A. Controls and Procedures**

### **Conclusion Regarding the Effectiveness of the Company's Disclosure 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 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.

### **Management's Report on Internal Control Over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) for the Company. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, our management used the criteria for effective internal control over financial reporting described in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this assessment, management has determined that, as of December 31, 2019, the Company's internal control over financial reporting is effective. The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report, included herein.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Changes in Internal Control Over Financial Reporting**

The Company monitors and evaluates on an ongoing basis its internal control over financial reporting in order to improve its 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(d), Match Group management, including the CEO and the CFO, also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter ended December 31, 2019.

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Match Group, Inc.

### **Opinion on Internal Control over Financial Reporting**

We have audited Match Group, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Match Group, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a), and our report dated February 27, 2020 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

New York, New York  
February 27, 2020

**Item 9B. Other Information**

Not applicable.

### PART III

The information required by Part III (Items 10, 11, 12, 13 and 14) has been incorporated by reference to Match Group's definitive Proxy Statement to be used in connection with its 2020 Annual Meeting of Stockholders (the "2020 Proxy Statement"), as set forth below in accordance with General Instruction G(3) of Form 10-K, or will be provided in an amendment on Form 10-K/A.

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by Item 401 of Regulation S-K relating to directors and executive officers of Match Group is set forth in the sections entitled "Information Concerning Director Nominees" and "Information Concerning Match Group Executive Officers Who Are Not Directors," respectively, in the 2020 Proxy Statement or will be provided in an amendment on Form 10-K/A. The information required by Item 406 of Regulation S-K relating to Match Group's Code of Ethics is set forth under the caption "Part I-Item 1-Business-Additional Information-Code of ethics" of this annual report and is incorporated herein by reference. The information required by subsections (c)(3), (d)(4) and (d)(5) of Item 407 of Regulation S-K is set forth in the sections entitled "Corporate Governance" and "The Board and Board Committees" in the 2020 Proxy Statement and is incorporated by reference or will be provided in an amendment on Form 10-K/A.

#### **Item 11. Executive Compensation**

The information required by Item 402 of Regulation S-K relating to executive and director compensation is set forth in the sections entitled "Executive Compensation" and "Director Compensation" in the 2020 Proxy Statement and is incorporated herein by reference or will be provided in an amendment on Form 10-K/A. The information required by subsections (e)(4) and (e)(5) of Item 407 of Regulation S-K relating to certain compensation committee matters is set forth in the sections entitled "The Board and Board Committees," "Compensation Committee Report" and "Compensation Committee Interlocks and Insider Participation" in the 2020 Proxy Statement and is incorporated herein by reference or will be provided in an amendment on Form 10-K/A; provided, that the information set forth in the section entitled "Compensation Committee Report" shall be deemed furnished herein and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information regarding ownership of Match Group common stock and Class B common stock required by Item 403 of Regulation S-K and securities authorized for issuance under Match Group's various equity compensation plans required by Item 201(d) of Regulation S-K is set forth in the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information," respectively, in the 2020 Proxy Statement and is incorporated herein by reference or will be provided in an amendment on Form 10-K/A.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information regarding certain relationships and related transactions involving Match Group required by Item 404 of Regulation S-K and director independence determinations required by Item 407(a) of Regulation S-K is set forth in the sections entitled "Certain Relationships and Related Person Transactions" and "Corporate Governance," respectively, in the 2020 Proxy Statement and is incorporated herein by reference or will be provided in an amendment on Form 10-K/A.

#### **Item 14. Principal Accounting Fees and Services**

Information required by Item 9(e) of Schedule 14A regarding the fees and services of Match Group's independent registered public accounting firm and the pre-approval policies and procedures applicable to services provided to Match Group by such firm is set forth in the sections entitled "Fees Paid to Our Independent Registered Public Accounting Firm" and "Audit and Non-Audit Services Pre-Approval Policy," respectively, in the 2020 Proxy Statement and is incorporated herein by reference or will be provided in an amendment on Form 10-K/A.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

#### (a) List of documents filed as part of this Report:

##### (1) Consolidated Financial Statements of Match Group, Inc.

Report of Independent Registered Public Accounting Firm: Ernst & Young LLP.

Consolidated Balance Sheet as of December 31, 2019 and 2018.

Consolidated Statement of Operations for the Years Ended December 31, 2019, 2018, and 2017.

Consolidated Statement of Comprehensive Operations for the Years Ended December 31, 2019, 2018, and 2017.

Consolidated Statement of Shareholders' Equity for the Years Ended December 31, 2019, 2018, and 2017.

Consolidated Statement of Cash Flows for the Years Ended December 31, 2019, 2018, and 2017.

Notes to Consolidated Financial Statements.

##### (2) Consolidated Financial Statement Schedule of Match Group, Inc.

Schedule Number	
II	Valuation and Qualifying Accounts.

All other financial statements and schedules not listed have been omitted since the required information is either included in the Consolidated Financial Statements or the notes thereto, is not applicable or is not required.

##### (3) Exhibits

See Exhibit Index below for a complete list of Exhibits to this report.

### Item 16. Form 10-K Summary

None.

## EXHIBIT INDEX

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 No.	Exhibit Description	Incorporated by Reference				Filed (†) or Furnished (‡) Herewith (as indicated)
		Form	SEC File No.	Exhibit	Filing Date	
2.1	<a href="#">Stock Purchase Agreement, dated as of July 13, 2015, by and among Match.com Inc., Plentyoffish Media Inc., Markus Frind, Markus Frind Family Trust No. 2, and Frind Enterprises Ltd.</a>	8-K	000-20570	2.1	7/17/2015	
2.2*	<a href="#">Transaction Agreement, dated as of December 19, 2019, by and among IAC/InterActiveCorp, Match Group, Inc., IAC Holdings, Inc. and Valentine Merger Sub LLC.</a>	8-K	001-37636	2.1	12/23/2019	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Match Group, Inc.</a>	8-K	001-37636	3.1	11/24/2015	
3.2	<a href="#">Amended and Restated By-laws of Match Group, Inc.</a>	8-K	001-37636	3.1	12/7/2017	
4.1	<a href="#">Indenture, dated June 1, 2016, between Match Group, Inc. and Computershare Trust Company, N.A., as Trustee.</a>	8-K	001-37636	4.1	6/2/2016	
4.2	<a href="#">Investor Rights Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	4.1	11/24/2015	
4.3	<a href="#">Indenture, dated December 4, 2017, between Match Group, Inc. and Computershare Trust Company, N.A., as Trustee.</a>	8-K	001-37636	4.1	12/4/2017	
4.4	<a href="#">Indenture, dated as of February 15, 2019, between Match Group, Inc. and Computershare Trust Company, N.A. as trustee.</a>	8-K	001-37636	4.1	2/15/2019	
4.5	<a href="#">Description of Securities</a>					†
10.1	<a href="#">Master Transaction Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.1	11/24/2015	
10.2	<a href="#">Employee Matters Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.2	11/24/2015	
10.3	<a href="#">Amendment No. 1 to the Employee Matters Agreement, dated as of April 13, 2016, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	10-Q	001-37636	10.1	5/10/2016	
10.4	<a href="#">Tax Sharing Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.3	11/24/2015	
10.5	<a href="#">Services Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.4	11/24/2015	
10.6	<a href="#">Contribution Agreement, dated as of December 19, 2019, by and among TMC Realty, L.L.C., 8831-8833 Sunset, LLC and Match Group, Inc.</a>	8-K	001-37636	10.1	12/23/2019	
10.7	<a href="#">Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	8-K	001-37636	10.5	11/24/2015	
10.8	<a href="#">First Amendment to the Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	10-Q	001-37636	10.1	8/4/2017	
10.9	<a href="#">Form of Terms and Conditions for Stock Options granted under the Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	10-K	001-37636	10.7	2/28/2017	
10.10	<a href="#">Form of Terms and Conditions for Restricted Stock Units granted under the Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	10-K	001-37636	10.8	2/28/2017	
10.11	<a href="#">Match Group, Inc. Amended and Restated 2017 Stock and Annual Incentive Plan.(1)</a>	8-K	001-37636	10.1	6/21/2018	
10.12	<a href="#">Form of Terms and Conditions for Stock Options granted under the Match Group, Inc. 2017 Stock and Annual Incentive Plan.(1)</a>	10-Q	001-37636	10.1	11/9/2017	

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed (†) or Furnished (‡) Herewith (as indicated)
		Form	SEC File No.	Exhibit	Filing Date	
10.13	<a href="#">Form of Terms and Conditions for Restricted Stock Units granted under the Match Group, Inc. 2017 Stock and Annual Incentive Plan.(1)</a>	10-Q	001-37636	10.2	11/9/2017	
10.14	<a href="#">Summary of Non-Employee Director Compensation Arrangements.(1)</a>	10-K	001-37636	10.9	3/28/2016	
10.15	<a href="#">Amended and Restated Credit Agreement, dated as of November 16, 2015, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.</a>	10-K	001-37636	10.11	3/28/2016	
10.16	<a href="#">Amendment No. 3, dated as of December 8, 2016, 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, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.</a>	8-K	001-37636	10.1	12/8/2016	
10.17	<a href="#">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.</a>	8-K	001-37636	10.1	8/17/2017	
10.18	<a href="#">Amendment No. 5 dated as of December 7, 2018 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, and as further amended as of August 14, 2017, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the other parties thereto.</a>	8-K	001-37636	10.1	12/13/2018	
10.19	<a href="#">Employment Agreement between Amanda W. Ginsberg and Match Group, Inc. dated as of July 20, 2018.(1)</a>	8-K	001-37636	10.1	7/26/2018	
10.20	<a href="#">Employment Agreement between Gary Swidler and Match Group, Inc. dated as of August 8, 2018.(1)</a>	8-K	001-37636	10.1	8/14/2018	
10.21	<a href="#">Employment Agreement between Jared Sine and Match Group, Inc. dated as of August 8, 2018.(1)</a>	8-K	001-37636	10.2	8/14/2018	
10.22	<a href="#">Employment Agreement between Sharmistha Dubey and Match Group, Inc. dated as of August 8, 2018.(1)</a>	10-Q	001-37636	10.5	11/9/2018	
21.1	<a href="#">Subsidiaries of the Registrant as of December 31, 2019.</a>					†
23.1	<a href="#">Consent of Ernst &amp; Young LLP.</a>					†
31.1	<a href="#">Certification of the 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</a>					†
31.2	<a href="#">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.</a>					†
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					‡
32.2	<a href="#">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.</a>					‡
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	XBRL Taxonomy Extension Schema Document					†



Exhibit No.	Exhibit Description	Incorporated by Reference				Filed (†) or Furnished (‡) Herewith (as indicated)
		Form	SEC File No.	Exhibit	Filing Date	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					†
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					†
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					†
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					†
104	Cover Page Interactive Data File (formatted as Incline XBRL and contained in Exhibit 101)					

(1) Reflects management contracts and management and director compensatory plans.

\* Certain schedules and exhibits to the Transaction Agreement have been omitted pursuant to Item 601(b) (2) of Regulation S-K. The Company hereby agrees to furnish supplementally a copy of any omitted schedule and/or exhibit to the SEC upon request.



## MATCH GROUP, INC. AND SUBSIDIARIES

## VALUATION AND QUALIFYING ACCOUNTS

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Charges to Earnings</u>	<u>Charges to Other Accounts</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
	(In thousands)				
<b>2019</b>					
Allowance for doubtful accounts	\$ 724	\$ 79 <sup>(a)</sup>	\$ (8)	\$ (217) <sup>(d)</sup>	\$ 578
Deferred tax valuation allowance	47,448	7,472 <sup>(b)</sup>	(42) <sup>(c)</sup>	—	54,878
Other reserves	3,008				2,901
<b>2018</b>					
Allowance for doubtful accounts	\$ 778	\$ 83 <sup>(a)</sup>	\$ (15)	\$ (122) <sup>(d)</sup>	\$ 724
Deferred tax valuation allowance	24,795	22,675 <sup>(e)</sup>	(22) <sup>(c)</sup>	—	47,448
Other reserves	2,544				3,008
<b>2017</b>					
Allowance for doubtful accounts	\$ 676	\$ 427 <sup>(a)</sup>	\$ (47)	\$ (278) <sup>(d)</sup>	\$ 778
Deferred tax valuation allowance	23,411	1,157 <sup>(f)</sup>	227 <sup>(c)</sup>	—	24,795
Other reserves	2,822				2,544

(a) Additions to the allowance for doubtful accounts are charged to expense.

(b) Amount is primarily related to foreign and state net operating losses and foreign interest deduction carryforwards.

(c) Amount is related to currency translation adjustments on foreign net operating losses.

(d) Write-off of fully reserved accounts receivable.

(e) Amount is primarily related to foreign tax credits and foreign interest deduction carryforwards.

(f) Amount is primarily related to an other-than-temporary impairment charge for a certain cost method investment and an increase in foreign tax loss carryforwards.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K/A**  
**Amendment No. 1**

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

For the Fiscal Year Ended December 31, 2019

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**

(State or other jurisdiction of incorporation or organization)

**26-4278917**

(I.R.S. Employer Identification No.)

**8750 North Central Expressway, Suite 1400, Dallas, Texas 75231**

(Address of Registrant's principal executive offices and zip code)

**(214) 576-9352**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, par value \$0.001	MTCH	The Nasdaq Global Market LLC (Nasdaq Global Select Market)

**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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  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 April 15, 2020, the following shares of the Registrant's Common Stock were outstanding:

Common Stock	74,169,098
Class B Common Stock	209,919,402
Class C Common Stock	—
Total	<u>284,088,500</u>

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2019 was \$3,657,298,765. 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.

**Documents Incorporated By Reference:**

None.

## EXPLANATORY NOTE

Match Group, Inc., or the Company, is filing this Amendment No. 1 to Form 10-K on Form 10-K/A (this “Form 10-K/A”) to amend our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the “Form 10-K”), filed with the Securities and Exchange Commission (the “SEC”) on February 27, 2020. The purpose of this Form 10-K/A is solely to disclose the information required in Part III (Items 10, 11, 12, 13 and 14) of the Form 10-K, which information was previously omitted from the Form 10-K in reliance on General Instruction G(3) to Form 10-K. Accordingly, we hereby amend and replace in its entirety Part III of the Form 10-K.

In addition, pursuant to the rules of the SEC, Item 15 of Part IV has been amended and replaced in its entirety to include currently dated certifications of the Company’s principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. The certifications of the Company’s principal executive officer and principal financial officer are filed with this Form 10-K/A as Exhibits 31.3 and 31.4 hereto. Because no financial statements or other financial information has been included in this Form 10-K/A and this Form 10-K/A does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. We are not including the certifications under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Form 10-K/A.

Except as described above, this Form 10-K/A does not amend any other information set forth in the Form 10-K, and we have not updated disclosures included therein to reflect any subsequent events. This Form 10-K/A should be read in conjunction with the Form 10-K and with our filings with the SEC subsequent to the Form 10-K.

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## PART III

### Item 10. Directors, Executive Officers and Corporate Governance

#### The Board of Directors

Background information about each director is set forth below, including information regarding the specific experiences, characteristics, attributes and skills that the Board of Directors considered in determining that each director should serve on the Board, and which the Board believes provide the Company with the perspective and judgment needed to guide, monitor and execute its strategies.

*Sharmistha Dubey*, age 49, has served as Chief Executive Officer of Match Group since March 2020 and as a director of Match Group since September 2019. Ms. Dubey served as President of Match Group from January 2018 to March 2020. Prior to that time, she served as Chief Operating Officer of Tinder from February 2017 to January 2018 and as President of Match Group Americas, where she oversaw the product and business operations for North American dating properties, including the Match U.S. brand, Plenty of Fish, OkCupid and Match Affinity Brands, from December 2015 to January 2018. Prior to that, she served in multiple roles within the Company: Chief Product Officer of The Princeton Review and Tutor.com from July 2014 to December 2015; Executive Vice President of Tutor.com from April 2013 to July 2014; Chief Product Officer of Match.com from January 2013 through April 2013 and Senior Vice President, Match.com and Chemistry.com from September 2008 through December 2012. She holds an undergraduate degree in engineering from the Indian Institute of Technology and a master's in engineering from Ohio State University. In determining that Ms. Dubey should serve as a director, the Board considered her position as Chief Executive Officer of the Company as well as her considerable experience managing operations and strategic planning, including in her prior roles within the Company.

*Joseph Levin*, age 40, has been Chairman of the Board (in a non-executive capacity) of Match Group since December 2017 and a director of Match Group since October 2015. Mr. Levin has served as Chief Executive Officer of IAC since June 2015 and prior to that time, served as Chief Executive Officer of IAC/InterActiveCorp ("IAC") Search & Applications, overseeing the desktop software, mobile applications and media properties that comprised IAC's former Search & Applications segment, from January 2012. From November 2009 to January 2012, Mr. Levin served as Chief Executive Officer of Mindspark Interactive Network, an IAC subsidiary, and previously served in various capacities at IAC in strategic planning, mergers and acquisitions and finance since joining IAC in 2003. Mr. Levin has served on the boards of directors of IAC and ANGI Homeservices Inc. since June 2015 and September 2017, respectively, and currently serves as Chairman of the board of ANGI Homeservices Inc. Mr. Levin previously served on the boards of directors of LendingTree, Inc. (from August 2008 through November 2014), The Active Network (beginning prior to its 2011 initial public offering through its sale in December 2013) and Groupon, Inc. (from March 2017 to July 2019). In addition to his for-profit affiliations, Mr. Levin serves on the Undergraduate Executive Board of Wharton School. In determining that Mr. Levin should serve as a director, the Board considered the unique knowledge and experience regarding Match Group and its businesses that he has gained through his various roles with IAC since 2003, most recently his role as Chief Executive Officer of IAC, as well as his high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

*Ann L. McDaniel*, age 64, has been a director of Match Group since December 2015. Ms. McDaniel currently serves as a consultant to Graham Holdings Company and previously served as Senior Vice President of Graham Holdings Company (and its predecessor companies) from June 2008 to April 2015. Prior to that time, Ms. McDaniel served as Vice President—Human Resources of Graham Holdings Company from September 2001. Ms. McDaniel also served as Managing Director of Newsweek, Inc., a Graham Holdings Company property, from January 2008 until its sale in September 2010, and prior to that time, held various editorial positions at Newsweek. In determining that Ms. McDaniel should serve as a director, the Board considered her extensive human resources experience, which the Board believes give her particular insight into personnel and compensation matters, as well as her management experience with Newsweek, which the Board believes gives her insight into business strategy, leadership and marketing.

*Thomas J. McInerney*, age 55, has been a director of Match Group since November 2015. Mr. McInerney has served as Chief Executive Officer of Altaba Inc., a publicly traded registered investment company and the successor company to Yahoo! Inc., since June 2017. Mr. McInerney previously served as Executive Vice

President and Chief Financial Officer of IAC from January 2005 to March 2012. From January 2003 through December 2005, he served as Chief Executive Officer of the retailing division of IAC, which included HSN, Inc. and Cornerstone Brands. From May 1999 to January 2003, Mr. McNerney served as Executive Vice President and Chief Financial Officer of Ticketmaster, formerly Ticketmaster Online–CitySearch, Inc., a live entertainment ticketing and marketing company. From 1986 to 1988 and from 1990 to 1999, Mr. McNerney worked at Morgan Stanley, a global financial services firm, most recently as Principal. Mr. McNerney has served on the board of directors of Altaba Inc. since June 2017. During the past five years, Mr. McNerney served on the boards of Yahoo! Inc., HSN, Inc., Cardlytics, Inc., and Interval Leisure Group. In determining that Mr. McNerney should serve as a director, the Board considered his extensive senior leadership experience at IAC and his related knowledge and experience regarding Match Group, as well as his high level of financial literacy and expertise regarding restructurings, mergers and acquisitions and operations, and his public company board and committee experience.

*Glenn H. Schiffman*, age 50, has been a director of Match Group since September 2016. Mr. Schiffman has served as Executive Vice President and Chief Financial Officer of IAC since April 2016 and served as Chief Financial Officer of ANGI Homeservices Inc. from September 2017 to March 2019. Prior to joining IAC, Mr. Schiffman served as Senior Managing Director at Guggenheim Securities, the investment banking and capital markets business of Guggenheim Partners, since March 2013. Prior to his tenure at Guggenheim Securities, Mr. Schiffman was a partner at The Raine Group, a merchant bank focused on advising and investing in the technology, media and telecommunications industries, from September 2011 to March 2013. Prior to joining The Raine Group, Mr. Schiffman served as Co-Head of the Global Media group at Lehman Brothers from 2005 to 2007 and Head of Investment Banking Asia-Pacific at Lehman Brothers (and subsequently Nomura) from April 2007 to January 2010, as well as Head of Investment Banking, Americas from January 2010 to April 2011 for Nomura. Mr. Schiffman's roles at Nomura followed Nomura's acquisition of Lehman's Asia business in 2008. Mr. Schiffman has served on the board of directors of ANGI Homeservices Inc. since June 2017. In his not-for-profit affiliations, Mr. Schiffman is a member of the National Committee on United States–China Relations and serves as a Member of the Board of Visitors for the Duke University School of Medicine. In determining that Mr. Schiffman should serve as a director, the Board considered the unique knowledge and experience regarding Match Group and its businesses that he has gained through his role as Executive Vice President and Chief Financial Officer of IAC since April 2016, as well as his high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions. The Board also considered Mr. Schiffman's investment banking experience, which the Board believes gives him particular insight into trends in capital markets and the technology and media industries.

*Pamela S. Seymon*, age 64, has been a director of Match Group since November 2015. Ms. Seymon was a partner at Wachtell, Lipton, Rosen & Katz, a New York law firm ("WLRK"), from January 1989 to January 2011, and prior to that time, was an associate at WLRK from 1982. During her tenure at WLRK, Ms. Seymon specialized in corporate law, mergers and acquisitions, securities and corporate governance, and represented public and private corporations on offense as well as defense, in both friendly and unsolicited transactions. Ms. Seymon is a graduate of Wellesley College, where she was a Wellesley Scholar, and New York University School of Law. In determining that Ms. Seymon should serve as a director, the Board considered her extensive experience representing public and private corporations in connection with a wide array of complex, sophisticated and high profile matters, as well as her high level of expertise generally regarding mergers, acquisitions, investments and other strategic transactions.

*Alan G. Spoon*, age 68, has been a director of Match Group since November 2015. Mr. Spoon served as General Partner and Partner Emeritus of Polaris Partners from 2011 to 2018. He previously served as Managing General Partner of Polaris Partners from 2000 to 2010. Polaris Partners is a private investment firm that provides venture capital and management assistance to development stage information technology and life sciences companies. Mr. Spoon was Chief Operating Officer and a director of The Washington Post Company (now known as Graham Holdings Company) from March 1991 through May 2000 and served as President from September 1993 through May 2000. Prior to his service in these roles, he held a wide variety of positions at The Washington Post Company, including President of Newsweek from September 1989 to May 1991. Mr. Spoon has served as a member of the board of directors of IAC (and its predecessors) since February 2003, Danaher Corporation since July 1999, CableOne since July 2015 and as Chairman of the board of directors of Fortive Corporation since July 2016. In his not-for-profit affiliations, Mr. Spoon was a member of the Board of Regents at the Smithsonian Institution (formerly Vice Chairman) and is now a member of the MIT Corporation (and its Executive



Committee). He also serves as a member of the board of directors of edX, a not-for-profit online education platform sponsored by Harvard and the MIT Corporation. In determining that Mr. Spoon should serve as a director, the Board considered his extensive private and public company board experience and public company management experience, all of which the Board believes give him particular insight into business strategy, leadership and marketing in the media industry. The Board also considered Mr. Spoon's private equity experience and engagement with the MIT Corporation, which the Board believes gives him particular insight into trends in the internet and technology industries, as well as into acquisition strategy and financing.

*Mark Stein*, age 52, has been a director of Match Group since November 2015. Mr. Stein has served as Executive Vice President and Chief Strategy Officer of IAC since January 2016 and prior to that time, served as Senior Vice President and Chief Strategy Officer of IAC from September 2015. Mr. Stein previously served as both Senior Vice President of Corporate Development at IAC (from January 2008) and Chief Strategy Officer of IAC Search & Applications, the desktop software, mobile applications and media properties that comprised IAC's former Search & Applications segment (from November 2012). Prior to his service in these roles, Mr. Stein served in several other capacities for IAC and its businesses, including as Chief Strategy Officer of Mindspark Interactive Network from 2009 to 2012, and prior to that time as Executive Vice President of Corporate and Business Development of IAC Search & Media. Mr. Stein has served on the board of directors of ANGI Homeservices Inc. since September 2017. In determining that Mr. Stein should serve as a director, the Board considered the unique knowledge and experience that he has gained through his various roles with IAC since 2005, as well as his high levels of financial and legal literacy, experience in operating a variety of online consumer service businesses and expertise regarding investments, partnerships and other strategic transactions.

*Gregg Winiarski*, age 49, has been a director of Match Group since October 2015. Mr. Winiarski has served as Executive Vice President, General Counsel and Secretary of IAC since February 2014 and previously served as Senior Vice President, General Counsel and Secretary of IAC from February 2009 to February 2014. Mr. Winiarski previously served as Associate General Counsel of IAC from February 2005, during which time he had primary responsibility for all legal aspects of IAC's mergers and acquisitions and other transactional work. Prior to joining IAC in February 2005, Mr. Winiarski was an associate with Skadden, Arps, Slate, Meagher & Flom LLP, a global law firm, from 1997 to February 2005. Prior to joining Skadden, Mr. Winiarski was a certified public accountant with Ernst & Young in New York. Mr. Winiarski has served on the board of directors of ANGI Homeservices Inc. since June 2017. In determining that Mr. Winiarski should serve as a director, the Board considered the unique knowledge and experience regarding Match Group and its businesses that he has gained through his various roles with IAC since 2005, most recently his role as Executive Vice President and General Counsel, as well as his high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

#### **Executive Officers Who are not Directors**

Background information about Match Group's current executive officers who are not directors is set forth below.

*Jared F. Sine*, age 41, has served as Chief Legal Officer and Secretary of Match Group since February 2019; and prior to that time, he served as General Counsel and Secretary of Match Group from July 2016. Prior to joining Match Group, Mr. Sine was Vice President and Associate General Counsel of Expedia Group, Inc. ("Expedia") from July 2015 to June 2016 and in that capacity was responsible for mergers, acquisitions and other strategic transactions. Prior to that time, Mr. Sine held a variety of legal positions at Expedia from October 2012. Prior to joining Expedia, Mr. Sine was an associate at the law firms of Latham & Watkins and Cravath, Swaine & Moore. Mr. Sine has a BS and JD from Brigham Young University.

*Gary Swidler*, age 49, has served as Chief Operating Officer of Match Group since March 2020 and as Chief Financial Officer of Match Group since September 2015. Prior to that time, Mr. Swidler was a Managing Director and Head of the Financial Institutions Investment Banking Group at Bank of America Merrill Lynch ("Merrill Lynch") from April 2014 to August 2015. Prior to that time, Mr. Swidler held a variety of positions at Merrill Lynch and its predecessors since 1997, most recently as Managing Director and Head of Specialty Finance from April 2009 to April 2014. Prior to joining Merrill Lynch, Mr. Swidler was an associate at the law firm of Wachtell, Lipton, Rosen & Katz. Mr. Swidler has a BSE from the Wharton School at the University of Pennsylvania and a JD from New York University School of Law.

## **Code of Ethics**

Information regarding Match Group’s Code of Ethics is set forth under the caption “Part I-Item 1-Business-Additional Information-Code of ethics” of the Form 10-K and is incorporated herein by reference.

## **Audit Committee**

The members of Match Group’s Audit Committee, all of whom are independent directors, are Ms. Seymon and Messrs. McInerney and Spoon (Chairperson). The Board has concluded that Mr. Spoon is an “audit committee financial expert,” as such term is defined in applicable SEC rules, as well as the Marketplace Rules of The Nasdaq Stock Market, LLC (the “Marketplace Rules”).

## **Item 11. Executive Compensation**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Introduction**

Our executive officers whose compensation is discussed in this compensation discussion and analysis (the “CD&A”) and to whom we refer to as our named executive officers in this CD&A (the “NEOs”) are:

- Amanda Ginsberg, Chief Executive Officer (until March 2020);
- Gary Swidler, Chief Financial Officer (and Chief Operating Officer since March 2020);
- Sharmistha Dubey, President (until March 2020; Chief Executive Officer since March 2020); and
- Jared Sine, Chief Legal Officer and Secretary.

#### **Philosophy and Objectives**

Match Group’s executive officer compensation program is designed to increase long-term stockholder value by attracting, retaining, motivating and rewarding leaders with the competence, character, experience and ambition necessary to enable Match Group to meet its growth objectives.

Although Match Group is a publicly traded company, we attempt to foster an entrepreneurial culture given that we operate a broad and diverse portfolio of dating brands, and we seek to attract and retain senior executives with entrepreneurial backgrounds, attitudes and aspirations. Accordingly, when attempting to recruit and retain our executive officers, as well as other executives who may become executive officers at a later time, we compete not only with other public companies, but also with earlier stage companies, companies funded by financial sponsors, such as private equity and venture capital firms, financial sponsors themselves and professional firms. We structure our compensation program so that we can compete in this varied marketplace for talent, with an emphasis on variable, contingent compensation and long-term equity ownership.

When establishing compensation packages for a given executive, Match Group follows a flexible approach, and makes decisions based on a host of factors particular to a given executive’s situation, including our firsthand experience with the competition for recruiting and retaining executives, negotiation and discussion with the relevant individual, competitive survey data, internal equity considerations and other factors we deem relevant at the time.

Similarly, Match Group does not follow an arithmetic approach to establishing compensation levels and measuring and rewarding performance, as we believe these approaches often fail to adequately take into account the multiple factors that contribute to success at the individual executive and business level. In any given period, Match Group may have multiple objectives, and these objectives, and their relative importance, often change as the competitive and strategic landscapes shift, even within a given compensation cycle. As a result, formulaic approaches often over-compensate or under-compensate a given performance level. Accordingly, we have historically avoided the use of strict formulas in our compensation practices and rely primarily on a discretionary approach.

## **Roles and Responsibilities**

The Compensation and Human Resources Committee of the Company's Board of Directors (for purposes of this CD&A, the "Committee") has primary responsibility for establishing the compensation of the Company's executive officers. All compensation decisions referred to throughout this CD&A have been made by the Committee, based (in part) on recommendations from Ms. Ginsberg (as described below), and with input from representatives of the Company's majority stockholder. The Committee currently consists of Mses. McDaniel (Chairperson) and Seymon.

The executive officers participate in structuring Company-wide compensation programs and in establishing appropriate bonus and equity pools. In early 2020, Ms. Ginsberg met with the Committee and discussed her views of corporate and individual executive officer performance for 2019 for Ms. Dubey and Messrs. Swidler and Sine, and her recommendations for annual bonuses for those executive officers. She also discussed her own performance with the Committee. Following these discussions, the Committee met in executive session to discuss the recommendations, including their views of corporate and individual performance for 2019 for Ms. Ginsberg. After consideration of the recommendations, the input and recommendations from representatives of the Company's majority stockholder and their own evaluations, the Committee ultimately determined annual bonus amounts for each executive officer.

In establishing a given executive officer's compensation package, each individual component is evaluated independently and in relation to the package as a whole. Prior earning histories and outstanding long-term compensation arrangements are also reviewed and taken into account. However, Match Group does not believe in any formulaic relationship or targeted allocation between these elements. Instead, each individual executive's situation is evaluated on a case-by-case basis each year, considering the variety of relevant factors at that time.

Match Group provides its stockholders with the opportunity to cast a triennial advisory vote on executive compensation ("say-on-pay"), which reflects the preference expressed by stockholders in 2016 with respect to the frequency of the say-on-pay vote. At Match Group's annual meeting of stockholders held in June 2019, a substantial majority of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Committee believes that the vote reflected stockholder support of Match Group's approach to executive compensation, and, as such, did not make changes based on the 2019 vote. The Committee will continue to consider the outcome of say-on-pay votes when making future compensation decisions for executive officers.

Although the Committee reserves the right to solicit the advice of consulting firms and engage legal counsel, except as noted below, no such consulting firms or legal counsel were engaged during 2019.

In addition, from time to time, the Company may solicit survey or peer compensation data from various consulting firms. In 2019, the Company engaged Compensation Advisory Partners LLC ("CAP") to provide comparative market data in connection with the Company's own analysis of its equity compensation practices, but neither CAP nor any other compensation consultant had any role in determining or recommending the amount or form of executive compensation for 2019.

## **Compensation Elements**

Match Group's compensation packages for executive officers have primarily consisted of salary, annual bonuses, long term incentives (typically equity awards), and, to a more limited extent, perquisites and other benefits. Prior to making specific decisions related to any particular element of compensation, we typically review the total compensation of each executive, evaluating the executive's total near- and long-term compensation in aggregate. We then determine which element or combinations of compensation elements (salary, bonus and/or equity) can be used most effectively to further our compensation and performance objectives. However, all such decisions are subjective, and are made on a facts and circumstances basis without any prescribed relationship between the various elements of the total compensation package.

### *Salary*

*General.* Match Group typically negotiates a new executive officer's starting salary based on prior compensation levels for the particular position within Match Group, the location of a particular executive, salary levels of other executives within Match Group, salary levels available to the individual in alternative opportunities, reference to certain survey information and the extent to which Match Group desires to secure the executive's services.

Once established, salaries can increase based on a number of factors, including the assumption of additional responsibilities, internal equity, periodic market checks and other factors that demonstrate an executive's increased value to Match Group.

2019. In February 2019, the Committee approved an increase in Mr. Swidler's salary from \$550,000 to \$600,000, and an increase in Mr. Sine's salary from \$350,000 to \$400,000. In determining to increase Mr. Swidler's salary, the Committee considered Ms. Ginsberg's recommendation and comparative market data relating to the Chief Financial Officer role at companies of similar size and complexity. In determining to increase Mr. Sine's salary, the Committee considered Ms. Ginsberg's recommendation and Mr. Sine's promotion to Chief Legal Officer. No other executive officer salaries were established or adjusted during 2019.

#### *Annual Bonuses*

*General.* Match Group's bonus program is designed to reward performance on an annual basis and annual bonuses are discretionary. Because of the variable nature of the bonus program, and because in any given year bonuses have the potential to make up a significant portion of an executive's total compensation, the bonus program provides an important incentive tool to achieve Match Group's annual objectives. Match Group generally pays bonuses shortly after year-end following finalization of financial results for the prior year.

The determination of bonus amounts is based on a non-formulaic assessment of factors that vary from year to year, including a discretionary assessment of Company and, to a lesser extent, individual performance. In determining individual annual bonus amounts, we consider a variety of factors regarding the Company's overall performance, such as growth in profitability or achievement of strategic objectives by the Company, an individual's performance and contribution to the Company, and general bonus expectations previously established between the Company and the executive. We do not quantify the weight given to any specific element or otherwise follow a formulaic calculation; however, Company performance tends to be the dominant driver of the ultimate bonus amount.

For 2019 bonuses, we considered a variety of factors, including, among others, year-over-year revenue and Adjusted EBITDA growth, levels of cash flow generated from operations, and certain strategic accomplishments, including debt financings, strategic transactions and the general successful operation of the Company. While these factors were the primary ones considered in setting bonus award amounts, the Committee also considered each executive officer's role and responsibilities, the relative contributions made by each executive officer during the year and the relative size of the bonuses paid to the other executive officers. With respect to bonuses for NEOs, the Committee considered the following: (i) with respect to Ms. Ginsberg, her role as Chief Executive Officer of the Company, including her focus on overseeing the operations of, and developing the strategic agenda for, the Company, (ii) with respect to Mr. Swidler, his role as Chief Financial Officer of the Company, including his management of the Company's financial operations and his oversight of the Company's credit agreement amendment, (iii) with respect to Ms. Dubey, her role as President of the Company, including her substantial contributions to various significant strategic initiatives, and (iv) with respect to Mr. Sine, his role as Chief Legal Officer, including his management of the Company's legal operations.

Executive officer bonuses tend to be highly variable from year-to-year depending on the performance of the Company and, in certain circumstances, individual executive officer performance. Accordingly, we believe our executive officer bonus program provides strong incentives to reach the Company's annual goals.

#### *Long-Term Incentives*

*General.* Match Group believes that ownership shapes behavior, and that by providing a meaningful portion of an executive officer's compensation in stock based awards, an executive's incentives are aligned with stockholder interests in a manner that drives better performance over time. Historically, the primary long term incentives for our NEOs have been stock options and restricted stock unit ("RSU") awards; but, beginning in 2018, RSUs have been the predominant equity incentive vehicle for Match Group executives. Match Group made this change to reduce the dilutive impact of equity awards made to its executives (relative to stock options), while still aligning the interests of its executives with those of Match Group's shareholders.

In setting particular award levels, the predominant objectives have been providing the executive with effective retention incentives and incentives for strong future performance. Appropriate levels to meet these goals may vary from year to year, and from executive to executive, based on a variety of factors.

The annual corporate performance factors relevant to setting bonus amounts that were discussed above, while taken into account, have generally been less relevant in setting annual equity awards, as the awards tend to be more forward looking, and are a longer-term retention and reward instrument than annual bonuses.

All equity awards have been approved by the Committee, other than the IAC equity awards granted to Ms. Ginsberg and Dubey and Mr. Swidler in 2016, which were approved by the IAC Compensation and Human Resources Committee. When granting Match Group equity awards, the Committee has taken into account historical practices, the Committee's view of market compensation generally, the dilutive impact of equity grants and desired short and long-term dilution levels, a given executive's existing equity holdings and their retention and incentive value, and other relevant factors. When considering equity compensation for Ms. Ginsberg, in her role as the Company's Chief Executive Officer, the Committee also considered the input of representatives of the Company's majority stockholder.

Except where otherwise noted, equity awards have been made following year-end after finalization of financial results for the prior year. Committee meetings at which the awards are made are generally scheduled well in advance and without regard to the timing of the release of earnings or other material information.

*2019 Awards.* In February 2019, as part of the Company's annual year-end compensation review, the Committee granted RSU awards to Messrs. Swidler and Sine with dollar values of \$3,000,000 and \$1,500,000, respectively. The RSU award granted to Mr. Swidler vests in two equal installments on the second and third anniversaries of the grant date. The RSU award granted to Mr. Sine vests in a single installment on the third anniversary of the grant date. The Committee considered each of Ms. Ginsberg's and Dubey's outstanding awards, including the awards previously granted in consideration of their new roles in 2017 and 2018, respectively, and elected not to grant additional awards to either executive in February 2019. In May 2019, in recognition of Ms. Dubey's substantial contribution to strategic revenue initiatives, the Committee (i) granted an RSU award to Ms. Dubey with a dollar value of \$3,000,000, vesting in three equal installments on the first three anniversaries of the grant date, and (ii) accelerated the vesting of 109,419 RSUs originally scheduled to vest in February 2023 per the terms of an RSU award granted to Ms. Dubey in August 2018.

*2020 Awards.* In February 2020, as part of the Company's annual year-end compensation review, the Committee granted 123,411 RSUs to Ms. Dubey, 78,983 RSUs to Mr. Swidler, and 32,594 RSUs to Mr. Sine. The RSU award granted to Ms. Dubey vests in two equal installments on September 1, 2022 and 2023. The RSU award granted to Mr. Swidler vests in two equal installments on the second and third anniversaries of the grant date. The RSU award granted to Mr. Sine vests as to one-third on the second anniversary of the grant date and as to two-thirds on the third anniversary of the grant date. In determining the amounts of the RSU awards granted to Ms. Dubey and Mr. Swidler, the Committee considered Ms. Dubey's appointment as the Company's Chief Executive Officer and Mr. Swidler's appointment to the additional role of Chief Operating Officer, respectively. In light of her resignation, Ms. Ginsberg did not receive an equity award in February 2020.

*Stock Ownership Policy.* In August 2019, Match Group adopted a Stock Ownership Policy, which is administered by the Committee and requires NEOs to hold a minimum number of shares during their tenure as follows:

- the Chief Executive Officer must hold a minimum of 200,000 shares;
- the Chief Financial Officer must hold a minimum of 100,000 shares; and
- each other NEO must hold a minimum of 35,000 shares.

Shares counted toward the ownership requirement include shares purchased in the open market or acquired through the exercise of stock options or vesting of RSUs, whether held directly by the executive, by an immediate family member of the executive, through a 401(k) plan investment, or through a trust or other arrangement under the executive's direction (so long as the executive does not disclaim beneficial ownership of the shares for SEC reporting purposes). Also counted toward the ownership requirement is the number of shares underlying any vested and unexercised stock option, *multiplied by* the quotient of (i) the closing price of Match Group common stock on the last trading of the most recently completed fiscal quarter (the "Quarter-End Price") *less* the exercise price of the stock option *divided by* (ii) the Quarter-End Price. Unvested equity awards, shares in mutual funds that include Match Group common stock, and shares gifted, sold or otherwise transferred outside of the executive's control are not counted toward the ownership requirement.

Newly hired or promoted executives must meet the applicable ownership level within five years of the date of hire or promotion. Except as provided below with respect to Rule 10b5-1 trading plans, executives must retain 25% of the after-tax shares acquired through the vesting of an RSU award or the exercise of a stock option until the ownership requirement is satisfied. Shares sold under a qualified Rule 10b5-1 trading plan are exempt from the 25% holding requirement described above; provided, however, that within six months of the sale, the executive must either (i) achieve the ownership requirement or (ii) acquire 25% of the after-tax shares sold (subject to compliance with short-swing profit rules, if applicable). Any executive that fails to satisfy the ownership requirement within the required timeline is required to retain up to 100% of the after tax shares acquired from the vesting or exercise of equity awards until the requirement is met. Any executive that meets the ownership requirement and then falls below it, is required to retain 25% of the after-tax shares acquired from the vesting or exercise of equity awards until the requirement is met.

*Hedging Policies and Practices.* Match Group's policy on securities trading provides that no director, officer or employee of Match Group and its businesses may engage in transactions in publicly traded options, such as puts, calls and other derivative securities, relating to Match Group securities, or engage in short sales with respect to Match Group securities. This prohibition extends to any and all forms of hedging and monetization transactions, such as zero-cost collars and forward sale contracts.

### **Change of Control**

Match Group believes that providing executives with change of control protection is sometimes important to allowing executives to fully value the forward looking elements of their compensation packages, and therefore limit retention risk during uncertain times. The terms of equity awards granted to senior executives generally include a so-called "double-trigger" change of control provision, as provided for under the Match Group, Inc. 2015 Stock and Annual Incentive Plan (as amended, "the 2015 Plan") and the Match Group, Inc. Amended and Restated 2017 Stock and Annual Incentive Plan (the "2017 Plan"), which provides for the acceleration of the vesting of outstanding equity awards in connection with a change of control, but only when the executive suffers an involuntary termination of employment during the two-year period following such change of control. The Committee believes that providing for the acceleration of the vesting of equity awards after an involuntary termination in these circumstances will assist in the retention of our executives through a change of control transaction.

### **Severance**

We generally provide executive officers with some amount of salary and health benefits continuation and the acceleration of the vesting of some equity awards in the event of an involuntary termination of employment. The Company generally does not provide for the acceleration of the vesting of equity awards in the event an executive officer voluntarily resigns from the Company.

### **Other Compensation**

Under limited circumstances, certain Match Group executive officers have received non-cash and non-equity compensatory benefits. The value of these benefits, as and if applicable, is reported under the "Other Annual Compensation" column of the Summary Compensation Table under the caption "Executive Compensation" pursuant to applicable rules. Match Group executive officers do not participate in any deferred compensation or retirement program other than IAC's 401(k) plan.

### **Tax Deductibility**

Effective for taxable years beginning after December 31, 2017, compensation in excess of one million dollars paid to our current named executive officers, including our Chief Financial Officer, and certain former named executive officers, will not be deductible unless it qualifies for limited transition relief applicable to compensation arrangements in place as of November 2, 2017 ("Grandfathered Arrangements"). The Committee reserves the right to modify Grandfathered Arrangements in a manner that results in the loss of a compensation deduction if it determines that such modifications are in consistent with the Company's best interests.

## COMPENSATION COMMITTEE REPORT

The Compensation and Human Resources Committee has reviewed the Compensation Discussion and Analysis and discussed it with Company management. In reliance on its review and the discussions referred to above, the Compensation and Human Resources Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Form 10-K/A.

### *Members of the Compensation and Human Resources Committee*

Ann L. McDaniel (Chairperson)  
Pamela S. Seymon

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The membership of the Compensation and Human Resources Committee during 2019 consisted of Ms. McDaniel (Chairperson) and Seymon. Neither of them has been an officer or employee of Match Group or IAC at any time during their respective service on the committee.

## EXECUTIVE COMPENSATION

### Overview

This Executive Compensation section sets forth certain information regarding total compensation earned by our named executives for the years 2017, 2018 and 2019, as well as Match Group awards made to our named executives in 2019, Match Group and IAC equity awards held by our named executives on December 31, 2019, and the dollar value realized by our named executives upon the vesting and exercise of Match Group equity awards during 2019. Unless otherwise indicated, stock and option awards in the table below are denominated in shares of Match Group.

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Amanda Ginsberg	2019	\$750,000	\$2,600,000	—	—	\$11,203	\$3,361,203
Chief Executive Officer	2018	\$750,000	\$1,750,000	—	—	\$8,250	\$2,508,250
(until March 2020)	2017	\$517,808	\$750,000	\$4,109,000	\$6,280,570 <sup>(4)</sup>	\$23,650	\$11,681,028
Gary Swidler	2019	\$593,753	\$1,800,000	\$2,999,995	—	\$8,400	\$5,404,149
Chief Financial Officer	2018	\$550,000	\$1,500,000	—	\$1,599,200 <sup>(5)</sup>	\$8,250	\$3,657,450
(and COO since March 2020)	2017	\$550,000	\$1,300,000	\$3,132,500	\$610,288 <sup>(4)</sup>	\$23,650	\$5,616,438
Sharmistha Dubey	2019	\$625,000	\$2,250,000	\$2,999,961	—	\$8,400	\$5,883,361
President (until March 2020)	2018	\$550,000	\$1,500,000	\$11,999,986	—	\$8,250	\$14,058,236
(CEO since March 2020)							
Jared F. Sine	2019	\$395,753	\$600,000	\$1,499,969	—	\$8,400	\$2,504,122
Chief Legal Officer and Secretary	2018	\$350,000	\$500,000	\$999,997	—	\$8,250	\$1,858,247
	2017	\$350,000	\$425,000	\$895,000	\$488,230 <sup>(4)</sup>	\$29,299	\$2,187,529

(1) Reflects the grant date fair value of RSU awards, calculated by multiplying the number of RSUs awarded by the fair market value per share of Match Group common stock on the grant date.

(2) These amounts represent the grant date fair value of Match Group stock options granted in the year indicated, computed in accordance with FASB ASC Topic 718, *Compensation – Stock Compensation*, excluding the effect of estimated forfeitures. The vesting of these Match Group stock options is tied solely to continued employment. These Match Group stock options were valued using the Black-Scholes option pricing model.

(3) Other compensation includes 401(k) matching contributions made by the Company for all named executives in all relevant periods and, in the case of (i) Ms. Ginsberg and Messrs. Swidler and Thombre, in 2017, also includes \$15,550 for a perquisite given to attendees of IAC planning meetings, and (ii)

Mr. Sine, in 2017, also reflects \$12,306 paid to Mr. Sine for certain costs related to the relocation of him and his family to the Dallas, Texas metropolitan area and \$8,893 in related tax reimbursements on income imputed to Mr. Sine for these costs.

- (4) Reflects the grant date fair value of two Match Group stock option awards for Ms. Ginsberg and one Match Group stock option award for each of Messrs. Swidler and Sine.
- (5) Reflects the grant date fair value of one Match Group stock option award.

### Grants of Plan-Based Awards in 2019

The table below provides information regarding all Match Group RSUs granted to our named executives in 2019.

Name	Grant Date	Approval Date	Stock Awards: Number of Units (#)	Grant Date Fair Value of Stock Awards (\$) <sup>(1)</sup>
Amanda Ginsberg	—	—	—	—
Gary Swidler	2/14/19	2/14/19	51,921 <sup>(2)</sup>	\$2,999,995
Sharmistha Dubey	5/13/19	5/9/19	43,327 <sup>(3)</sup>	\$2,999,961
Jared F. Sine	2/14/19	2/14/19	25,960 <sup>(4)</sup>	\$1,499,969

- (1) Reflects the grant date fair value of RSU awards, calculated by multiplying the number of RSUs awarded by the fair market value per share of Match Group common stock on the grant date.
- (2) These RSUs vest in two equal installments on February 14, 2021 and 2022, subject to continued service.
- (3) These RSUs vest in three equal installments on May 13, 2020, 2021 and 2022, subject to continued service.
- (4) These RSUs vest in a single installment on February 14, 2022, subject to continued service.



## Outstanding Equity Awards at 2019 Fiscal Year-End

The table below provides information regarding Match Group stock options and RSUs and IAC stock options, as applicable, held by our named executives on December 31, 2019. The market value of Match Group RSU awards is based on the closing market price of Match Group common stock (\$82.11) on December 31, 2019.

Name	Option Awards <sup>(1)</sup>				Stock Awards <sup>(1)(2)</sup>	
	Number of securities underlying unexercised options (#)	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested (\$)
	(Exercisable)	(Unexercisable)				
<b>Amanda Ginsberg</b>						
Match Group stock options	136,713	—	\$14.6952	9/17/25	—	—
Match Group stock options	45,531	—	\$13.2295	12/21/25	—	—
Match Group stock options	65,668	—	\$13.2295	12/21/25	—	—
Match Group stock options	39,400	78,801 <sup>(3)</sup>	\$17.0366	2/9/27	—	—
Match Group stock options	446,540	446,541 <sup>(4)</sup>	\$22.0714	9/29/27	—	—
Match Group RSUs	—	—	—	—	157,602	\$12,940,700
IAC stock options	—	5,000 <sup>(5)</sup>	\$65.22	12/1/26	—	—
<b>Gary Swidler</b>						
Match Group stock options	326,591	—	\$14.6952	9/17/25	—	—
Match Group stock options	33,548	65,668 <sup>(3)</sup>	\$17.0366	2/9/27	—	—
Match Group stock options	—	105,068 <sup>(6)</sup>	\$38.9842	2/22/28	—	—
Match Group RSUs	—	—	—	—	113,212	\$9,295,837
IAC stock options	—	5,000 <sup>(5)</sup>	\$65.22	12/1/26	—	—
<b>Sharmistha Dubey</b>						
Match Group stock options	102,535	—	\$14.6592	9/17/25	—	—
Match Group stock options	65,668	—	\$13.2295	12/21/25	—	—
Match Group stock options	—	91,935 <sup>(3)</sup>	\$17.0366	2/9/27	—	—
Match Group RSUs	—	—	—	—	316,639	\$25,999,228
IAC stock options	—	5,000 <sup>(5)</sup>	\$65.22	12/1/26	—	—
<b>Jared F. Sine</b>						
Match Group stock options	—	65,668 <sup>(7)</sup>	\$14.2669	7/5/26	—	—
Match Group stock options	—	52,534 <sup>(3)</sup>	\$17.0366	2/9/27	—	—
Match Group RSUs	—	—	—	—	77,878	\$6,394,563

(1) For information on the treatment of Match Group stock options and RSUs and IAC stock options upon a termination of employment (including certain terminations during specified periods following a change in control of Match Group and/or IAC), see the discussion below under the caption “Estimated Potential Payments Upon Termination or Change in Control”.

(2) The table below provides the following information regarding Match Group RSUs held by each of our named executives on December 31, 2019: (i) the grant date of each award, (ii) the number of RSUs outstanding on December 31, 2019, (iii) the market value of RSUs outstanding on December 31, 2019 and (iv) the vesting schedule for each award.

Name and Grant Date	Number of Unvested RSUs as of 12/31/19 (#)	Market Value of Unvested RSUs as of 12/31/19 (\$)	Vesting Schedule (#)		
			2020	2021	2022
<b>Amanda Ginsberg</b>					
2/9/17	52,534	\$4,313,567	52,534	—	—
9/29/17	105,068	\$8,627,133	52,534	—	52,534
<b>Gary Swidler</b>					
2/9/17	61,291	\$5,032,604	61,291	—	—
2/14/19	51,921	\$4,263,233	—	25,960	25,961
<b>Sharmistha Dubey</b>					
2/9/17	61,291	\$5,032,604	61,291	—	—
2/22/18	102,605	\$8,424,897	—	102,605	—
8/6/18	109,416	\$8,948,148	—	—	109,416
5/13/19	43,327	\$3,557,580	14,442	14,442	14,443
<b>Jared F. Sine</b>					
2/9/17	26,267	\$2,156,783	26,267	—	—
2/22/18	25,651	\$2,106,204	—	25,651	—
2/14/19	25,960	\$2,131,576	—	—	25,960

- (3) These Match Group stock options vested/vest in four equal installments on each of February 9, 2018, 2019, 2020 and 2021, subject to continued service.
- (4) These Match Group stock options vested/vest in four equal installments on each of September 29, 2018, 2019, 2020 and 2021, subject to continued service.
- (5) These IAC stock options vest in a single installment on December 1, 2020, subject to continued service.
- (6) These Match Group stock options vest in a single installment on February 22, 2021, subject to continued service.
- (7) These Match Group stock options vested/vest in four equal installments on each of July 5, 2017, 2018, 2019 and 2020, subject to continued service.

### 2019 Option Exercises and Stock Vested

The table below provides information regarding the number of shares acquired by our named executives upon the exercise of Match Group stock options and the vesting of Match Group RSUs in 2019 and the related value realized, excluding the effect of any applicable taxes. During 2019, our named executives exercised stock options through a net settlement process, whereby shares of Match Group common stock were withheld by the Company to cover exercise price and tax obligations; the shares acquired on exercise in the table below are on a gross basis and do not reflect any such withholding.

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Amanda Ginsberg	247,906	\$13,690,269	87,558	\$5,770,966
Gary Swidler	413,000	\$17,610,797	61,289	\$3,469,570
Sharmistha Dubey	214,352	\$9,342,747	170,708	\$10,830,186
Jared F. Sine	91,934	\$5,495,160	29,771	\$1,737,651

### Estimated Potential Payments Upon Termination or Change in Control

Certain of our employment agreements, equity award agreements and/or omnibus stock and annual incentive plans entitle our named executives to continued base salary payments, continued health coverage, the acceleration of the vesting of equity awards, and/or extended post-termination exercise periods for stock options upon certain

terminations of employment (including certain terminations during specified periods following a change in control of Match Group or IAC).

*Amounts and Benefits Payable Upon a Qualifying Termination*

Upon a termination of the named executive's employment by the Company without cause (and other than by reason of death or disability) or the named executive's resignation for good reason (a "Qualifying Termination") as of December 31, 2019, pursuant to the terms of such named executive's employment agreement in effect at the time, and subject to the execution and non-revocation of a release and compliance with customary post-termination covenants as further described below, each of the named executives would have been entitled to:

- salary continuation for 12 months from the date of such Qualifying Termination, subject to offset for any amounts earned from other employment;
- acceleration of the vesting of the portion of any outstanding and unvested Match Group equity awards that would have vested through the first anniversary of the date of such Qualifying Termination;
- continued coverage under the Company's group health plan or monthly payments necessary to cover the full premiums for continued coverage under the Company's plan through COBRA, which payments will be grossed up for applicable taxes, for 12 months following the date of such Qualifying Termination (but ceasing once equivalent employer-paid coverage is otherwise available to the named executive); and
- continued exercisability of the named executive's vested Match Group stock options for 18 months in the case of Ms. Ginsberg, and six months in the case of each other named executive, following the date of such Qualifying Termination.

Pursuant to the respective employment agreement in effect at December 31, 2019, each named executive is bound by a covenant not to compete with Match Group during the term of the executive's employment and for 12 months thereafter, and by covenants not to solicit Match Group's employees or business partners during the term of the executive's employment and for 12 months thereafter. Each named executive has also agreed not to use or disclose any confidential information of Match Group or its affiliates and to be bound by customary covenants relating to proprietary rights and the related assignment of such rights.

*Amounts and Benefits Payable Upon Termination Due to Disability or Death*

Upon a termination of a named executive's employment due to disability, pursuant to the terms of each named executive's employment agreement in effect at December 31, 2019, such named executive would be entitled to a payment of base salary through the end of the month in which such termination occurs, offset by any amounts payable under any disability insurance plan provided by the Company. Upon a termination of a named executive's employment due to death, pursuant to the terms of each named executive's employment agreement in effect at December 31, 2019, (i) the Company would pay such named executive's designated beneficiaries his or her base salary through the end of the month in which such termination occurs, and (ii) the portion of any outstanding and unvested Match Group equity awards that would have vested through the first anniversary of the date of such termination would vest. Upon a termination of a named executive's employment due to disability or death, pursuant to the terms of each named executive's employment agreement in effect at December 31, 2019, all vested Match Group stock options would remain exercisable for a period of 18 months in the case of Ms. Ginsberg, and six months in the case of each other named executive, following such termination date.

*Amounts and Benefits Payable Upon a Change in Control*

No payments would have been made to any named executive pursuant to any agreement between the Company and any of these named executives upon a change in control of Match Group on December 31, 2019. Upon a Qualifying Termination on December 31, 2019 that occurred during the two-year period following a change in control of Match Group, each named executive officer would have received the amounts set forth above under "Amounts and Benefits Payable Upon a Qualifying Termination," except that, in accordance with the 2015 Plan and the 2017 Plan, the vesting of all then outstanding and unvested Match Group stock options and/or Match Group RSUs, as applicable, held by each named executive would have been accelerated.

No payments would have been made to any named executive pursuant to any agreement between IAC and the named executives upon a change in control of Match Group or IAC on December 31, 2019. Upon a Qualifying Termination on December 31, 2019 that occurred during the two-year period following a change in control of

IAC, each named executive officer would have received the amounts set forth above under “Amounts and Benefits Payable Upon a Qualifying Termination,” and, in accordance with the applicable IAC omnibus stock and annual incentive plan, the vesting of all then outstanding and unvested IAC stock options held by a named executive would have been accelerated.

*Potential Payments Upon Termination or Change in Control Table*

Certain amounts that would become payable to our named executives upon the events described above (as and if applicable), assuming the relevant event occurred on December 31, 2019, are described and quantified in the table below. These amounts, which, with the exception of the gross-up relating to COBRA benefits, exclude the effect of any applicable taxes, are based on the named executive’s base salary, the number of Match Group stock options and/or RSUs and IAC stock options, as applicable, outstanding, and the closing price of Match Group common stock (\$82.11) and IAC common stock (\$249.11), on December 31, 2019. These amounts also exclude any potential offset that may apply. In addition to these amounts, certain other amounts and benefits generally payable and made available to other Company employees upon a termination of employment, including payments for accrued vacation time and outplacement services, will generally be payable/provided to named executives.

Name and Benefit	Qualifying Termination	Qualifying Termination During the Two Year Period Following a Change in Control of Match Group	Qualifying Termination During the Two Year Period Following a Change in Control of IAC	Death
<b>Amanda Ginsberg</b>				
Continued salary	\$750,000	\$750,000	\$750,000	—
Continued health coverage <sup>(1)</sup>	\$60,703	\$60,703	\$60,703	—
Market value of Match Group options that would vest <sup>(2)</sup>	\$15,968,710	\$31,937,545	\$15,968,710	\$15,968,710
Market value of Match Group RSUs that would vest <sup>(3)</sup>	\$8,627,133	\$12,940,700	\$8,627,133	\$8,627,133
Market value of IAC options that would vest <sup>(4)</sup>	—	—	\$919,450	—
Total estimated incremental value	<u>\$25,406,547</u>	<u>\$45,688,948</u>	<u>\$26,325,997</u>	<u>\$24,595,844</u>
<b>Gary Swidler</b>				
Continued salary	\$600,000	\$600,000	\$600,000	—
Continued health coverage <sup>(1)</sup>	\$69,454	\$69,454	\$69,454	—
Market value of Match Group options that would vest <sup>(2)</sup>	\$2,136,620	\$8,804,382	\$2,136,620	\$2,136,620
Market value of Match Group RSUs that would vest <sup>(3)</sup>	\$5,032,604	\$9,295,837	\$5,032,604	\$5,032,604
Market value of IAC options that would vest <sup>(4)</sup>	—	—	\$919,450	—
Total estimated incremental value	<u>\$7,838,678</u>	<u>\$18,769,672</u>	<u>\$8,758,128</u>	<u>\$7,169,224</u>
<b>Sharmistha Dubey</b>				
Continued salary	\$625,000	\$625,000	\$625,000	—
Continued health coverage <sup>(1)</sup>	\$60,703	\$60,703	\$60,703	—
Market value of Match Group options that would vest <sup>(2)</sup>	\$2,991,229	\$5,982,523	\$2,991,229	\$2,991,229
Market value of Match Group RSUs that would vest <sup>(3)</sup>	\$6,218,437	\$25,999,228	\$6,218,437	\$6,218,437
Market value of IAC options that would vest <sup>(4)</sup>	—	—	\$919,450	—
Total estimated incremental value	<u>\$9,895,369</u>	<u>\$32,667,454</u>	<u>\$10,814,819</u>	<u>\$9,209,666</u>
<b>Jared F. Sine</b>				
Continued salary	\$400,000	\$400,000	\$400,000	—
Continued health coverage <sup>(1)</sup>	\$60,703	\$60,703	\$60,703	—
Market value of Match Group options that would vest <sup>(2)</sup>	\$6,164,404	\$7,873,687	\$6,164,404	\$6,164,404
Market value of Match Group RSUs that would vest <sup>(3)</sup>	\$2,156,783	\$6,394,563	\$2,156,783	\$2,156,783
Total estimated incremental value	<u>\$8,781,890</u>	<u>\$14,728,953</u>	<u>\$8,781,890</u>	<u>\$8,321,187</u>

<sup>(1)</sup> Represents the total payments necessary to cover the full premiums for continued coverage under the Company's medical and dental plans through COBRA for 12 months, grossed up for applicable taxes. For Mses. Ginsberg and Dubey and Mr. Sine, the COBRA rates reflect the named executive's coverage level elections as of December 31, 2019. Mr. Swidler had not elected to participate in Company

healthcare coverage as of December 31, 2019, therefore the amount indicated represents the COBRA rates that would apply if he had elected the highest levels of coverage as of such date.

- (2) Represents the difference between the closing price of Match Group common stock (\$82.11) on December 31, 2019 and the exercise prices of in-the-money Match Group stock options accelerated upon the occurrence of the relevant event specified above, multiplied by the number of Match Group stock options so accelerated.
- (3) Represents the closing price of Match Group common stock (\$82.11) on December 31, 2019, multiplied by the number of RSUs accelerated upon the occurrence of the relevant event.
- (4) Represents the difference between the closing price of IAC common stock (\$249.11) on December 31, 2019 and the exercise price of in-the-money IAC stock options accelerated upon the occurrence of the relevant event specified above, multiplied by the number of IAC stock options so accelerated.

### **CEO Pay Ratio**

In accordance with Item 402(u) under Regulation S-K of the Securities Act of 1933, as amended (the “Securities Act”), we are required to disclose the ratio of our median employee’s annual total compensation to the annual total compensation of our Chief Executive Officer, Amanda Ginsberg (as of December 31, 2019). The pay ratio disclosure set forth below is a reasonable estimate calculated in a manner consistent with applicable SEC rules.

For the fiscal year ended December 31, 2019: (i) the estimated median of the annual total compensation of all Match Group employees (other than Ms. Ginsberg) was approximately \$102,949, (ii) Ms. Ginsberg’s annual total compensation, as reported above under the caption “Summary Compensation Table,” was \$3,361,203, and (iii) the ratio of annual total compensation of Ms. Ginsberg to the median of the annual total compensation of our other employees was 33 to 1.

In making the determinations above, we first identified our total number of employees as of December 31, 2019 (1,695 in total, 1,015 of which were located in the United States and 680 of which were collectively located in various jurisdictions outside of the United States). We then excluded employees located in the following jurisdictions outside of the United States, which together comprise less than 5% of our total employees: Australia (1 employee), China (1 employee), India (6 employees), Indonesia (1 employee), Ireland (8 employees), Italy (2 employees), Korea (4 employees), Singapore (1 employee), Sweden (1 employee) and the United Kingdom (13 employees). After excluding employees in these jurisdictions, our pay ratio calculation included 1,657 of our total 1,695 employees.

To identify our median employee from this employee population, as permitted by SEC rules, we selected base pay in 2019 as our consistently applied compensation measure, which we then compared across the applicable employee population. We annualized the compensation of permanent employees who were hired in 2019 but did not work for us for the entire year. After we identified the median employee, we determined such employee’s annual total compensation in the same manner as we determined Ms. Ginsberg’s annual total compensation disclosed above under caption “Summary Compensation Table.”

### **Compensation Risk Assessment**

We periodically conduct risk assessments of our compensation policies and practices for our employees, including those related to our executive compensation programs. The goal of these assessments is to determine whether the general structure of the Company’s compensation policies and programs and the administration of these programs pose any material risks to the Company. The findings of any risk assessment are discussed with the Compensation and Human Resources Committee. Based upon our assessments, we believe that our compensation policies and programs do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.

## **DIRECTOR COMPENSATION**

*Non-Employee Director Compensation Arrangements.* The Board has primary responsibility for establishing non-employee director compensation arrangements, which have been designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of

our common stock to further align the interests of our directors with those of our stockholders. Arrangements in effect during 2019 provided that: (i) each member of the Board receive an annual retainer in the amount of \$50,000, (ii) each member of the Audit and Compensation and Human Resources Committees (including their respective Chairpersons) receive an additional annual retainer in the amount of \$10,000 and \$5,000, respectively, and (iii) the Chairpersons of each of the Audit and Compensation and Human Resources Committees receive an additional annual Chairperson retainer in the amount of \$20,000, with all amounts being paid quarterly, in arrears.

In addition, these arrangements also provide that each non-employee director receive a grant of Match Group RSUs with a dollar value of \$250,000 upon his or her initial election to the Board and annually thereafter upon re-election on the date of Match Group’s annual meeting of stockholders, the terms of which provide for: (i) vesting in three equal annual installments commencing on the first anniversary of the grant date, (ii) cancellation and forfeiture of unvested RSUs in their entirety upon termination of Board service and (iii) full acceleration of vesting upon a change in control of Match Group. The Company also reimburses non-employee directors for all reasonable expenses incurred in connection with attendance at Match Group Board and Board committee meetings. For purposes of these compensation arrangements, non-employee directors are those directors who are not employed by (or otherwise providing services to) Match Group or IAC, and do not include Mr. Yagan, who has previously served as an executive officer of the Company.

In addition to the standard non-employee director compensation arrangements described above, in September 2019, the Board formed a special committee consisting of Mses. McDaniel and Seymon and Mr. McInerney to evaluate any potential separation transaction between Match Group and IAC, and authorized the payment of an additional \$50,000 to each of the committee’s members for their services in carrying out their duties as members of the committee, which amounts are expected to be paid in 2020.

In connection with Sam Yagan’s resignation from the Board on September 18, 2019, the Compensation and Human Resources Committee of the Board authorized the continued exercisability through September 18, 2020, of the vested Match Group stock options held by Mr. Yagan as of the date of his resignation.

*2019 Non-Employee Director Compensation.* The table below provides the amount of: (i) fees earned by non-employee directors for services performed during 2019 (excluding the effect of any applicable taxes) and (ii) the grant date fair value of Match Group RSU awards granted in 2019.

Name	Fees Earned and Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Total (\$)
Ann L. McDaniel	\$75,000	\$249,988	\$324,988
Thomas J. McInerney	\$60,000	\$249,988	\$309,988
Pamela S. Seymon	\$65,000	\$249,988	\$314,988
Alan G. Spoon	\$80,000	\$249,988	\$329,988

<sup>(1)</sup> Reflects the grant date fair value of Match Group RSU awards, calculated by multiplying the closing market price of Match Group common stock on the grant date by the number of RSUs awarded.

## **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents, as of April 15, 2020, information relating to the beneficial ownership of Match Group common stock and Class B common stock by: (1) each person known by Match Group to own beneficially more than 5% of the outstanding shares of Match Group common stock and/or Class B common stock, (2) each director, (3) each named executive and (4) all current directors and executive officers of Match Group as a group. As of April 15, 2020, there were 74,169,098 and 209,919,402 shares of Match Group common stock and Class B common stock, respectively, outstanding.

Unless otherwise indicated, the beneficial owners listed below may be contacted at Match Group’s corporate headquarters located at 8750 North Central Expressway, Suite 1400, Dallas, Texas 75231. For each listed person, the number of shares of Match Group common stock and percent of such class listed assumes the conversion or

exercise of any Match Group equity securities owned by such person that are or will become convertible or exercisable, and the vesting of any Match Group stock options and/or Match Group RSUs that will vest, within 60 days of April 15, 2020, but does not assume the conversion, exercise or vesting of any such equity securities owned by any other person. Shares of Match Group Class B common stock may, at the option of the holder, be converted on a one-for-one basis into shares of Match Group common stock. The percentage of votes for all classes of capital stock is based on one vote for each share of Match Group common stock and ten votes for each share of Match Group Class B common stock.

Name and Address of Beneficial Owner	Match Group Common Stock		Match Group Class B Common Stock		Percent of Votes
	Number of Shares Owned	% of Class Owned	Number of Shares Owned	% of Class Owned	(All Classes) %
IAC/InterActiveCorp. 555 West 18 <sup>th</sup> Street New York, NY 10011	228,381,281 <sup>(1)</sup>	80.4%	209,919,402	100%	97.4%
Sands Capital Management, LLC 1100 Wilson Blvd., Suite 3000 Arlington, VA 22209	12,130,441 <sup>(2)</sup>	16.4%	—	—	*
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	6,735,750 <sup>(3)</sup>	9.1%	—	—	*
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	6,056,423 <sup>(4)</sup>	8.2%	—	—	*
Lone Pine Capital LLC, et. al. 2 Greenwich Plaza Greenwich, CT 06830	5,795,816 <sup>(5)</sup>	7.8%	—	—	*
JPMorgan Chase & Co. 383 Madison Avenue New York, NY 10179	4,733,410 <sup>(6)</sup>	6.4%	—	—	*
Sharmistha Dubey	80,803 <sup>(7)</sup>	*	—	—	*
Amanda Ginsberg	—	—	—	—	—
Joseph Levin	50,000 <sup>(8)</sup>	*	—	—	*
Ann L. McDaniel	21,905 <sup>(9)</sup>	*	—	—	*
Thomas J. McInerney	199,095 <sup>(9)</sup>	*	—	—	*
Glenn H. Schiffman	—	—	—	—	—
Pamela S. Seymon	59,095 <sup>(9)</sup>	*	—	—	*
Jared F. Sine	66,313 <sup>(10)</sup>	*	—	—	*
Alan G. Spoon	56,595 <sup>(9)</sup>	*	—	—	*
Mark Stein	25,000 <sup>(8)</sup>	*	—	—	*
Gary Swidler	538,121 <sup>(11)</sup>	*	—	—	*
Gregg Winiarski	20,000 <sup>(8)</sup>	*	—	—	*
All current executive officers and directors as a group (11 persons)	1,116,927 <sup>(12)</sup>	1.5%	—	—	*

\* The percentage of shares beneficially owned does not exceed 1% of the class.



- (1) Consists of: (i) 209,919,402 shares of Match Group Class B common stock (which are convertible on a one-for-one basis into shares of Match Group common stock) and (ii) 18,461,879 shares of Match Group common stock, all of which are held directly by IAC.
- (2) Based upon information regarding Match Group holdings reported by way of Amendment No. 2 to a Schedule 13G filed by Sands Capital Management, LLC (“Sands Capital”) with the SEC on February 14, 2020. Sands Capital beneficially owns the Match Group holdings disclosed in the table above in its capacity as an investment adviser. Sands Capital has sole voting power and sole dispositive power over 8,380,042 and 12,130,441 shares of Match Group common stock, respectively, listed in the table above.
- (3) Based upon information regarding Match Group holdings reported by way of a Schedule 13G filed by T. Rowe Price Associates, Inc. (“T. Rowe Price”) with the SEC on February 14, 2020. T. Rowe Price beneficially owns the Match Group holdings disclosed in the table above in its capacity as an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. T. Rowe Price has sole voting power and sole dispositive power over 2,513,817 and 6,735,750 shares of Match Group common stock, respectively, listed in the table above.
- (4) Based upon information regarding Match Group holdings reported by way of Amendment No. 5 to a Schedule 13G filed by The Vanguard Group (“Vanguard”) with the SEC on February 12, 2020. Vanguard beneficially owns the Match Group holdings disclosed in the table above in its capacity as an investment adviser. Vanguard has sole voting power, shared voting power, sole dispositive power and shared dispositive power over 45,082, 13,150, 6,005,368 and 51,055 shares of Match Group common stock, respectively, listed in the table above.
- (5) Based upon information regarding Match Group holdings reported by way of a Schedule 13G filed by Lone Pine Capital LLC (“Lone Pine”), David F. Craver, Brian F. Doherty, Mala Gaonkar, Kelly A. Granat, Stephen F. Mandel, Jr., and Kerry A. Tyler, with the SEC on February 18, 2020. Each of Lone Pine, Mr. Craver, Mr. Doherty, Ms. Gaonkar, Ms. Granat, and Ms. Tyler has shared voting and dispositive power over the 5,795,816 shares of Match Group common stock listed in the table above.
- (6) Based upon information regarding Match Group holdings reported by way of Amendment No. 5 to a Schedule 13G filed by JPMorgan Chase & Co. on behalf of itself (as a parent holding company or control person) and its subsidiaries (J.P. Morgan Investment Management Inc., JPMorgan Chase Bank, National Association, J.P. Morgan (Suisse) SA, J.P. Morgan Trust Company of Delaware, J.P. Morgan Securities LLC, and J.P. Morgan Private Investments Inc.) that own such securities, with the SEC on January 17, 2020. J.P. Morgan & Co. has sole voting power, shared voting power, sole dispositive power and shared dispositive power over 4,691,231, 1,435, 4,727,921 and 5,489 shares of Match Group common stock, respectively, listed in the table above.
- (7) Consists of shares of Match Group common stock held directly by Ms. Dubey and 14,442 shares of Match Group common stock to be received upon the vesting of Match Group RSUs in the 60 days following April 15, 2020, subject to continued service.
- (8) Consists of shares of Match Group common stock held directly by each individual.
- (9) Consists of shares of Match Group common stock held directly by each individual and 4,573 shares of Match Group common stock to be received upon the vesting of Match Group RSUs in the 60 days following April 15, 2020, subject to continued service.
- (10) Consists of shares of Match Group common stock held by the Sine Family Trust, and with respect to which Mr. Sine has shared voting and investment power, and 26,267 vested options to purchase shares of Match Group common stock.
- (11) Consists of shares of Match Group common stock held directly by Mr. Swidler and 392,973 vested options to purchase Match Group common stock.
- (12) Consists of shares of Match Group common stock held directly by each individual (with the exception of Mr. Sine, who holds 40,046 shares indirectly through the Sine Family Trust), 419,240 vested options to purchase shares of Match Group common stock, and 32,734 shares of Match Group common stock to be received upon the vesting of Match Group RSUs in the 60 days following April 15, 2020, subject to continued service.

## EQUITY COMPENSATION PLAN INFORMATION

*Securities Authorized for Issuance Under Equity Compensation Plans.* The following table summarizes information, as of December 31, 2019, regarding Match Group equity compensation plans pursuant to which grants of Match Group stock options, Match Group RSUs or other rights to acquire shares of Match Group common stock may be made from time to time.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)
Equity compensation plans approved by security holders <sup>(1)</sup>	17,102,008 <sup>(2)</sup>	\$15.44	30,941,284
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>17,102,008<sup>(2)</sup></b>	<b>\$15.44</b>	<b>30,941,284</b>

(1) Consists of the 2015 Plan and the 2017 Plan. For a description of the 2015 Plan and the 2017 Plan, see the first two paragraphs of Note 11 to the consolidated and combined financial statements included in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which are incorporated herein by reference.

(2) Includes an aggregate of: (i) up to 5,325,759 shares issuable upon the vesting of Match Group RSUs, which includes performance-based RSUs and reflects the maximum number of RSUs that would vest if the highest level of performance condition is achieved, and (ii) 11,776,249 shares issuable upon the exercise of outstanding Match Group stock options, in each case, as of December 31, 2019. The number in (ii) includes up to 298,347 performance-based stock options, which reflects the maximum number of stock options that would vest if the highest level of performance condition is achieved. Based on the Company's assessment in the first quarter of 2020 of the conditions associated with the awards, 181,238 of these performance-based stock options were forfeited and canceled, and the underlying shares became once again available for grant under our equity compensation plans.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

#### CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

##### Review of Related Person Transactions

The Audit Committee has a formal, written policy that requires an appropriate review of all related person transactions by the Audit Committee, as required by Marketplace Rules governing conflict of interest transactions. For purposes of this policy, consistent with the Marketplace Rules, the terms "related person" and "transaction" are determined by reference to Item 404(a) of Regulation S-K under the Securities Act ("Item 404"). During 2019, in accordance with this policy, Company management was required to determine whether any proposed transaction, arrangement or relationship with a related person fell within the definition of "transaction" set forth in Item 404, and if so, review such transaction with the Audit Committee. In connection with such determinations, Company management and the Audit Committee consider: (i) the parties to the transaction and the nature of their affiliation with Match Group and the related person, (ii) the dollar amount involved in the transaction, (iii) the material terms of the transaction, including whether the terms of the transaction are ordinary course and/or otherwise negotiated at arms' length, (iv) whether the transaction is material, on a quantitative and/or qualitative basis, to Match Group and/or the related person, and (v) any other facts and circumstances that Company management or the Audit Committee deems appropriate.

## Relationships Involving Significant Stockholders

### *Relationship with IAC prior to the Separation*

In connection with our initial public offering in November 2015, we entered into the following agreements relating to our relationship with IAC following the offering: a master transaction agreement, an investor rights agreement, a tax sharing agreement, a services agreement, an employee matters agreement and a subordinated loan agreement.

*Master Transaction Agreement.* The master transaction agreement sets forth the agreements between us and IAC regarding the principal transactions necessary to separate our business from IAC, as well as govern certain aspects of our relationship with IAC following our initial public offering. Under the master transaction agreement, we agreed to assume all of the assets and liabilities related to our business and agreed to indemnify IAC against any losses arising out of any breach by us of the master transaction agreement or any of the other transaction related agreements described below. IAC also agreed to indemnify us against losses arising out of any breach by IAC of the master transaction agreement or any of the other transaction related agreements.

*Investor Rights Agreement.* Under the investor rights agreement, we agreed to provide IAC with: (i) specified registration and other rights relating to shares of our common stock held by IAC and (ii) anti-dilution rights.

*Tax Sharing Agreement.* The tax sharing agreement governs our and IAC's rights, responsibilities, and obligations with respect to tax liabilities and benefits, entitlements to refunds, preparation of tax returns, tax contests and other tax matters regarding U.S. federal, state, local and foreign income taxes. Under the tax sharing agreement, we are generally responsible and required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or one of its subsidiaries that includes us or any of our subsidiaries to the extent attributable to us or any of our subsidiaries, as determined under the tax sharing agreement, and (ii) all taxes imposed with respect to any of our subsidiaries' consolidated, combined, unitary or separate tax returns. There was \$0.2 million of outstanding payables pursuant to the tax sharing agreement as of December 31, 2019.

*Services Agreement.* The services agreement governs services that IAC agreed to provide to us following our initial public offering, including, among others: (i) assistance with certain legal, finance, internal audit, treasury, information technology support, insurance and tax matters, including assistance with certain public company reporting obligations; (ii) payroll processing services; (iii) tax compliance services; and (iv) such other services as to which we and IAC may agree. In 2019, we paid IAC approximately \$7.9 million for services rendered pursuant to this agreement, which amount includes amounts paid for the leasing of office space for certain of our businesses at properties owned by IAC. The services agreement had an initial term of one year from the date of the offering, and provides for automatic renewals for additional one year terms, subject to IAC's continued ownership of a majority of the combined voting power of our voting stock.

*Employee Matters Agreement.* The employee matters agreement covers a wide range of compensation and benefit issues related to the allocation of liabilities associated with: (i) employment or termination of employment, (ii) employee benefit plans and (iii) equity awards. Under the employee matters agreement, our employees continue to participate in IAC's U.S. health and welfare, 401(k) and flexible benefits plans and we pay for the costs of such participation. In the event IAC no longer retains shares representing at least 80% of the aggregate voting power of shares entitled to vote in the election of our Board of Directors, we will no longer participate in IAC's employee benefit plans, but will establish our own employee benefit plans that will be substantially similar to the plans sponsored by IAC.

The employee matters agreement also provides that we will reimburse IAC for the cost of any IAC equity awards held by Match Group employees and former employees and that IAC may elect to receive payment either in cash or shares of our common stock. With respect to equity awards originally denominated in shares of our subsidiaries, IAC may require those awards to be settled in either shares of IAC common stock or our common stock and, to the extent shares of IAC common stock are issued in settlement, we will reimburse IAC for the cost of those shares by issuing additional shares of our common stock to IAC. During the year ended December 31, 2019, approximately 0.8 million shares of Match Group common stock were issued to IAC pursuant to the employee matters agreement.

*IAC Subordinated Loan Facility.* Prior to the completion of our initial public offering, we entered into an uncommitted subordinated loan facility with IAC (the “IAC Subordinated Loan Facility”), pursuant to which we could make one or more requests to IAC to borrow funds. At December 31, 2019, there was no indebtedness outstanding under the IAC Subordinated Loan Facility. The IAC Subordinated Loan Facility was terminated on February 26, 2020.

#### *The Separation from IAC*

On December 19, 2019, Match Group and IAC entered into a Transaction Agreement, which was amended as of April 28, 2020 (the “Transaction Agreement”), pursuant to which, following the satisfaction of certain closing conditions, including IAC and Match Group stockholder approval, the businesses of Match Group will be separated from the remaining businesses of IAC through a series of transactions (the “Transactions”) that will result in two, separate public companies—(1) IAC, which will be re-named “Match Group, Inc.” (referred to herein as “New Match”) and which will own the businesses of Match Group and certain IAC financing subsidiaries, and (2) IAC Holdings, Inc. (which we refer to as “New IAC”), which will be re-named “IAC/ InterActiveCorp” and which will own IAC’s other businesses—and the pre-transaction stockholders of Match Group (other than IAC) and of IAC owning shares in New Match (the “Separation”). Completion of the Separation is expected to occur in the second quarter of 2020.

Under the terms of the Transaction Agreement, if the closing of the Transactions occurs, Match Group will merge with and into an indirect wholly-owned subsidiary of IAC (“New Match Merger Sub”), with New Match Merger Sub surviving the merger as an indirect wholly-owned subsidiary of New Match. Match Group stockholders (excluding shares owned by IAC, Match Group, or any of their respective wholly owned subsidiaries) will receive, through the merger, in exchange for each outstanding share of Match Group common stock that they hold, one share of New Match common stock and, at the holder’s election, either (i) \$3.00 in cash or (ii) a fraction of a share of New Match common stock with a value of \$3.00 (calculated pursuant to the Transaction Agreement) (an “additional stock election”). In the event the holder fails to make a valid election, the holder will be treated as if such holder made an additional stock election. As a result of the merger and other transactions contemplated by the Transaction Agreement, Match Group stockholders (other than IAC) will become stockholders of New Match, which will hold the businesses of Match Group and certain IAC financing subsidiaries and be separate from the other business of IAC.

Following the Separation, Match Group will be a wholly-owned subsidiary of New Match and New Match will continue to own certain IAC financing subsidiaries that are the issuers of approximately \$1.7 billion aggregate principal amount of currently outstanding exchangeable notes. If the Separation is not completed, Match Group will remain a majority-owned subsidiary of IAC, and IAC may pursue other options with respect to its ownership interest in Match Group.

Under the terms of the Transaction Agreement, Match Group has agreed to make a loan (the “Intercompany Loan”) to IAC, in an aggregate principal amount equal to the product of \$3.00 and the number of shares of Match Group capital stock outstanding immediately prior to the effective time of the Separation. IAC will contribute the proceeds of the loan, less an amount necessary to fund all valid cash elections, to New IAC as part of the closing of the Transactions. Following the Separation, the Intercompany Loan will be the obligation of New Match payable to Match Group and may be eliminated during certain intercompany transactions between New Match and Match Group. In the event that the Separation is not consummated, we do not intend to make the Intercompany Loan.

*Contribution Agreement.* On December 19, 2019, in connection with the execution of the Transaction Agreement, TMC Realty, L.L.C. and 8831-8833 Sunset, LLC (each an affiliate of IAC, and together the “Contributors”) and Match Group entered into a Contribution Agreement providing for the contribution of 8800 West Sunset Boulevard and 8833 West Sunset Boulevard by the Contributors to two wholly-owned subsidiaries of Match Group (the “Contribution”). On January 31, 2020, the Contributors completed the Contribution for aggregate consideration of 1,378,371 shares of Match Group common stock.

*Office Lease.* On January 31, 2020, in connection with the completion of the Contribution, MG 8800 Sunset LLC, a wholly-owned subsidiary of the Company, and New IAC entered into an Office Lease providing for the lease by New IAC of a portion of the 8800 West Sunset Boulevard office space (the “Lease”). The term of the Lease expires on June 30, 2023. The total expected payments to be made by New IAC during the term of the Lease is approximately \$285,000.

### *Relationship with IAC after the Separation*

*Transition Services Agreement.* At or prior to the closing of the Separation, New Match and New IAC will enter into a transition services agreement, pursuant to which New IAC will provide certain of the services to New Match following the closing that IAC has historically provided to Match Group. New Match will also provide certain services to New IAC following the closing that Match employees are currently providing to IAC. The costs charged to the recipient party of services will generally be determined based on the actual costs incurred by the service provider in providing such services.

*Employee Matters Agreement.* At or prior to the closing of the Separation, New Match and New IAC will enter into an employee matters agreement, which will cover compensation and benefits matters related to the Separation. Following the Separation, New Match employees will continue to participate in New IAC's U.S. health and welfare plans, 401(k) plan and flexible benefits plan until December 31, 2020 (or such earlier date as requested by New Match upon 120 days' notice), following which time, New Match will have established its own employee benefit plans. New Match will reimburse New IAC for the costs of such participation.

*Tax Matters Agreement.* At or prior to the closing of the Separation, IAC and New IAC will enter into a tax matters agreement pursuant to which, among other things, each of IAC and New IAC will be responsible for certain tax liabilities and obligations following the Separation. Under the tax matters agreement, New IAC generally will be responsible for, and will indemnify New Match against, any liabilities incurred as a result of the failure of the Separation to qualify for the intended tax-free treatment unless, subject to certain exceptions, the failure to so qualify is attributable to Match Group's (or, after the merger, New Match's) actions or failure to act, Match Group's breach of certain representations or covenants or certain acquisitions of equity securities of New Match, in each case, described in the tax matters agreement, (a "Match fault-based action"). If the failure to so qualify is attributable to a Match fault-based action, New Match will be responsible for liabilities incurred as a result of such failure and will indemnify New IAC against such liabilities so incurred by New IAC or its affiliates.

### **Relationships Involving Other Related Persons**

*Advisory Agreement.* In connection with Amanda Ginsberg's resignation, on January 29, 2020, the Company entered into an advisory agreement with Ms. Ginsberg, effective March 1, 2020, pursuant to which she will advise the Company on matters relating to its business, strategy and operations. The term of the advisory agreement will end on February 28, 2021. Pursuant to their terms, Ms. Ginsberg's restricted stock units will continue to vest, and her options will remain exercisable and continue to vest, as applicable, as long as she continues to perform services for the Company.

### **Director Independence**

Under the Marketplace Rules, the Board has a responsibility to make an affirmative determination that those members of the Board who serve as independent directors do not have any relationships with us and our businesses (and/or IAC and its businesses) that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In connection with the independence determinations described below, the Board reviewed information regarding transactions, relationships and arrangements relevant to independence, including those required by the Marketplace Rules. This information is obtained from director responses to questionnaires circulated by Company management, as well as from Company records and publicly available information. Following these determinations, Company management monitors those transactions, relationships and arrangements that were relevant to such determinations, as well as periodically solicits updated information potentially relevant to independence from internal personnel and directors, to determine whether there have been any developments that could potentially have an adverse impact on the Board's prior independence determinations.

In March 2020, the Board determined that each of Mses. McDaniel and Seymon and Messrs. McInerney and Spoon is independent. In connection with these determinations, the Board considered that in the ordinary course of business, Match Group and its businesses (and/or IAC and its businesses) may sell products and services to, and/or purchase products and services from, companies at which certain directors are employed or serve as directors, or over which certain directors otherwise exert control. Furthermore, the Board considered whether there were any payments made to (or received from) such entities by Match Group and its businesses (and/or IAC and its businesses). In the case of all four independent directors, there were no such payments to/from Match Group or its businesses known to Company management for the Board to consider. In the case of Mr. Spoon, the Board also

considered payments for services between each of IAC and Match Group, on the one hand, and certain Polaris Partners portfolio companies, on the other hand.

In addition to the satisfaction of the director independence requirements set forth in the Marketplace Rules, members of the Audit and Compensation and Human Resources Committees have also satisfied separate independence requirements under the current standards imposed by the SEC and the Marketplace Rules for audit committee members and by the SEC, the Marketplace Rules and the Internal Revenue Service for compensation committee members.

*Controlled Company Status.* Under the Marketplace Rules, “Controlled Companies” are exempt from certain Nasdaq corporate governance requirements. A “Controlled Company” is a company of which more than 50% of the voting power is held by an individual, group or another company.

IAC controls a majority of the voting power of Match Group capital stock. Based on 74,169,098 shares of Match Group common stock and 209,919,402 shares of Match Group Class B common stock outstanding on April 15, 2020, IAC beneficially owns equity securities of Match Group representing approximately 97.4% of the total voting power of Match Group capital stock. IAC has filed a Statement of Beneficial Ownership on Schedule 13D, as amended, relating to its Match Group holdings with the SEC. On this basis, Match Group is relying on the exemption for Controlled Companies from certain Nasdaq corporate governance requirements, specifically, those that would otherwise require that:

- a majority of Match Group’s Board of Directors consist of “independent” directors, as such term is defined in the Marketplace Rules; and
- Match Group have a nominating/governance committee comprised entirely of “independent” directors with a written charter addressing such committee’s purpose and responsibilities.

#### **Item 14. Principal Accounting Fees and Services**

##### **Fees Paid to Our Independent Registered Public Accounting Firm**

The following table sets forth fees for all professional services rendered by Ernst & Young LLP to Match Group for the years ended December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Audit Fees	\$3,060,000 <sup>(1)</sup>	\$2,920,000 <sup>(2)</sup>
Audit-Related Fees	—	—
<b>Total Audit and Audit-Related Fees</b>	<b>\$3,060,000</b>	<b>\$2,920,000</b>
Tax Fees <sup>(3)</sup>	\$2,400	\$2,400
<b>Total Fees</b>	<b>\$3,062,400</b>	<b>\$2,922,400</b>

(1) Audit Fees in 2019 include: (i) fees associated with the annual audit of financial statements and internal control over financial reporting and the review of periodic reports, (ii) statutory audits (audits performed for certain Match Group businesses in various jurisdictions abroad, which audits are required by local law), and (iii) accounting consultations.

(2) Audit Fees in 2018 include: (i) fees associated with the annual audit of financial statements and internal control over financial reporting and the review of periodic reports, (ii) statutory audits (audits performed for certain Match Group businesses in various jurisdictions abroad, which audits are required by local law), (iii) fees for services performed in connection with the private unregistered offering of Match Group’s 5.625% Senior Notes due 2029, as well as the review and issuance of the related comfort letter and other services related to the offering, and (iv) accounting consultations.

(3) Tax Fees in 2019 and 2018 primarily include fees paid for tax compliance services.

### **Audit and Non-Audit Services Pre-Approval Policy**

The Audit Committee has a policy governing the pre-approval of all audit and permitted non-audit services performed by Match Group's independent registered public accounting firm in order to ensure that the provision of these services does not impair such firm's independence from Match Group and its management. Unless a type of service to be provided by Match Group's independent registered public accounting firm has received general pre-approval, it requires specific pre-approval by the Audit Committee. Any proposed services in excess of pre-approved cost levels also require specific pre-approval by the Audit Committee. In all pre-approval instances, the Audit Committee considers whether such services are consistent with SEC rules regarding auditor independence.

All Tax services require specific pre-approval by the Audit Committee. In addition, the Audit Committee has designated specific services that have the pre-approval of the Audit Committee (each of which is subject to pre-approved cost levels) and has classified these pre-approved services into one of three categories: Audit, Audit-Related and All Other (excluding Tax). The term of any pre-approval is 12 months from the date of the pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee revises the list of pre-approved services from time to time. Pre-approved fee levels for all services to be provided by Match Group's independent registered public accounting firm are established periodically from time to time by the Audit Committee.

Pursuant to the pre-approval policy, the Audit Committee may delegate its authority to grant pre-approvals to one or more of its members, and has currently delegated this authority to its Chairman. The decisions of the Chairman (or any other member(s) to whom such authority may be delegated) to grant pre-approvals must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services to management.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

#### (a) *List of documents filed as part of this Report:*

##### (1) **Consolidated Financial Statements of Match Group, Inc.**

Report of Independent Registered Public Accounting Firm: Ernst & Young LLP.

Consolidated Balance Sheet as of December 31, 2019 and 2018.

Consolidated Statement of Operations for the Years Ended December 31, 2019, 2018, and 2017.

Consolidated Statement of Comprehensive Operations for the Years Ended December 31, 2019, 2018, and 2017.

Consolidated Statement of Shareholders' Equity for the Years Ended December 31, 2019, 2018, and 2017.

Consolidated Statement of Cash Flows for the Years Ended December 31, 2019, 2018, and 2017.

Notes to Consolidated Financial Statements.

##### (2) **Consolidated Financial Statement Schedule of Match Group, Inc.**

<u>Schedule Number</u>
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II	Valuation and Qualifying Accounts.
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All other financial statements and schedules not listed have been omitted since the required information is either included in the Consolidated Financial Statements or the notes thereto, is not applicable or is not required.

##### (3) **Exhibits**

See Exhibit Index below for a complete list of Exhibits to this report.



## EXHIBIT INDEX

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 No.	Exhibit Description	Incorporated by Reference				Filed (†) or Furnished (‡) Herewith(as indicated)
		Form	SEC File No.	Exhibit	Filing Date	
2.1	<a href="#">Stock Purchase Agreement, dated as of July 13, 2015, by and among Match.com Inc., Plentyoffish Media Inc., Markus Frind, Markus Frind Family Trust No. 2, and Frind Enterprises Ltd.</a>	8-K	000-20570	2.1	7/17/2015	
2.2*	<a href="#">Transaction Agreement, dated as of December 19, 2019, by and among IAC/InterActiveCorp, Match Group, Inc., IAC Holdings, Inc. and Valentine Merger Sub LLC.</a>	8-K	001-37636	2.1	12/23/2019	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Match Group, Inc.</a>	8-K	001-37636	3.1	11/24/2015	
3.2	<a href="#">Amended and Restated By-laws of Match Group, Inc.</a>	8-K	001-37636	3.1	12/7/2017	
4.1	<a href="#">Indenture, dated June 1, 2016, between Match Group, Inc. and Computershare Trust Company, N.A., as Trustee.</a>	8-K	001-37636	4.1	6/2/2016	
4.2	<a href="#">Investor Rights Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	4.1	11/24/2015	
4.3	<a href="#">Indenture, dated December 4, 2017, between Match Group, Inc. and Computershare Trust Company, N.A., as Trustee.</a>	8-K	001-37636	4.1	12/4/2017	
4.4	<a href="#">Indenture, dated as of February 15, 2019, between Match Group, Inc. and Computershare Trust Company, N.A. as trustee.</a>	8-K	001-37636	4.1	2/15/2019	
4.5	<a href="#">Description of Securities</a>	10-K	001-37636	4.5	2/27/2020	
10.1	<a href="#">Master Transaction Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.1	11/24/2015	
10.2	<a href="#">Employee Matters Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.2	11/24/2015	
10.3	<a href="#">Amendment No. 1 to the Employee Matters Agreement, dated as of April 13, 2016, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	10-Q	001-37636	10.1	5/10/2016	
10.4	<a href="#">Tax Sharing Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.3	11/24/2015	
10.5	<a href="#">Services Agreement, dated as of November 24, 2015, by and between Match Group, Inc. and IAC/InterActiveCorp.</a>	8-K	001-37636	10.4	11/24/2015	
10.6	<a href="#">Contribution Agreement, dated as of December 19, 2019, by and among TMC Realty, L.L.C., 8831-8833 Sunset, LLC and Match Group, Inc.</a>	8-K	001-37636	10.1	12/23/2019	
10.7	<a href="#">Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	8-K	001-37636	10.5	11/24/2015	
10.8	<a href="#">First Amendment to the Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	10-Q	001-37636	10.1	8/4/2017	
10.9	<a href="#">Form of Terms and Conditions for Stock Options granted under the Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	10-K	001-37636	10.7	2/28/2017	
10.10	<a href="#">Form of Terms and Conditions for Restricted Stock Units granted under the Match Group, Inc. 2015 Stock and Annual Incentive Plan.(1)</a>	10-K	001-37636	10.8	2/28/2017	
10.11	<a href="#">Match Group, Inc. Amended and Restated 2017 Stock and Annual Incentive Plan.(1)</a>	8-K	001-37636	10.1	6/21/2018	
10.12	<a href="#">Form of Terms and Conditions for Stock Options granted under the Match Group, Inc. 2017 Stock and Annual Incentive Plan.(1)</a>	10-Q	001-37636	10.1	11/9/2017	

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed (†) or Furnished (‡) Herewith(as indicated)	
		Form	SEC File No.	Exhibit		Filing Date
10.13	<a href="#">Form of Terms and Conditions for Restricted Stock Units granted under the Match Group, Inc. 2017 Stock and Annual Incentive Plan.(1)</a>	10-Q	001-37636	10.2	11/9/2017	
10.14	<a href="#">Summary of Non-Employee Director Compensation Arrangements.(1)</a>	10-K	001-37636	10.9	3/28/2016	
10.15	<a href="#">Amended and Restated Credit Agreement, dated as of November 16, 2015, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.</a>	10-K	001-37636	10.11	3/28/2016	
10.16	<a href="#">Amendment No. 3, dated as of December 8, 2016, 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, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.</a>	8-K	001-37636	10.1	12/8/2016	
10.17	<a href="#">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.</a>	8-K	001-37636	10.1	8/17/2017	
10.18	<a href="#">Amendment No. 5 dated as of December 7, 2018 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, and as further amended as of August 14, 2017, among Match Group, Inc., as borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the other parties thereto.</a>	8-K	001-37636	10.1	12/13/2018	
10.19	<a href="#">Employment Agreement between Amanda W. Ginsberg and Match Group, Inc. dated as of July 20, 2018.(1)</a>	8-K	001-37636	10.1	7/26/2018	
10.20	<a href="#">Employment Agreement between Gary Swidler and Match Group, Inc. dated as of August 8, 2018.(1)</a>	8-K	001-37636	10.1	8/14/2018	
10.21	<a href="#">Employment Agreement between Jared Sine and Match Group, Inc. dated as of August 8, 2018.(1)</a>	8-K	001-37636	10.2	8/14/2018	
10.22	<a href="#">Employment Agreement between Sharmistha Dubey and Match Group, Inc. dated as of August 8, 2018.(1)</a>	10-Q	001-37636	10.5	11/9/2018	
21.1	<a href="#">Subsidiaries of the Registrant as of December 31, 2019.</a>	10-K	001-37636	21.1	2/27/2020	
23.1	<a href="#">Consent of Ernst &amp; Young LLP.</a>	10-K	001-37636	23.1	2/27/2020	
31.1	<a href="#">Certification of the 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.</a>	10-K	001-37636	31.1	2/27/2020	
31.2	<a href="#">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.</a>	10-K	001-37636	31.2	2/27/2020	
31.3	<a href="#">Certification of the 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.</a>					†
31.4	<a href="#">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.</a>					†

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed (†) or Furnished (‡) Herewith(as indicated)
		Form	SEC File No.	Exhibit	
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	10-K	001-37636	32.1	2/27/2020
32.2	<a href="#">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.</a>	10-K	001-37636	32.2	2/27/2020
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document				†
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				†
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				†
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				†
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				†
104	Cover Page Interactive Data File (formatted as Incline XBRL and contained in Exhibit 101)				

(1) Reflects management contracts and management and director compensatory plans.

\* Certain schedules and exhibits to the Transaction Agreement have been omitted pursuant to Item 601(b) (2) of Regulation S-K. The Company hereby agrees to furnish supplementally a copy of any omitted schedule and/or exhibit to the SEC upon request.



## **BOARD OF DIRECTORS**

**Sharmistha Dubey**  
Chief Executive Officer  
Match Group, Inc.

**Joseph Levin**  
Chairman, Match Group, Inc.  
Chief Executive Officer, IAC/InterActiveCorp

**Ann L. McDaniel**  
Consultant  
Graham Holdings Company

**Thomas J. McInerney**  
Chief Executive Officer  
Altaba Inc.

**Glenn H. Schiffman**  
Executive Vice President & Chief Financial Officer  
IAC/InterActiveCorp

**Pamela S. Seymon**  
Former Partner  
Wachtell, Lipton, Rosen & Katz

**Alan G. Spoon**  
Former General Partner and Partner Emeritus  
Polaris Venture Partners

**Mark Stein**  
Executive Vice President & Chief Strategy Officer  
IAC/InterActiveCorp

**Gregg Winiarski**  
Executive Vice President, General Counsel & Secretary  
IAC/InterActiveCorp

## **CORPORATE INFORMATION**

**Corporate Headquarters**  
Match Group, Inc.  
8750 North Central Expressway, Suite 1400  
Dallas, TX 75231  
(214) 576-9352

**Investor Inquiries**  
All inquiries can be directed as follows:  
*IR@match.com*

**Stock Market**  
Match Group, Inc is listed on Nasdaq.  
The ticker symbol is MTCH.

**Transfer Agent and Registrar**  
Computershare  
Stockholder correspondence by mail should be sent to:  
P.O. Box 505000  
Louisville, KY 40233-5000

Overnight correspondence:  
Computershare Investor Services  
462 South 4th Street  
Suite 1600  
Louisville, KY 40202

Stockholder inquiries may be made online at:  
[https://www-us.computershare.com/  
investor?contact](https://www-us.computershare.com/investor?contact).

**Independent Registered Public Accountants**  
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New York, NY 10036