

Match Group Europe Limited

Registered No. 10103086

Match Group Europe Limited

Strategic Report, Directors' Report and Financial Statements

Year ended 31 December 2019

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for the year ended 31 December 2019

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Match Group Europe Limited

Company information

Directors

P Eigenmann
J Sine
B Perez

Auditors

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

Bankers

JP Morgan
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors

Eversheds
1 Royal Standard Place
Nottingham NG1 6FZ

Registered Office

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

Match Group Europe Limited

Strategic report

Principal Activities

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

Review of the business

In April 2019, the Company acquired all issued shares of Eureka SG from Eureka Inc. in exchange for USD \$1 and immediately changed the name to MG SGP Services Pte Ltd. ("MG Singapore"). In May 2019 funding of USD \$500,000 was made to MG Singapore for ongoing corporate and administrative expenses.

In May 2019, Match.com Foreign Holdings ("MFH"), the direct parent of the Company, provided funding of USD \$500,000 in exchange, the Company issued 1 ordinary share of £1.

In June 2019, the Company incorporated a new subsidiary, MTCH India Services Private Limited to carry on the business of marketing in India.

In August 2019, the Company acquired all interest in Match.com Japan Networks G.K. for USD \$1 from Match.com Global Services Limited and immediately change the name to MG Japan Services GK.

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

	2019	2018	Change
	\$000	\$000	%
Turnover	\$ 4,424	\$ 1,785	148 %
Operating loss on ordinary activities before taxation	\$ (5,580)	\$ (2,482)	125 %

The loss for the year, before taxation, amounts to \$5,580,000 (2018 - \$2,482,000), primarily due to the loss making nature of the India Liaison Office which does not recharge expenses. Loss for the year increased in the current year which is attributable to increases in advertising expense. The Directors believe the losses will be reduced in future years as the India Liaison Office activity was transferred to the new subsidiary, MTCH India Services Private Limited, in 2020. The new subsidiary, a majority-owned investment of the Company, will be able to recharge expenses as incurred.

Principal risks and uncertainties

As a service organization to other group companies, the Company is dependent on cost plus arrangements between the Company and group companies. To the extent cost plus agreements are not in place, the Company must bear the expenses and is dependent on funding from its direct parent and ultimately Match Group, Inc. The marketing performed by the Company on behalf of group companies can drive revenue across the group. No assurances can be provided that the companies who use the Company as a service center will continue to be able to effectively attract registered users to their websites and convert such registered users to subscribing members. Failure to do so would adversely affect the Company's business, financial condition and results of operations. The group companies manage this risk by monitoring site performance on an ongoing basis, providing a range of value added services to its subscribers and providing excellent customer service.

The Directors believe that the departure of the United Kingdom from the European Union did not result in any negative impacts to the Company.

Match Group Europe Limited

Strategic report (continued)**Impacts of Brexit**

The Directors believe that the departure of the United Kingdom from the European Union did not result in any negative impacts to the Company.

Impacts of the Coronavirus

In January 2020, an outbreak of a new strain of Coronavirus, COVID-19, was identified. The virus has spread globally including the UK and Europe and the World Health Organisation (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments, including the UK government, imposed restrictions throughout 2020 to reduce the risk of further spread of the disease – closing borders, ordering home quarantine, and cancelling public events. The company has operations in multiple countries and holds investments in various entities, some which are a provider of online dating services and has continued to provide these services subsequent to the year end. With the global roll-out of vaccinations ongoing and new variants being identified, the further impacts COVID-19 continue to be unknown at this time and there could be a longer period of business interruption during which the revenues, profitability, and cashflows of the company could be negatively impacted.

Therefore as part of the ongoing monitoring management has identified the continuing COVID-19 pandemic as a risk that could cause disruption to the Company. Match Group, Inc., the ultimate parent company, has fared well through the pandemic with group revenues and operating income increasing from comparable periods a year prior. Match Group, Inc. reporting operating cash flow of over \$500 million for the year ended 31 December 2020 and continues to see operating cash flow of \$350 million for the six months ended 30 June 2021, along with global cash on hand of approximately \$235 million at 30 June 2021. The company is dependent on continued support from the ultimate parent company, referred to further in the going concern statement.

Subsequent Events

In January 2020, the Company ceased the commercial operations of and closed its India Liaison Office. In connection with the closure, the Company transferred all contracts and associated liabilities to its majority-owned subsidiary, MTCH India Services Private Limited.

In February 2020, the Company ceased the majority of its operations of its German Branch. Employees and contracts were transferred to another group company.

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

Ultimate Parent Company

On 30 June 2020 the companies formerly known as Match Group, Inc. (referred to as "Former Match Group") and IAC/InterActiveCorp (referred to as "Former IAC") completed the separation of Former Match Group from IAC through a series of transactions that resulted in two, separate public companies —(1) Match Group, Inc., which consists of the businesses of Former Match Group and certain financing subsidiaries previously owned by Former IAC, and (2) IAC/InterActiveCorp, formerly known as IAC Holdings, Inc. ("IAC"), consisting of Former IAC's businesses other than Match Group (the "Separation"). After the Separation, the Company's ultimate parent is Match Group, Inc.

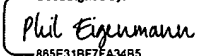
Match Group Europe Limited

Strategic report (continued)

Financial Risk Management

The Company's activities expose it to liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors. The Company does not use derivative financial instruments for speculative purposes. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company obtains loans from the group undertakings. In addition, the Company aims to mitigate the risks associated with its liquidity by managing cash generation by its subsidiary operations and cash collection targets to ensure sufficient cash flows are available for repayment of liabilities when they become due.

ON BEHALF OF THE BOARD:

DocuSigned by:

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P. Eigenmann

Director

Date: 26 October 2021

Match Group Europe Limited

Directors' report

The directors present their report with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The net loss for the year after taxation amounted to \$5,580,000 (2018 - loss of \$2,531,000). No dividends were distributed for the year ended 31 December 2019

Directors and their interests

The current directors are shown on page 1.

Going concern

The ultimate parent company, Match Group, Inc. has agreed to provide continued support to the company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of approval of these financial statements to the extent that the company is unable to meet its liabilities.

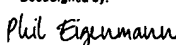
Match Group, Inc. released its full year 2020 results, which included increases in revenue and operating income over the comparable prior year period, operating cash flow of over \$700 million for the year ended 31 December 2020, and cash on hand of approximately \$739 million. Subsequently, Match Group, Inc. release its second quarter 2021 results and continues to have positive results, including operating cash flow of approximately \$350 million for the six months ended 30 June 2021 and global cash available of approximately \$235 million. Based on this information and on enquiries, the Directors believe that the Ultimate parent company, Match Group, Inc. has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent company, and their assessment of the impact on the Company summarised in the post balance sheet events in the strategic report, the Directors are of the view, to the best of their knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD:

DocuSigned by:

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P. Eigenmann
Director

Date: 26 October 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report

to the members of Match Group Europe Limited

Opinion

We have audited the financial statements of Match Group Europe Limited for the year ended 31 December 2019 which comprise the Income Statement, Statement of Other Comprehensive Loss, Balance Sheet, Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report (continued)

to the members of Match Group Europe Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditors' report (continued)

to the members of Match Group Europe Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stuart Darrington (Senior Statutory Auditor)

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

1 More London Place

London

SE1 2AF

27 October 2021

Match Group Europe Limited

Income statement

for the year ended 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
		(in \$000s)	
Turnover		\$ 4,424	\$ 1,785
Cost of sales		(48)	(19)
Gross profit		4,376	1,766
Administrative expenses		(9,797)	(4,361)
Other operating (expense)/income	4	(161)	112
Operating loss		(5,582)	(2,483)
Interest receivable and similar income		2	1
Operating loss on ordinary activities before taxation	6	(5,580)	(2,482)
Tax on loss on ordinary activities	7	—	(49)
Loss for the financial year		<u>\$ (5,580)</u>	<u>\$ (2,531)</u>

All amounts relate to continuing operations.

Match Group Europe Limited**Other comprehensive loss**
for the year ended 31 December 2019

Notes	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Loss for the financial year	\$ (5,580)	\$ (2,531)
Other comprehensive income	—	—
Total comprehensive loss for the year	\$ (5,580)	\$ (2,531)

Match Group Europe Limited

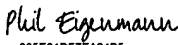
Registered No. 10103086

Balance sheet

at 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
(in \$000s)			
Fixed Assets			
Investments	8	\$ 603	\$ 101
Current Assets			
Debtors	9	1,523	255
Cash at bank		2,425	1,286
		3,948	1,541
Creditors			
Amounts falling due within one year	10	11,468	3,902
Net Current Liabilities		(7,520)	(2,361)
Net Liabilities		\$ (6,917)	\$ (2,260)
Capital and Reserves			
Called up share capital	11	\$ —	\$ —
Share premium	11	511	11
Share based payments	12	1,694	271
Retained earnings		(8,122)	(2,542)
Total Equity		\$ (6,917)	\$ (2,260)

The financial statements were approved by the Board of Directors on 26 October 2021 and were signed on its behalf by:

DocuSigned by:

 865E31BF7FA34B5
 P. Eigenmann
 Director

Match Group Europe Limited

Registered No. 10103086

Statement of changes in equity

at 31 December 2019

	Called up share capital	Share premium	Share based payments	Retained earnings	Total equity
<i>(in \$000s)</i>					
Balance at 1 January 2018	\$ —	\$ 11	\$ 52	\$ (11)	\$ 52
Changes in equity					
Total comprehensive loss	—	—	—	(2,531)	(2,531)
Share based payments	—	—	219	—	219
Balance at 31 December 2018	—	11	271	(2,542)	(2,260)
Changes in equity					
Issuance of share capital	—	500	—	—	500
Total comprehensive loss	—	—	—	(5,580)	(5,580)
Share based payments	—	—	423	—	423
Balance at 31 December 2019	\$ —	\$ 511	\$ 694	\$ (8,122)	\$ (6,917)

Match Group Europe Limited**Notes to the financial statements**

for the year ended 31 December 2019

1. Authorisation of Financial Statements and Compliance

The financial statements of Match Group Europe Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 26 October 2021 and the balance sheet was signed on the board's behalf by P. Eigenmann. Match Group Europe Limited is incorporated and domiciled in England and Wales.

2. Accounting policies**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The company is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group headed by Match Group, Inc., the parent undertaking established under the law of America. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Match.com Foreign Holding Limited, the company has taken advantage of the exemption contained in Financial Reporting Standards 101 and has therefore not disclosed transactions on balances which form part of the group.

Going concern

The ultimate parent company, Match Group, Inc. has agreed to provide continued support to the company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of approval of these financial statements to the extent that the company is unable to meet its liabilities.

Match Group, Inc. released its full year 2020 results, which included increases in revenue and operating income over the comparable prior year period, operating cash flow of over \$700 million for the year ended 31 December 2020, and cash on hand of approximately \$739 million. Subsequently, Match Group, Inc. release its second quarter 2021 results and continues to have positive results, including operating cash flow of approximately \$350 million for the six months ended 30 June 2021 and global cash available of approximately \$235 million. Based on this information and on enquiries, the Directors believe that the Ultimate parent company, Match Group, Inc. has the ability to provide financial support to the Company for the foreseeable future.

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2019

2. Accounting policies (continued)

Going concern (continued)

Taking into account the position of the ultimate parent company, and their assessment of the impact on the Company summarised in the post balance sheet events in the strategic report, the Directors are of the view, to the best of their knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules enacted or substantially enacted by the balance sheet date.

The charge for tax is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment for reporting purposes and tax purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency transaction

The directors of the Company regard the US dollar as the functional currency of the Company. The majority of the Company's revenue and expenditure is carried out in US dollars. Therefore, the financial statements are presented in US dollars.

Transactions denominated in foreign currencies are translated in to US dollars and recorded at the actual rate of exchange during the year. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date (2019 - \$1.00 = £\$0.7715; 2018 - \$1.00 = £\$0.7869). Exchange gains or losses are included in the profit and loss account.

Investments

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

Turnover

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

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

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2019

2. Accounting policies (continued)**Pensions**

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

Share based payments

The share option programme allows employees to acquire shares of the parent company, Match Group Inc (US). The grant date fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Management assumptions

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

3. Turnover

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

4. Other Operating Loss/Income

	31 Dec 2019	31 Dec 2018
	<i>(in \$000s)</i>	
Exchange (loss)/gain	\$ (161)	\$ 112

Match Group Europe Limited**Notes to the financial statements**

for the year ended 31 December 2019

5. Employees and Directors

	31 Dec 2019	31 Dec 2018
	(in \$'000s)	
Wages and salaries	\$ 3,269	\$ 1,699
Pension costs	53	26
National Health Insurance	9	
	<u>\$ 3,331</u>	<u>\$ 1,725</u>

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

	31 Dec 2019	31 Dec 2018
Administration	<u>18</u>	<u>11</u>

The directors' remuneration for 2019 and 2018 was borne and paid for by a fellow group undertaking. It is impractical to determine the share of remuneration attributable to their services as a director of Match Group Europe Limited.

6. Loss before Taxation

The loss before taxation is stated after charging:

	31 Dec 2019	31 Dec 2018
	(in \$'000s)	
Auditor's remuneration - audit services	\$ 91	\$ 34

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2019

7. Taxation

Analysis of tax income

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Current tax:		
Current tax on profits for the year	\$ —	\$ —
Adjustment in respect of prior years	—	2
	—	2
Deferred tax:		
Deferred tax for the year	—	(486)
Effect of changes in tax rates	—	51
Valuation allowance	—	482
	—	47
Total tax income in income statement	\$ —	\$ 49

Factors affecting the tax expense

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

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Loss on ordinary activities before income tax	\$ (5,580)	\$ (2,482)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	\$ (1,060)	\$ (472)
Effects of:		
Group relief surrendered	—	166
Non tax-deductible expenses	27	1
Transfer pricing adjustments	1,539	—
Tax rate changes	—	51
Adjustments in respect of prior years	—	2
Share options	(239)	(181)
Valuation allowance	(267)	482
Tax expense	\$ —	\$ 49

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2019

7. Taxation (continued)

Deferred tax

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Deferred tax asset:		
Temporary differences trading	\$ 1,538	\$ 691
Losses	153	396
	1,691	1,087
Valuation allowance	(1,691)	(1,087)
Net deferred tax asset	\$ —	\$ —

Match Group Europe Limited

Notes to the financial statements

for the year ended 31 December 2019

8. Investments

	Shares in group undertakings (in \$000s)
Cost	
At 1 January 2019	\$ 101
Additions	502
At 31 December 2019	\$ 603
Net book value	
At 31 December 2019	\$ 603
At 31 December 2018	\$ 101

In April 2019, the Company acquired all issued shares of Eureka SG from Eureka Inc. in exchange for USD \$1 and immediately changed the name to MG SGP Services Pte Ltd. ("MG Singapore"). In May 2019 funding of USD \$500,000 was made to MG Singapore for ongoing corporate and administrative expenses.

In June 2019, the Company incorporated a new subsidiary, MTCH India Services Private Limited to carry on the business of marketing in India.

In August 2019, the Company acquired all interest in Match.com Japan Networks G.K. for USD \$1 from Match.com Global Services Limited and immediately change the name to MG Japan Services GK.

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

Company	Country of Incorporation	Principal Activity	Share Capital	Interest
MG France Services SAS	France	Public relations and advertising services	Ordinary Shares	100% direct
MG Korea Services Ltd.	South Korea	Online dating	Ordinary Shares	100% direct
MTCH India Services Pte Ltd.	India	Online dating	Ordinary Shares	99% direct
MG Japan Services GK	Japan	Online dating	Ordinary Shares	100% direct
MG SGP Services Pte. Ltd.	Singapore	Online dating	Ordinary Shares	100% direct

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Notes to the financial statements

for the year ended 31 December 2019

9. Debtors: Amounts Falling due within one year

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Trade debtors	\$ —	\$ 87
Amounts owed by group undertakings	1,413	12
Prepayments and accrued income	110	39
Income tax receivable	—	117
	\$ 1,523	\$ 255

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

10. Creditors: Amounts Falling due within one year

	31 Dec 2019	31 Dec 2018
	(in \$000s)	
Amounts owed to group undertakings	\$ 10,781	\$ 2,767
Accrued expenses	679	1,135
Trade creditors	8	—
	\$ 11,468	\$ 3,902

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

11. Called Up Share Capital and Share Premium

				Share capital	Share premium	Total
				(in \$000s)		
Allotted, issued and fully paid						
	Number:	Class	Nominal value:			
At 1 January 2019	1	Ordinary	£1	\$ —	\$ 11	\$ 11
Issuance of share capital	1	Ordinary	£1	—	500	500
At 31 December 2019	2	Ordinary	£1	\$ —	\$ 511	\$ 511

In May 2019, Match.com Foreign Holdings ("MFH"), the direct parent of the Company, provided funding of USD \$500,000 in exchange, the Company issued 1 ordinary share of £1.

12. Share-Based Payment Transactions

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

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Notes to the financial statements
for the year ended 31 December 2019**12. Share-Based Payment Transactions (continued)**

vest equally over four years while the employee remains in the group's employment and contractually expire ten years after the date of grant.

The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as share-based payment.

Out of the 123,334 outstanding options (2018: 137,860 options), 80,447 options (2018: 51,806) were exercisable. Options exercised in 2019 and 2018 resulted in 14,671 and 22,653 shares being issued at a weighted average price of \$12.34 and \$8.67, respectively. The related weighted average share price at the time of exercise was \$73.69 and \$50.20 per share, respectively, in 2019 and 2018.

Share options outstanding at 31 December 2019 have grant dates between August 2015 and April 2019, expiration dates between August 2025 and April 2029, with exercise prices between \$4.89 and \$32.64.

Out of the 25,141 unvested RSUs (2018: 28,447 RSUs), no RSUs were exercisable at 31 December 2019 and 2018. RSU vestings in 2019 resulted in 13,574 shares being issued at a weighted average share price at the time of vest of \$57.36. No RSU vestings occurred in 2018.

RSUs outstanding at 31 December 2019 have grant dates between August 2017 and February 2019, expiration dates between August 2027 and February 2029, with issue prices between \$19.39 and \$57.78.

13. Ultimate Parent Company

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

The group accounts for Match Group, Inc. are available at 8750 North Central Expressway, Dallas, TX 75231.

14. Related Party Disclosures

As the Company is a wholly-owned subsidiary of Match Group, Inc., the Company has taken advantage of the exemption contained in FRS 101 Related Parties Disclosures and has therefore not disclosed transactions or balances with entities which form part of the group.

15. Subsequent Events

In February 2020, the Company ceased the commercial operations of and closed its India Liaison Office. In connection with the closure, the Company transferred all contracts and associated liabilities to its majority-owned subsidiary, MTCH India Services Private Limited.

Also in February 2020, the Company ceased the majority of its operations of its German Branch. Employees and contracts were transferred to another group company.

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

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Notes to the financial statements
for the year ended 31 December 2019**15. Subsequent Events (continued)****Impacts of the Coronavirus**

In January 2020, an outbreak of a new strain of Coronavirus, COVID-19, was identified. The virus has spread globally including the UK and Europe and the World Health Organisation (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments, including the UK government, imposed restrictions throughout 2020 to reduce the risk of further spread of the disease – closing borders, ordering home quarantine, and cancelling public events. The company has operations in multiple countries and holds investments in various entities, some which are a provider of online dating services and has continued to provide these services subsequent to the year end. With the global roll-out of vaccinations ongoing and new variants being identified, the further impacts COVID-19 continue to be unknown at this time and there could be a longer period of business interruption during which the revenues, profitability, and cashflows of the company could be negatively impacted.

Therefore as part of the ongoing monitoring management has identified the continuing COVID-19 pandemic as a risk that could cause disruption to the Company. Match Group, Inc., the ultimate parent company, has fared well through the pandemic with group revenues and operating income increasing from comparable periods a year prior. Match Group, Inc. reporting operating cash flow of over \$500 million for the year ended 31 December 2020 and continues to see operating cash flow of \$350 million for the six months ended 30 June 2021, along with global cash on hand of approximately \$235 million at 30 June 2021. The company is dependent on continued support from the ultimate parent company, referred to further in the going concern statement.

Ultimate Parent Company

On 30 June 2020 the companies formerly known as Match Group, Inc. (referred to as “Former Match Group”) and IAC/InterActiveCorp (referred to as “Former IAC”) completed the separation of Former Match Group from IAC through a series of transactions that resulted in two, separate public companies —(1) Match Group, Inc., which consists of the businesses of Former Match Group and certain financing subsidiaries previously owned by Former IAC, and (2) IAC/InterActiveCorp, formerly known as IAC Holdings, Inc. (“IAC”), consisting of Former IAC's businesses other than Match Group (the “Separation”). After the Separation, the Company's ultimate parent is Match Group, Inc.