

matchgroup

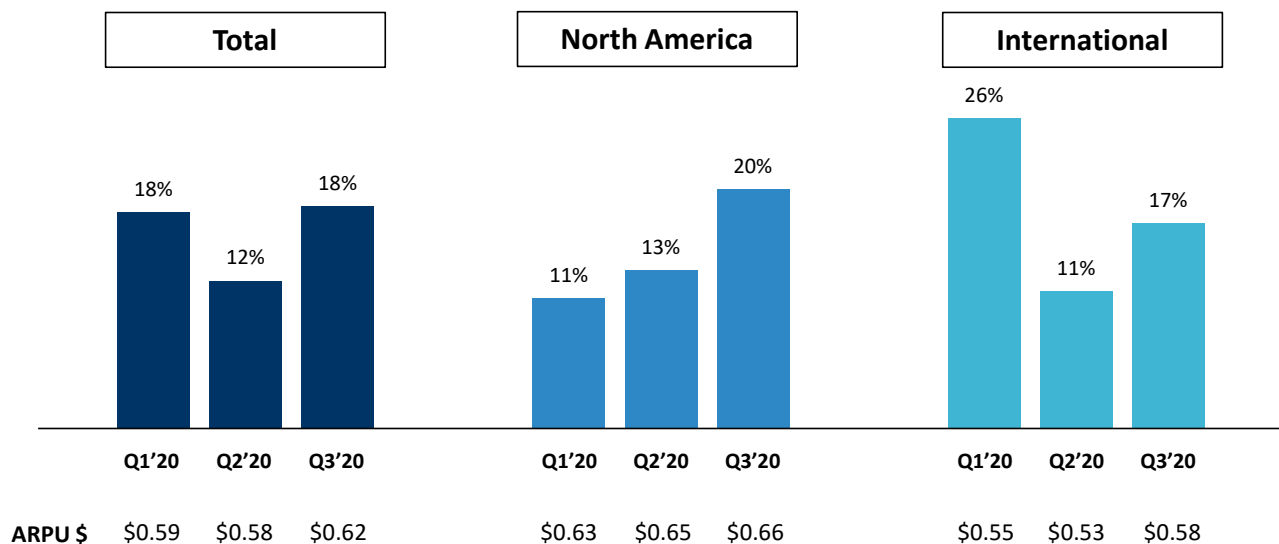
Q3 2020 - Letter to Shareholders

November 4, 2020

Dear Shareholders,

Match Group's business continued to prove resilient amidst ongoing global macroeconomic and social challenges. The recovery in trends that began in May carried into the third quarter with our overall year-over-year revenue growth rates in Q3 returning to Q1 levels. User activity and engagement remained high across the portfolio, leading to continued gains in both subscribers and ARPU. Western market businesses have performed extremely well despite the COVID challenges, while some developing markets, several of which have been hard hit by the pandemic, are recovering more slowly. The future remains challenging to predict, but the resilience of our team and the importance of our products in people's lives gives us much confidence as we look towards 2021 and beyond.

Match Group Direct Revenue YoY Growth



Executing on a Strategy for Consistent Long-Term Growth

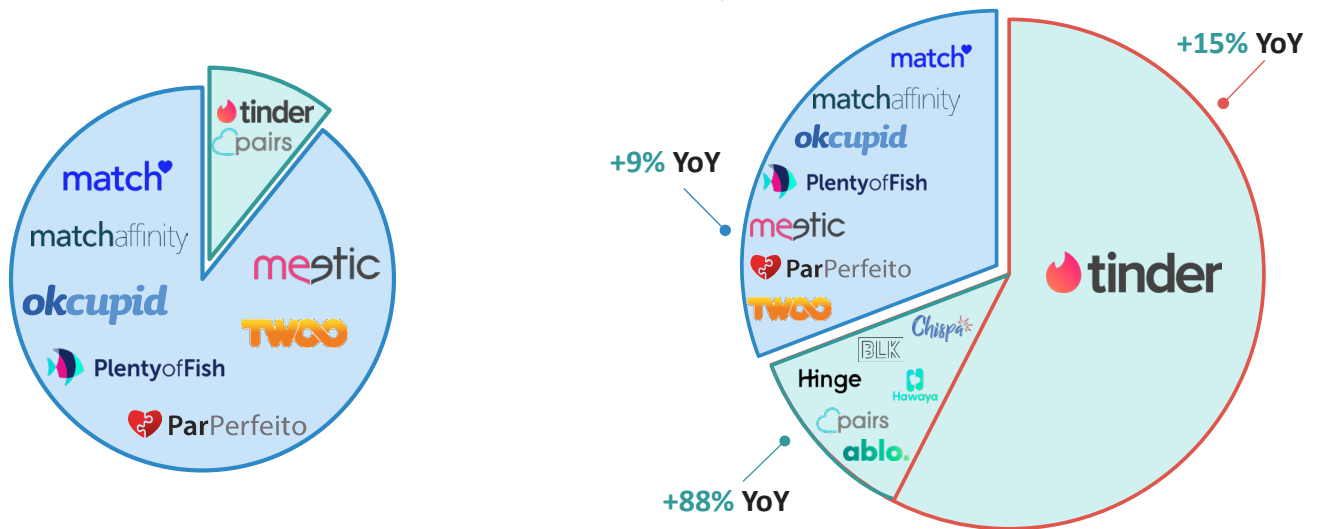
This month marks our fifth anniversary as a public company. At the time of our IPO, the majority of our existing businesses were seeing pressures from the shift to mobile and we were pursuing two emerging opportunities in Tinder® and Pairs®. While Tinder's success is well documented, our longest-standing brands are now showing solid direct revenue growth in aggregate and our non-Tinder portfolio grew direct revenue 23% year-over-year in Q3. This evolution is the result of successfully managing a portfolio to address the varied demographics and intents of singles globally.

Evolution of Match Group Direct Revenue

Q3 2015: \$225 million

+23% CAGR

Q3 2020: \$628 million



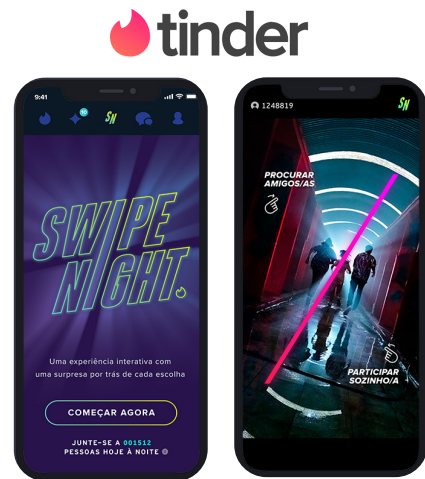
Emerging opportunities at Tinder and Pairs, with remainder of portfolio challenged by the shift to mobile

Strong Tinder and Pairs growth supplemented by new emerging opportunities and growth of longest-standing brands

Brands That Have Emerged in the Last Decade

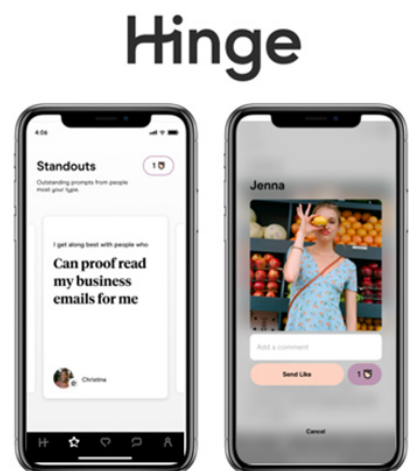
Tinder, with its patented Swipe® feature, has become an iconic global brand in the eight years since we incubated it internally, and is now the benchmark for dating apps. Tinder remains the highest grossing app in the Lifestyle category in ~100 countries and has grown direct revenue from essentially zero in 2014 to an expected nearly \$1.4 billion this year.

Tinder continues to offer a unique and fun experience for young singles around the world to find and connect with others. A great example is the Swipe Night™ series, which Tinder successfully launched in September to 24 countries around the world in over 20 languages, as well as a re-launch in the United States. The tremendous buzz surrounding Swipe Night led to 15 million viewers engaging with the series, contributing to all-time highs in daily usage of Tinder.



At the end of Q3, messages and Swipes® at Tinder were up solid double-digits versus the last week of February, before the pandemic. On the monetization front, ARPU and subscribers continued to strengthen from the lows we saw early in the pandemic. While the rebound has been strong across developed markets, certain international markets that have been severely impacted by the pandemic, such as India, parts of Southeast Asia and Latin America, have recovered more slowly. We have expanded the testing of the Tinder Platinum™ subscription to 10 countries and expect to deploy it globally later in the fourth quarter.

Hinge® exemplifies how we have created value via acquisition by leveraging best practices from across the portfolio to build a major dating brand. App downloads at Hinge were declining prior to our investment in the company but have grown consistently since, up 82% year to date despite the impacts of the pandemic. In Q3, Hinge launched two à la carte features leading to an acceleration in ARPU growth, up more than 100% year-over-year in the quarter, compared to up 63% year-over-year in Q2. The growth in ARPU, combined with continued subscriber growth, led to direct revenue growth of more than 200% year-over-year in the third quarter.



Our homegrown, demographically focused apps, Chispa and BLK, each continue to gain user traction and grow monetization. Aligning with their brand values and focus on their respective communities, Chispa and BLK are partnering with organizations on issues of importance to their members, such as Black Lives Matter and voter mobilization. Building on the initial success of these brands, we recently launched a third demographically focused app on the same platform, Upward®, which is focused on the Christian community.

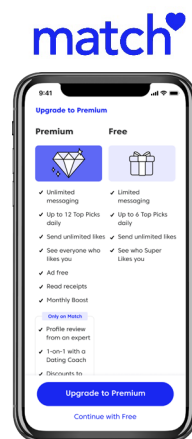


Recent marketing at Chispa and BLK

Leading Brands Serving Users for Over 15 Years

Innovation in product and marketing has driven our longest-standing brands back to growth in aggregate and we are confident that there is plenty of runway for them to continue to evolve to serve their targeted demographics and drive sustainable growth.

Many people may not realize it, but Match® and Meetic® remain the most recognized apps for singles over age 35 to enter the dating category in the US and Europe, respectively. Building on this high brand awareness, Match reinvigorated growth by rolling out a softer paywall, driving a 20% increase in message initiations in Q3. Meetic reached its highest subscriber level in four years in Q3 and is also now testing a softer paywall to drive user engagement. Both brands are supplementing this product work with fresh, relevant TV marketing campaigns, including Meetic's partnership with Canal+ in France on a parody of *The Bachelor*.



New softer paywall



Partnering with Canal+ on *La Flamme*, a parody on *The Bachelor*

At PlentyofFish®, more than 5.5 million members have used its one-to-many live streaming video feature, POF Live™, since it launched earlier this year, and it continues to experience strong engagement while also providing an incremental source of revenue. Leaning into this momentum, PlentyofFish hosted the largest-ever virtual speed-dating event in Q3. We believe the user experience on POF Live will continue to provide us with opportunities to experiment with new and creative user experiences on the platform.

Fourth Quarter Financial Outlook

We expect Q4 revenue of \$640 to \$650 million, reflecting 17-19% year-over-year growth. If we achieve our fourth quarter revenue outlook it would result in FY 2020 revenue growth of ~16%, putting us on track to reach the growth targets we set for ourselves at the beginning of the year, despite the COVID headwinds. We expect Q4 adjusted EBITDA of \$235 to \$245 million which reflects approximately \$10 million of underspend on sales and marketing in Q3 that we now will try to put to work in Q4.

This year has been fraught with complications, hardships and anxiety on a global scale. But people have an incredible capacity to come together, support each other and unite in the face of any pandemic. It has also shown us that what we offer our communities, the ability to connect and form meaningful relationships, is indispensable. And while there may be short term volatility that comes with the unpredictability of current events, our mission is a beacon for a more hopeful future. We are confident that by staying laser focused on what we do, we can consistently produce strong revenue growth with high levels of profitability. The need for human connection is ubiquitous, and not only do we offer products around the world that address those needs, but a team that is relentlessly focused on improving outcomes every step of the way.

Wishing everyone a safe, extended cuffing season,



Shar Dubey

Chief Executive Officer



Gary Swidler

Chief Operating Officer
& Chief Financial Officer

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This announcement may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements that are not historical facts are “forward looking statements.” 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 other similar matters. These forward-looking statements are based on management’s current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: competition, our ability to maintain user rates on our higher monetizing dating products, our ability to attract users to our dating products through cost-effective marketing and related efforts, foreign currency exchange rate fluctuations, our ability to distribute our dating products through third parties and offset related fees, the integrity and scalability of our systems and infrastructure (and those of third parties) and our ability to adapt ours to changes in a timely and cost-effective manner, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, risks relating to certain of our international operations and acquisitions, certain risks relating to our relationship with IAC/ InterActiveCorp (“IAC”) post-separation, the impact of the outbreak of COVID-19 coronavirus, and the risks, and the risks inherent in separating Match Group from IAC, including uncertainties related to, among other things, the costs and expected benefits of the proposed transaction, any litigation arising out of or relating to the transaction, the expected tax treatment of the transaction, and the impact of the transaction on the businesses of Match Group. Certain of these and other risks and uncertainties are discussed in Match Group’s filings with the Securities and Exchange Commission. 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 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 announcement. Match Group does not undertake to update these forward-looking statements.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures in addition to financial measures presented in accordance with U.S. GAAP. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. See page 7 for a reconciliation of the non-GAAP financial measures to their most comparable GAAP measure.

Definitions

“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. Subscribers as of any given time represent the number of users who purchased a subscription to one of our products at that time. Users who purchase only à la carte features are not included in Subscribers. Unless otherwise noted, Subscribers refers to Average Subscribers in this presentation. “ARPU” or Average Revenue per Subscriber, is Direct Revenue from Subscribers in the relevant measurement period (whether in the form of Subscription or à la carte) 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. Direct Revenue is revenue that is received directly from end users of our products and includes both subscription and à la carte revenue. “North America” or “NA” as used in this presentation refers to the United States and Canada. Our portfolio of brands includes Tinder®, Match®, PlentyOfFish®, Meetic®, OkCupid®, OurTime®, Pairs™, and Hinge®, as well as a number of other brands, each designed to increase our users’ likelihood of finding a meaningful connection.

GAAP to Non-GAAP Reconciliation

(\$Ms)	Q4'2020
Operating Income	\$204 to \$214
Stock-based compensation expense	20
Depreciation & Amortization of intangibles	11
Adjusted EBITDA	\$235 to \$245