



MatchGroup

Letter to Shareholders

Q4 2022 | January 31, 2023

Fourth Quarter 2022 Financial Highlights

- » **Total Revenue** declined 2% over the prior year quarter to \$786 million (5% growth on a foreign exchange ("FX") neutral basis ("FXN")).
- » **Operating income** was \$107 million, a 54% decrease over the prior year quarter, representing an operating margin of 14%. Operating Income reflects \$102 million of impairments of intangibles (see page 15 for details).
- » **Adjusted Operating Income** was \$286 million, a decrease of 2% over the prior year quarter, representing an Adjusted Operating Income Margin of 36%.
- » **Payers** declined 1% to 16.1 million compared to the prior year quarter.
- » **RPP** declined 1% over the prior year quarter to \$16.00, up 7% FXN.
- » **Tinder Direct Revenue** was flat (+8% FXN) over the prior year quarter with 3% Payers growth to 10.8 million, offset by RPP declines of 2%.
- » **All Other Brands** collectively had a Direct Revenue decline of 5% year-over-year driven by an 8% Payers decline, partially offset by 3% RPP growth. Within All Other Brands, **Hinge Direct Revenue** grew nearly 30% year-over-year.
- » Full Year 2022 **Operating Cash Flow** and **Free Cash Flow** were \$526 million and \$477 million, respectively, impacted by the \$441 million payment related to the previously disclosed Tinder litigation settlement in the second quarter of 2022.



Dear Shareholders,

While our 2022 performance was below what we expect of ourselves, we made corrective changes and feel this organization is gaining momentum as we start 2023. Tinder is beginning to execute on its clearly defined product roadmap and is ready to launch a bold new marketing campaign. Exciting things are happening elsewhere in the portfolio as well. Hinge is on fire, with its expansion rolling across Europe at breakneck speed, and our new bets, including The League, Chispa, and BLK, continue to succeed.

Match Group has always prioritized financial discipline and this focus runs throughout the organization. With macroeconomic challenges and uncertainties persisting, we will continue to look for opportunities to streamline operations and maximize profitability. Under our new organizational structure, which we [announced](#) last week, we've increased accountability to achieve our key strategic objectives, invest in our growth opportunities, and realize our financial goals.

This organization's ability to identify opportunities for improvement, be solutions-oriented, and embrace change is invigorating and sets us up for long-term success. The year is off to a solid start performance-wise, we expect momentum to build as the year progresses, and we're confident that we have the pieces in place to drive future growth for many years to come.



Bernard Kim ("BK")
Chief Executive Officer

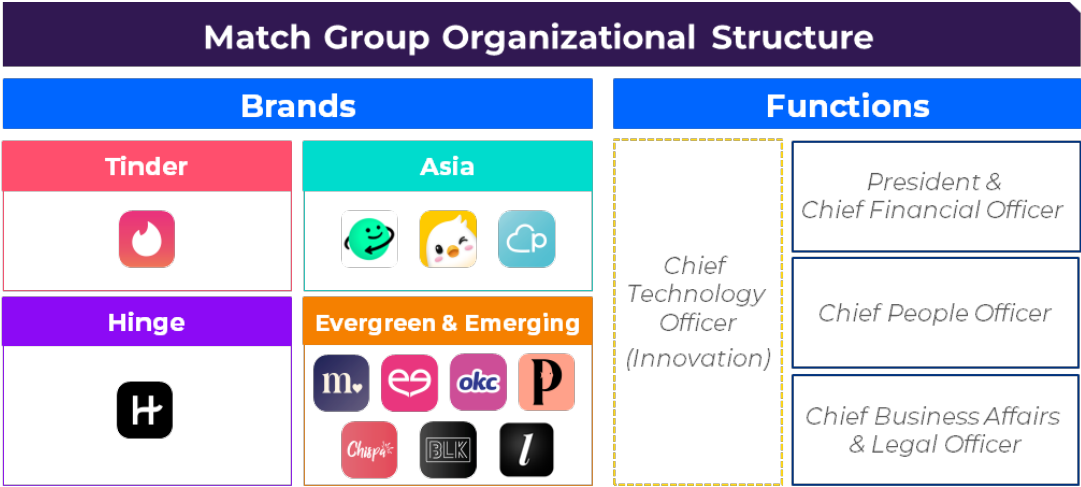


Gary Swidler
President &
Chief Financial Officer

Business Trends

Organizational Changes to Increase Accountability, Collaboration, and Performance

To increase accountability, collaboration, and financial performance, as well as benefit from our scale and portfolio strategy, we've implemented a more streamlined organizational structure at Match Group.



Brands shown are not exhaustive of the entire Match Group portfolio.

Tinder® continues to be the world's most popular app for meeting new people and is our largest revenue contributor. BK remains the interim Tinder CEO with key senior leaders reporting directly to him. The Tinder executive team continues to work together seamlessly, making strides in galvanizing the broader team, enhancing the user experience, and reigniting growth. With a clear set of goals, the Tinder team is fully aligned and focused on executing against its well-defined product roadmap and establishing its brand narrative in 2023 and beyond.

Hinge® continues to be the brightest spot in our portfolio and a critical contributor to Match Group's growth, driven by ongoing strength in its core English-speaking markets and its burgeoning popularity across newly launched European markets. *Justin McLeod*, founder and CEO of Hinge, will now report directly to BK. Justin's founder-led creative vision and guiding principles will remain front and center for Hinge as it continues its global expansion and grows into an even more significant part of our portfolio.

Asia represents an enormous opportunity given the size of the addressable market, early stage of user adoption, and varied demographics that exist throughout the region. *Malgosia Green* has been promoted from CEO of Plenty of Fish® to CEO of Match Group Asia, reporting directly to BK. She will be relocating to Asia to oversee our efforts there. Malgosia will join a team of strong leaders on the ground at Pairs™ and Hyperconnect®, who are focused on recapturing growth and enhancing profitability. She will also focus on identifying opportunities to expand our strategic footprint in this critical region.

Evergreen & Emerging Brands will now be managed together, combining the deep-rooted knowledge from our larger evergreen brands (Match®, Meetic®, Plenty of Fish®, and OKCupid®) with the significant untapped potential of our smaller emerging brands (including BLK®, Chispa®, and The League®). *Hesam Hosseini*, previously CEO of Match and Affinity brands, will take on the newly created role of CEO of Evergreen & Emerging Brands. This team is laser focused on increasing efficiencies and reducing duplicative efforts among our evergreen brands, where growth has become more challenging. This is the first time in our history that these four key evergreen brands are joined together, allowing them to act as one global team sharing the same vision. This new structure will also leverage our existing teams' knowledge and infrastructure to drive growth at attractive margins across our smaller but fast-growing emerging brands, which target underserved niche demographics.

Innovation will play an even more principal role at Match Group moving forward. As we look to blend our own expertise in innovation with fresh insights, *Will Wu*, a leading digital social product innovator, will join us from Snap Inc., as our group-wide Chief Technology Officer. Will's scope includes working with all our brands, including Tinder and Hinge, to keep their platforms exciting and continuing to evolve our dating experience to match the needs of today's users – especially Gen Z. Will and a cross functional team will work to build upon Match's strong history of transformative innovation by continuing to incubate, launch, and grow entirely new experiences for users. We're delighted to have him join us to lead these efforts.

We strongly believe this represents the right organizational structure and the right team to deliver Match Group's next wave of growth. With this team and structure, we are confident in our ability to drive solid double-digit growth in the years ahead.