

accordance with GAAP. This information should be read in conjunction with our combined financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended										
	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
Revenue	\$192,555	\$197,468	\$204,521	\$208,545	\$209,785	\$211,906	\$227,581	\$238,996	\$235,069	\$248,817	\$268,971
Operating costs and expenses:											
Cost of revenue (exclusive of depreciation shown separately below)	20,164	20,827	21,700	23,254	24,145	24,487	33,447	37,945	38,953	44,529	47,636
Selling and marketing expense	92,460	77,729	82,997	68,684	101,577	83,014	86,645	63,871	111,965	88,181	89,698
General and administrative expense	26,592	24,980	22,046	20,023	23,273	28,054	23,024	43,539	29,738	45,584	45,981
Product development expense	10,529	10,038	10,682	11,724	12,479	11,633	12,502	13,124	16,451	17,478	16,811
Depreciation	4,706	4,838	5,043	5,615	5,778	5,570	5,774	8,425	7,045	6,622	6,137
Amortization of intangibles	4,540	5,105	3,153	4,327	1,837	1,683	3,321	4,554	3,877	5,901	4,352
Total operating costs and expenses	158,991	143,517	145,621	133,627	169,089	154,441	164,713	171,458	208,029	208,295	210,615
Operating income	\$ 33,564	\$ 53,951	\$ 58,900	\$ 74,918	\$ 40,696	\$ 57,465	\$ 62,868	\$ 67,538	\$ 27,040	\$ 40,522	\$ 58,356

The following table reconciles Adjusted EBITDA to operating income for each of the eleven quarters ended September 30, 2015.

	Three months ended										
	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
Operating income	\$ 33,564	\$ 53,951	\$ 58,900	\$ 74,918	\$ 40,696	\$ 57,465	\$ 62,868	\$ 67,538	\$ 27,040	\$ 40,522	\$ 58,356
Stock-based compensation expense	4,152	418	3,283	4,375	4,997	5,809	5,804	4,241	6,299	11,626	13,057
Depreciation	4,706	4,838	5,043	5,615	5,778	5,570	5,774	8,425	7,045	6,622	6,137
Amortization of intangibles	4,540	5,105	3,153	4,327	1,837	1,683	3,321	4,554	3,877	5,901	4,352
Acquisition-related contingent consideration fair value adjustments	1,458	4,249	632	(5,996)	(27)	728	(14,282)	669	(11,011)	(1,223)	755
Adjusted EBITDA	\$ 48,420	\$ 68,561	\$ 71,011	\$ 83,239	\$ 53,281	\$ 71,255	\$ 63,485	\$ 85,427	\$ 33,250	\$ 63,448	\$ 82,657

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The following table sets forth our key Dating metrics for each of the eleven quarters ended September 30, 2015.

	Three months ended										
	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
	(in thousands, except ARPPU)										
Direct Revenue:											
North America	\$ 118,872	\$ 122,778	\$ 127,097	\$ 124,982	\$ 127,011	\$ 130,210	\$ 134,325	\$ 134,382	\$ 138,522	\$ 146,830	\$ 148,728
International	62,367	63,318	65,754	68,901	69,341	68,276	67,741	68,241	63,364	66,602	75,773
Total Direct Revenue	181,239	186,096	192,851	193,883	196,352	198,486	202,066	202,623	201,886	213,432	224,501
Indirect Revenue	7,622	8,225	8,218	10,063	8,680	9,081	9,341	9,829	8,261	9,518	10,630
Total Dating Revenue	\$ 188,861	\$ 194,321	\$ 201,069	\$ 203,946	\$ 205,032	\$ 207,567	\$ 211,407	\$ 212,452	\$ 210,147	\$ 222,950	\$ 235,131
Average PMC:											
North America	2,062	2,152	2,208	2,254	2,356	2,373	2,457	2,429	2,553	2,699	2,676
International	967	992	1,043	1,078	1,086	1,074	1,101	1,127	1,179	1,366	1,491
Total	3,029	3,144	3,251	3,332	3,442	3,447	3,558	3,556	3,732	4,065	4,167
ARPPU:											
North America	\$ 0.64	\$ 0.63	\$ 0.63	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.59	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.60
International	\$ 0.72	\$ 0.70	\$ 0.69	\$ 0.69	\$ 0.71	\$ 0.70	\$ 0.67	\$ 0.66	\$ 0.60	\$ 0.54	\$ 0.55
Total	\$ 0.66	\$ 0.65	\$ 0.64	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.62	\$ 0.62	\$ 0.60	\$ 0.58	\$ 0.59

## Quarterly trends

Quarterly Direct Revenue has generally increased sequentially, driven by growth in Average PMC in most periods, partially offset by sequential decreases in ARPPU in a number of periods. ARPPU decreases in sequential quarters are driven largely by mix shifts to lower monetizing brands. In the three months ended March 31, 2015, June 30, 2015 and September 30, 2015, foreign exchange movements meaningfully affected International Direct Revenue and total Direct Revenue growth. But for the significant effects of foreign exchange, International Direct Revenue and total Direct Dating Revenue in the three months ended March 31, 2015 would have also sequentially increased.

Our advertising spend is typically higher during the first quarter of a fiscal year, and lower during the fourth quarter. This mix is driven by the seasonally low cost of advertising during the first quarter, coupled with the seasonally high demand for our products at such time, and the seasonally high cost of advertising in the fourth quarter coupled with the seasonally low demand for our products at such time.

Adjusted EBITDA is generally increasing sequentially and on a year on year basis, but is impacted by the aforementioned selling and marketing trends, which drive lower or sometimes negative, year on year Adjusted EBITDA growth in the first quarter of the fiscal year. Increased investment in Non-dating driven by the acquisition of The Princeton Review also negatively impacted Adjusted EBITDA beginning with the three months ended September 30, 2014 through the second quarter of 2015. Non-dating reported positive Adjusted EBITDA for the first time in the third quarter of 2015, which is its seasonally strongest quarter.

## Liquidity and capital resources

The following table summarizes our total cash and cash equivalents as at December 31, 2012, 2013 and 2014 and September 30, 2014 and 2015 as well as our operating, investing and financing activities for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and