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were not always contemporaneous with the grant dates of our stock-based awards. In determining whether it was reasonable to rely on the most recent valuation, we considered whether there were any material changes to our business since the date of such valuation, taking into account our actual operating and financial performance, current business conditions, our financial projections, the market performance of comparable publicly traded companies, the U.S. capital market conditions generally, and any other factors we deemed relevant at the time. There were significant judgments and estimates inherent in these valuations, which included assumptions regarding our future operating performance and the determinations of the appropriate valuation methods to be applied. If we had made different estimates or assumptions, our stock-based compensation expense and net income could have been significantly different from those reported in this prospectus.

In valuing our shares, we determined our equity value by assessing by a combination of the value indicators using a market comparable approach and an income approach. The valuation method ultimately selected to determine valuation was the market comparable approach after determining that the resulting valuation was reasonable given the range of valuations determined using the income approach.

Market comparable approach

The market comparable approach considers multiples of financial metrics based on both acquisitions and trading multiples of a selected peer group of companies. From the comparable companies, a representative market multiple is determined which is applied to financial metrics to estimate the value of our company.

To determine our peer group of companies, we considered companies relevant in terms of consumer use, monetization model, margin and growth characteristics and brand strength operating in these sectors: dating and matching, gaming, social, subscription, eCommerce without inventory, and branded consumer internet companies with strong earnings growth.

Income approach

For the income approach, a discounted cash flow method was utilized to estimate the enterprise value based on the estimated present value of future net cash flows we are expected to generate over a forecasted period and an estimate of the present value of cash flows beyond that period. The present value was estimated using a discount rate, which accounts for the time value of money and the appropriate degree of risks inherent in the business. For these valuations, we prepared financial projections to be used in the income approach. The financial projections took into account our historical financial results of operations, our business experiences and our future expectations. We factored the risk associated with achieving our forecasts into selecting the appropriate exit multiple and discount rate. There is inherent uncertainty in these estimates, as the assumptions we used were highly subjective and subject to change as a result of new operating data and economic and other conditions that impact our business.

In connection with the recapitalization of our equity that will occur prior to the completion of this offering and the transfer of a portion of the net proceeds of this offering to IAC, we will make appropriate adjustments to outstanding awards that are denominated in the equity of our company to reflect the transactions contemplated in connection with this offering. Any such adjustments will be made in accordance with our stock incentive plans and applicable tax rules.

Long-term investments

At December 31, 2014, long-term investments include three cost method investments and a marketable equity security.

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We evaluate our cost method investments for indicators of impairment on a quarterly basis, and recognizes an impairment loss if the decline in value is deemed to be other-than-temporary. Future events may result in reconsideration of the nature of losses as other-than-temporary and market and other factors may cause the value of our investments to decline.

We employ a methodology that considers available evidence in evaluating potential other-than-temporary impairments of its investments. Investments are considered to be impaired when a decline in fair value below the amortized cost basis is determined to be other-than-temporary. Such impairment evaluations include, but are not limited to: the length of time and extent to which fair value has been less than the cost basis, the current business environment, including competition; going concern considerations such as financial condition, the rate at which the investee utilizes cash and the investee's ability to obtain additional financing to achieve its business plan; the need for changes to the investee's existing business model due to changing business and regulatory environments and its ability to successfully implement necessary changes; and comparable valuations. During 2012, we recorded an impairment charge of \$8.7 million related to its long-term marketable equity security.

Recent accounting pronouncements

For a discussion of recent accounting pronouncements, see Note 2 to the audited combined financial statements included elsewhere in this prospectus.

JOBS Act

As a company with less than \$1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will continue to be an emerging growth company until the earliest to occur of:

- the last day of the fiscal year following the fifth anniversary of this offering;
- the last day of the fiscal year in which we have more than \$1.0 billion in annual revenues;