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Match Group, Inc. and Subsidiaries

Combined statement of operations

	Years ended December 31,		
	2012	2013	2014
	(In thousands, except per share data)		
Revenue	\$ 713,449	\$ 803,089	\$ 888,268
Operating costs and expenses:			
Cost of revenue (exclusive of depreciation shown separately below)	72,794	85,945	120,024
Selling and marketing expense	304,597	321,870	335,107
General and administrative expense	76,711	93,641	117,890
Product development expense	38,921	42,973	49,738
Depreciation	16,341	20,202	25,547
Amortization of intangibles	17,455	17,125	11,395
Total operating costs and expenses	526,819	581,756	659,701
Operating income	186,630	221,333	228,567
Interest expense—related party	(29,489)	(34,307)	(25,541)
Other (expense) income, net	(7,428)	217	12,610
Earnings before income taxes	149,713	187,243	215,636
Income tax provision	(59,432)	(60,616)	(67,277)
Net earnings	90,281	126,627	148,359
Net earnings attributable to noncontrolling interests	(4,606)	(1,624)	(595)
Net earnings attributable to Match Group, Inc.'s shareholder	\$ 85,675	\$ 125,003	\$ 147,764
Unaudited pro forma net earnings per share attributable to Match Group, Inc.'s shareholder:			
Basic	\$ 8.74	\$ 12.54	\$ 14.71
Diluted	\$ 8.53	\$ 12.10	\$ 14.07
Basic, to give effect to dividend payment to IAC and anticipated 16-for-1 stock split			\$ 0.59
Diluted, to give effect to dividend payment to IAC and anticipated 16-for-1 stock split			\$ 0.57
Unaudited pro forma weighted average shares outstanding:			
Basic	9,800	9,969	10,047
Diluted	10,039	10,331	10,505
Basic, to give effect to dividend payment to IAC and anticipated 16-for-1 stock split			194,089
Diluted, to give effect to dividend payment to IAC and anticipated 16-for-1 stock split			201,412
Stock-based compensation expense by function:			
Cost of revenue	\$ 1,975	\$ 1,012	\$ 396
Selling and marketing expense	823	562	194
General and administrative expense	10,368	8,520	17,326
Product development expense	2,898	2,134	2,935
Total stock-based compensation expense	\$ 16,064	\$ 12,228	\$ 20,851

The accompanying Notes to Combined Financial Statements are an integral part of these statements.

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Match Group, Inc. and Subsidiaries

Combined statement of comprehensive income

	Years ended December 31,		
	2012	2013	2014
	(In thousands)		
Net earnings	\$ 90,281	\$ 126,627	\$ 148,359
Other comprehensive income (loss):			
Change in foreign currency translation adjustment	—	6,152	(60,101)