



IAC REPORTS Q2 2020 – Q2 REVENUE INCREASES TO \$726 MILLION

NEW YORK— August 10, 2020—IAC (NASDAQ: IAC) released its second quarter results today and separately posted a letter to shareholders from IAC CEO Joey Levin on the Investor Relations section of its website at www.iac.com/Investors.

IAC SUMMARY RESULTS			
<i>(\$ in millions except per share amounts)</i>			
	Q2 2020	Q2 2019	Growth
Revenue	\$ 726.4	\$ 688.7	5%
Operating loss	(107.0)	(13.8)	-677%
Net (loss) earnings	(96.1)	13.8	NM
GAAP Diluted EPS	(1.13)	0.16	NM
Adjusted EBITDA	14.9	55.6	-73%

See reconciliations of GAAP to non-GAAP measures beginning on page 12.

Q2 2020 HIGHLIGHTS

- IAC completed the separation of Match Group from the remaining businesses of IAC on June 30, 2020.
- IAC announced that it has acquired a 12% ownership interest in MGM Resorts International (NYSE: MGM) for an aggregate of approximately \$1 billion.
- **ANGI Homeservices** revenue increased 9% to \$375.1 million. Operating income increased 55% to \$17.6 million and Adjusted EBITDA increased 13% to \$57.9 million.
 - Marketplace Monetized Transactions increased 2% to 4.5 million, Marketplace Revenue per Monetized Transaction increased 10% and Marketplace Transacting Service Professionals increased 3% to 194,000.
- **Vimeo** revenue increased 47% to \$67.3 million and subscribers grew 16% to nearly 1.4 million (net subscriber additions were a record 123,000 in Q2 2020).
- **Dotdash** revenue increased 18% to \$44.6 million, the 13th consecutive quarter of double-digit revenue growth. Operating income increased 10% to \$7.7 million and Adjusted EBITDA increased 45% to \$12.1 million.
- **Search** revenue was \$131.3 million, operating income was \$8.8 million and Adjusted EBITDA was \$9.4 million.
- IAC established and invested \$25 million in an endowment to fund the IAC Fellows program.
- Operating loss reflects \$52.4 million of stock-based compensation modification charges related to the Match Group separation.
- For the six months ended June 30, 2020, net cash provided by operations was \$74.9 million and Free Cash Flow was \$47.5 million.

DISCUSSION OF FINANCIAL AND OPERATING RESULTS

(\$ in millions, rounding differences may occur)

	Q2 2020	Q2 2019	Growth
Revenue			
ANGI Homeservices	\$ 375.1	\$ 343.9	9%
Vimeo	67.3	45.7	47%
Dotdash	44.6	37.7	18%
Search	131.3	193.9	-32%
Emerging & Other	108.1	67.6	60%
Inter-segment eliminations	-	(0.1)	NM
Total Revenue	\$ 726.4	\$ 688.7	5%
Operating Income (Loss)			
ANGI Homeservices	\$ 17.6	\$ 11.4	55%
Vimeo	(7.7)	(11.6)	33%
Dotdash	7.7	7.0	10%
Search	8.8	31.7	-72%
Emerging & Other	(9.0)	(12.5)	28%
Corporate	(124.4)	(39.7)	-213%
Total Operating Loss	\$ (107.0)	\$ (13.8)	-677%
Adjusted EBITDA			
ANGI Homeservices	\$ 57.9	\$ 51.4	13%
Vimeo	(4.7)	(9.5)	50%
Dotdash	12.1	8.4	45%
Search	9.4	32.2	-71%
Emerging & Other	(2.6)	(8.4)	69%
Corporate	(57.2)	(18.6)	-208%
Total Adjusted EBITDA	\$ 14.9	\$ 55.6	-73%

Please refer to the IAC Q2 2020 shareholder letter for 2020 monthly metrics.

ANGI Homeservices

Please refer to the ANGI Homeservices Q2 2020 earnings release for further detail.

Vimeo

- Revenue increased 47% to \$67.3 million driven by:
 - 16% growth in ending subscribers to nearly 1.4 million
 - A 15% increase in average revenue per subscriber driven by a 20% increase in Enterprise ARPU
 - The acquisition of Magisto, which closed on May 28, 2019

- Operating loss decreased \$3.9 million to \$7.7 million and Adjusted EBITDA losses decreased to \$4.7 million, due in part to higher gross margins.

Dotdash

- Revenue increased 18% to \$44.6 million due to 107% higher Performance Marketing revenue, partially offset by 8% lower Display Advertising revenue driven by the impact of COVID-19.
- Operating income increased 10% to \$7.7 million reflecting:
 - Adjusted EBITDA increasing 45% to \$12.1 million
 - \$2.7 million higher amortization of intangibles due to acquisitions over the past year

Search

- Revenue decreased 32% to \$131.3 million due to a 48% decrease at Desktop and a 20% decrease at Ask Media Group.
 - The decrease in Desktop revenue was driven by lower consumer queries and monetization challenges following prior year browser policy changes and the impact of COVID-19.
 - The decrease at Ask Media Group was driven by lower monetization due to the impact of COVID-19.
- Operating income declined 72% to \$8.8 million and Adjusted EBITDA declined 71% to \$9.4 million.

Emerging & Other

- Revenue increased 60% to \$108.1 million due primarily to the acquisition of Care.com (acquired on February 11, 2020) and 1% growth at Mosaic Group to \$48.6 million (ended Q2 2020 with 3.6 million subscribers), partially offset by the sale of College Humor Media in Q1 2020.
- Operating loss was \$9.0 million and Adjusted EBITDA loss was \$2.6 million reflecting:
 - \$6.8 million in transaction-related items from the Care.com acquisition (including \$4.6 million in deferred revenue write-offs and \$2.2 million in transaction-related costs)
 - Reduced losses from College Humor Media due to its sale in Q1 2020
 - Higher profits at Mosaic Group
 - Losses at NurseFly

Corporate

Operating loss increased \$84.7 million driven by:

- \$46.8 million higher stock-based compensation expense due primarily to \$51.7 million in modification-related charges in connection with the Match Group separation, partially offset by the vesting of awards.
- \$38.6 million higher Adjusted EBITDA losses, including \$25 million related to the IAC Fellows endowment and \$11.2 million in costs related to the Match Group separation.

Income Taxes

The Company recorded an income tax benefit of \$36.1 million in Q2 2020 due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards. The Company recorded an income tax benefit of \$5.0 million in Q2 2019 due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

Free Cash Flow

For the six months ended June 30, 2020, Free Cash Flow decreased \$5.0 million to \$47.5 million due primarily to lower Adjusted EBITDA, partially offset by lower capital expenditures and favorable working capital.

	Six Months Ended June 30,	
	2020	2019
(\$ in millions, rounding differences may occur)		
Net cash provided by operating activities	\$ 74.9	\$ 108.4
Capital expenditures	(27.4)	(55.9)
Free Cash Flow	\$ 47.5	\$ 52.5

CONFERENCE CALL

IAC executives will participate in the ANGI Homeservices quarterly conference call to answer questions regarding IAC on Tuesday, August 11, 2020, at 8:30 a.m. Eastern Time. This call will include the disclosure of certain information, including forward-looking information, which may be material to an investor's understanding of IAC's business. The live audiocast will be open to the public at www.iac.com/Investors or ir.angihomeservices.com.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2020:

- IAC had 85.1 million common and Class B common shares outstanding.
- On a consolidated basis, including approximately \$1.4 billion from the sale of Class M shares that were received by IAC in early July, the Company had \$4.3 billion in cash and cash equivalents, short-term investments and marketable securities, of which IAC held \$3.9 billion and ANGI Homeservices held \$421.0 million.
- On a consolidated basis, the Company had \$240.6 million in long-term debt, all of which was held at ANGI Homeservices.
- IAC's economic interest in ANGI Homeservices was 85.1% and IAC's voting interest was 98.3%. IAC held 421.8 million shares of ANGI Homeservices.

As of August 7, 2020, IAC had approximately \$2.9 billion of cash and cash equivalents, short-term investments and marketable debt securities, excluding cash held at ANGI Homeservices and excluding 59 million shares of MGM Resorts International.

IAC has a \$250 million revolving credit facility and ANGI Homeservices has a \$250 million revolving credit facility. The IAC and ANGI Homeservices credit facilities had no borrowings as of June 30, 2020 and currently have no borrowings.

On June 30, 2020, the Board of Directors of the Company authorized repurchases up to 8.0 million shares of common stock, which was equal to the number of shares available under the repurchase authorization immediately prior to the Match Group separation.

ANGI Homeservices has 20.1 million shares remaining in its stock repurchase authorization.

IAC and ANGI Homeservices may purchase their shares over an indefinite period on the open market and in privately negotiated transactions, depending on those factors management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

OPERATING METRICS
(rounding differences may occur)

	Q2 2020	Q2 2019	Growth
ANGI Homeservices			
Revenue (\$ in millions)			
Marketplace ^(a)	\$ 293.2	\$ 261.3	12%
Advertising & Other ^(b)	64.2	63.1	2%
Total North America	\$ 357.4	\$ 324.4	10%
Europe	17.6	19.5	-10%
Total ANGI Homeservices revenue	\$ 375.1	\$ 343.9	9%
Other ANGI Homeservices metrics			
Marketplace Service Requests (in thousands) ^{(a)(c)}	9,381	7,964	18%
Marketplace Monetized Transactions (in thousands) ^{(a)(d)}	4,514	4,421	2%
Marketplace Revenue per Monetized Transaction ^{(a)(e)}	\$ 65	\$ 59	10%
Marketplace Transacting Service Professionals (in thousands) ^{(a)(f)}	194	188	3%
Marketplace Revenue per Transacting Service Professional ^{(a)(g)}	\$ 1,509	\$ 1,390	9%
Advertising Service Professionals (in thousands) ^(h)	37	36	4%
Vimeo			
Vimeo Ending Subscribers (in thousands) ⁽ⁱ⁾	1,394	1,204	16%
Dotdash			
Revenue (\$ in millions)			
Display Advertising ⁽ⁱ⁾	\$ 26.6	\$ 29.0	-8%
Performance Marketing ^(k)	18.0	8.7	107%
Total Revenue	\$ 44.6	\$ 37.7	18%
Search			
Revenue (\$ in millions)			
Ask Media Group ^(l)	\$ 87.4	\$ 109.1	-20%
Desktop ^(m)	43.9	84.8	-48%
Total Revenue	\$ 131.3	\$ 193.9	-32%
Emerging & Other			
Revenue (\$ in millions)			
Mosaic Group ⁽ⁿ⁾	\$ 48.6	\$ 48.1	1%

See notes on following page

OPERATING METRICS (continued)

- (a) Reflects the HomeAdvisor, Handy and Fixd Repair domestic marketplaces, including consumer connection revenue for consumer matches, revenue from jobs sourced through the HomeAdvisor, Handy and Fixd Repair platforms and membership subscription revenue from service professionals. It excludes revenue from Angie's List, mHelpDesk and HomeStars. Fixd Repair was moved to Marketplace from Advertising & Other effective January 1, 2020 and prior year amounts have been reclassified to conform to the current year presentation.*
- (b) Includes Angie's List revenue (revenue from service professionals under contract for advertising and membership subscription fees from consumers) as well as revenue from mHelpDesk and HomeStars.*
- (c) Fully completed and submitted domestic customer service requests to HomeAdvisor and jobs sourced through the HomeAdvisor, Handy and Fixd Repair platforms.*
- (d) Fully completed and submitted domestic customer service requests to HomeAdvisor that were matched and paid for by a service professional and jobs sourced through the HomeAdvisor, Handy and Fixd Repair platforms in the period.*
- (e) Marketplace quarterly revenue divided by Marketplace Monetized Transactions.*
- (f) The number of HomeAdvisor, Handy and Fixd Repair domestic service professionals that paid for consumer matches or performed a job sourced through the HomeAdvisor, Handy and Fixd Repair platforms in the quarter.*
- (g) Marketplace quarterly revenue divided by Marketplace Transacting Service Professionals.*
- (h) The number of Angie's List service professionals under contract for advertising at the end of the period.*
- (i) The number of subscribers to Vimeo's SaaS video tools at the end of the period (including Magisto which was acquired on May 28, 2019).*
- (j) Display Advertising consists primarily of revenue generated from display advertisements sold both directly through our sales team and via programmatic exchanges.*
- (k) Performance Marketing primarily includes affiliate commerce and performance marketing commissions generated when consumers are directed from our properties to third-party service providers. Affiliate commerce commissions are generated when a consumer completes a transaction. Performance marketing commissions are generated on a cost-per-click or cost-per-new account basis.*
- (l) Ask Media consists of revenue generated from advertising principally through the display of paid listings in response to search queries, as well as from display advertisements appearing alongside content on its various websites, and, to a lesser extent, affiliate commerce commission revenue.*
- (m) Desktop consists of revenue generated by applications distributed through both direct-to-consumer marketing and business-to-business partnerships.*
- (n) Mosaic Group includes Apalon, iTranslate and TelTech and its revenue is primarily generated by mobile applications distributed through iOS and Android.*

DILUTIVE SECURITIES

IAC has various dilutive securities. The table below details these securities as well as potential dilution at various stock prices (shares in millions; rounding differences may occur).

	Shares	Avg. Exercise Price	As of 8/7/20	Dilution at:			
Share Price			\$133.05	\$ 135.00	\$ 140.00	\$ 145.00	\$ 150.00
Absolute Shares as of 8/7/20	85.3		85.3	85.3	85.3	85.3	85.3
RSUs and non-publicly traded subsidiary denominated equity awards	1.6		0.4	0.4	0.4	0.4	0.4
Options	4.5	\$ 20.08	1.0	1.0	1.0	1.0	1.0
Total Dilution			1.4	1.4	1.4	1.4	1.4
% Dilution			1.6%	1.6%	1.7%	1.7%	1.7%
Total Diluted Shares Outstanding			86.7	86.7	86.8	86.8	86.8

The dilutive securities presentation is calculated using the methods and assumptions described below, which are different from those used for GAAP dilution, which is calculated based on the treasury stock method.

The Company currently settles all equity awards on a net basis; therefore, the dilutive effect is presented as the net number of shares expected to be issued upon vesting or exercise, and in the case of options, assuming no proceeds are received by the Company. Any required withholding taxes are paid in cash by the Company on behalf of the employees assuming a withholding tax rate of 50%. In addition, the estimated income tax benefit from the tax deduction received upon the vesting or exercise of these awards is assumed to be used to repurchase IAC shares. Withholding taxes paid by the Company on behalf of the employees upon net settlement would be \$351.1 million, assuming a stock price of \$133.05 and a 50% withholding rate. The table above assumes no change in the fair value estimate of the non-publicly traded subsidiary denominated equity awards from the values used at June 30, 2020.

ANGI Homeservices Equity Awards and the Treatment of the Related Dilutive Effect

Certain ANGI Homeservices equity awards can be settled either in IAC common shares or the common shares of these subsidiaries, at IAC's election. For purposes of the dilution calculation above, these awards are assumed to be settled in shares of ANGI Homeservices common stock; therefore, no dilution from these awards is included.

GAAP FINANCIAL STATEMENTS**IAC CONSOLIDATED STATEMENT OF OPERATIONS**
(\$ in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	\$ 726,361	\$ 688,685	\$ 1,410,485	\$ 1,329,905
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	178,639	149,725	357,966	289,573
Selling and marketing expense	308,826	316,213	617,033	619,411
General and administrative expense	240,725	158,463	414,466	312,914
Product development expense	62,283	45,935	124,246	90,360
Depreciation	16,604	12,893	32,096	24,033
Amortization of intangibles	26,303	19,226	72,062	41,567
Goodwill impairment	-	-	211,973	-
Total operating costs and expenses	833,380	702,455	1,829,842	1,377,858
Operating loss	(107,019)	(13,770)	(419,357)	(47,953)
Interest expense	(1,555)	(3,237)	(3,772)	(6,504)
Other (expense) income, net	(21,569)	33,982	(79,017)	28,565
(Loss) earnings before income taxes	(130,143)	16,975	(502,146)	(25,892)
Income tax benefit	36,079	5,046	77,511	34,240
Net (loss) earnings	(94,064)	22,021	(424,635)	8,348
Net (earnings) loss attributable to noncontrolling interests	(2,053)	(8,232)	319	(8,806)
Net (loss) earnings attributable to IAC shareholders	\$ (96,117)	\$ 13,789	\$ (424,316)	\$ (458)
(Loss) earnings per share attributable to IAC shareholders:				
Basic (loss) earnings per share	\$ (1.13)	\$ 0.16	\$ (4.98)	\$ (0.01)
Diluted (loss) earnings per share	\$ (1.13)	\$ 0.16	\$ (4.98)	\$ (0.01)
Stock-based compensation expense by function:				
Cost of revenue	\$ 110	\$ 19	\$ 128	\$ 43
Selling and marketing expense	1,130	1,430	2,406	2,751
General and administrative expense	76,622	31,856	110,268	62,323
Product development expense	1,835	2,302	4,076	5,165
Total stock-based compensation expense	\$ 79,697	\$ 35,607	\$ 116,878	\$ 70,282

IAC CONSOLIDATED BALANCE SHEET
(\$ in thousands)

	June 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	\$ 2,447,678	\$ 839,796
Short-term investments	20,000	-
Marketable securities	468,990	-
Accounts receivable, net of allowance and reserves	205,377	181,875
Note receivable—related party	-	55,251
Other current assets	146,289	152,334
Total current assets	<u>3,288,334</u>	<u>1,229,256</u>
Building, capitalized software, leasehold improvements and equipment, net	269,221	305,414
Goodwill	1,818,860	1,616,867
Intangible assets, net	428,469	350,150
Long-term investments	296,491	347,975
Other non-current assets	270,388	247,746
TOTAL ASSETS	<u>\$ 6,371,763</u>	<u>\$ 4,097,408</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current portion of long-term debt	\$ 13,750	\$ 13,750
Accounts payable, trade	99,143	72,452
Deferred revenue	242,756	178,647
Accrued expenses and other current liabilities	348,901	320,473
Total current liabilities	<u>704,550</u>	<u>585,322</u>
Long-term debt, net	225,336	231,946
Income taxes payable	6,152	6,410
Deferred income taxes	58,860	44,459
Other long-term liabilities	186,955	180,307
Redeemable noncontrolling interests	43,583	43,818
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock	79	-
Class B convertible common stock	6	-
Additional paid-in capital	4,661,231	-
Invested capital	-	2,547,251
Accumulated other comprehensive loss	(13,781)	(12,226)
Total IAC shareholders' equity and invested capital, respectively	<u>4,647,535</u>	<u>2,535,025</u>
Noncontrolling interests	498,792	470,121
Total shareholders' equity	<u>5,146,327</u>	<u>3,005,146</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 6,371,763</u>	<u>\$ 4,097,408</u>

IAC CONSOLIDATED STATEMENT OF CASH FLOWS
(\$ in thousands)

	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net (loss) earnings	\$ (424,635)	\$ 8,348
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Stock-based compensation expense	116,878	70,282
Amortization of intangibles	72,062	41,567
Depreciation	32,096	24,033
Bad debt expense	41,900	33,229
Goodwill impairment	211,973	-
Deferred income taxes	(50,145)	(36,585)
Losses (gains) on equity securities, net	76,191	(31,195)
Other adjustments, net	10,505	15,147
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(47,780)	(63,543)
Other assets	(12,611)	19,668
Accounts payable and other liabilities	1,980	(416)
Income taxes payable and receivable	(5,508)	1,831
Deferred revenue	51,977	26,014
Net cash provided by operating activities	74,883	108,380
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(529,174)	(197,267)
Capital expenditures	(27,428)	(55,903)
Proceeds from maturities of marketable debt securities	50,000	25,000
Purchases of marketable debt securities	(489,486)	-
Net proceeds from the sale of businesses and investments	14,784	23,077
Decrease (increase) in notes receivable—related party	54,828	(13,500)
Other, net	(7,137)	(3,078)
Net cash used in investing activities	(933,613)	(221,671)
Cash flows from financing activities:		
Principal payments on ANGI Homeservices Term Loan	(6,875)	(6,875)
Principal payments on related-party debt	-	(2,500)
Purchase of ANGI Homeservices treasury stock	(54,400)	-
Proceeds from the exercise of ANGI Homeservices stock options	-	573
Withholding taxes paid on behalf of ANGI Homeservices employees on net settled stock-based awards	(11,494)	(26,245)
Purchase of noncontrolling interests	(3,165)	(6,121)
Cash merger consideration paid by Old IAC in connection with the Separation	837,913	-
Transfers from (to) Old IAC for periods prior to the Separation	1,706,479	(51,796)
Other, net	(466)	(3,745)
Net cash provided by (used in) financing activities	2,467,992	(96,709)
Total cash provided (used)	1,609,262	(210,000)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(1,245)	139
Net increase (decrease) in cash and cash equivalents and restricted cash	1,608,017	(209,861)
Cash and cash equivalents and restricted cash at beginning of period	840,732	886,836
Cash and cash equivalents and restricted cash at end of period	\$ 2,448,749	\$ 676,975

RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES
(\$ in millions; rounding differences may occur)

IAC RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA

For the three months ended June 30, 2020

	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition- related contingent consideration fair value adjustments	Adjusted EBITDA
ANGI Homeservices	\$ 17.6	\$ 14.8	\$ 12.6	\$ 13.0	\$ -	\$ 57.9
Vimeo	(7.7)	-	0.1	2.9	-	(4.7)
Dotdash	7.7	-	0.6	3.8	-	12.1
Search	8.8	-	0.7	-	-	9.4
Emerging & Other	(9.0)	-	0.4	6.6	(0.6)	(2.6)
Corporate	(124.4)	64.9	2.3	-	-	(57.2)
Total	\$ (107.0)	\$ 79.7	\$ 16.6	\$ 26.3	\$ (0.6)	\$ 14.9

For the three months ended June 30, 2019

	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition- related contingent consideration fair value adjustments	Adjusted EBITDA
ANGI Homeservices	\$ 11.4	\$ 17.5	\$ 8.8	\$ 13.7	\$ -	\$ 51.4
Vimeo	(11.6)	-	0.1	2.0	-	(9.5)
Dotdash	7.0	-	0.2	1.1	-	8.4
Search	31.7	-	0.5	-	-	32.2
Emerging & Other	(12.5)	-	0.2	2.3	1.6	(8.4)
Corporate	(39.7)	18.1	3.1	-	-	(18.6)
Total	\$ (13.8)	\$ 35.6	\$ 12.9	\$ 19.2	\$ 1.6	\$ 55.6

IAC RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA (continued)

For the six months ended June 30, 2020								
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition- related contingent consideration fair value adjustments	Goodwill impairment	Adjusted EBITDA	
ANGI Homeservices	\$ 1.3	\$ 40.3	\$ 24.7	\$ 26.0	\$ -	\$ -	\$ -	\$ 92.3
Vimeo	(22.3)	-	0.2	6.0	-	-	-	(16.1)
Dotdash	10.1	-	0.8	8.2	-	-	-	19.1
Search	(211.8)	-	1.0	21.4	-	212.0	-	22.6
Emerging & Other	(26.9)	0.1	0.7	10.5	(6.9)	-	-	(22.6)
Corporate	(169.8)	76.5	4.8	-	-	-	-	(88.6)
Total	\$ (419.4)	\$ 116.9	\$ 32.1	\$ 72.1	\$ (6.9)	\$ 212.0	\$ -	\$ 6.7

For the six months ended June 30, 2019								
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition- related contingent consideration fair value adjustments	Goodwill impairment	Adjusted EBITDA	
ANGI Homeservices	\$ 7.8	\$ 36.8	\$ 15.8	\$ 28.3	\$ -	\$ -	\$ -	\$ 88.6
Vimeo	(29.4)	-	0.3	3.4	-	-	-	(25.7)
Dotdash	10.1	-	0.4	5.0	-	-	-	15.5
Search	71.8	-	1.0	-	-	-	-	72.8
Emerging & Other	(29.8)	-	0.3	4.9	-	3.1	-	(21.4)
Corporate	(78.4)	33.5	6.1	-	-	-	-	(38.8)
Total	\$ (48.0)	\$ 70.3	\$ 24.0	\$ 41.6	\$ -	\$ 3.1	\$ -	\$ 91.1

IAC PRINCIPLES OF FINANCIAL REPORTING

IAC reports Adjusted EBITDA and Free Cash Flow, both of which are supplemental measures to U.S. generally accepted accounting principles (“GAAP”). These are among the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, however, should not be considered a substitute for or superior to GAAP results. IAC endeavors to compensate for the limitations of the non-GAAP measures presented by providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures, which are included in this release. Interim results are not necessarily indicative of the results that may be expected for a full year.

Definitions of Non-GAAP Measures

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and impairments of goodwill and intangible assets, if applicable, and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature. Adjusted EBITDA has certain limitations because it excludes the impact of certain expenses.

Free Cash Flow is defined as net cash provided by operating activities, less capital expenditures. We believe Free Cash Flow is useful to investors because it represents the cash that our operating businesses generate, before taking into account non-operational cash movements. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. For example, it does not take into account stock repurchases. Therefore, we think it is important to evaluate Free Cash Flow along with our consolidated statement of cash flows.

IAC PRINCIPLES OF FINANCIAL REPORTING (continued)**Non-Cash Expenses That Are Excluded From Adjusted EBITDA**

Stock-based compensation expense consists principally of expense associated with awards issued by certain subsidiaries of the Company and expense related to awards that were granted under various IAC stock and annual incentive plans. These expenses are not paid in cash and we view the economic cost of stock-based awards to be the dilution to our share base; we also include the related shares in our fully diluted shares outstanding for GAAP earnings per share using the treasury stock method. To the extent that stock-based awards are settled on a net basis, the Company remits the required tax-withholding amounts from its current funds.

Please see page 8 for a summary of our dilutive securities, including stock-based awards as of August 7, 2020 and a description of the calculation methodology.

Depreciation is a non-cash expense relating to our property, capitalized software and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives, or, in the case of leasehold improvements, the lease term, if shorter.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related primarily to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as technology, service professional relationships, customer lists and user base, memberships, trade names and content, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. We believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

Gains and losses recognized on changes in the fair value of contingent consideration arrangements are accounting adjustments to report contingent consideration liabilities at fair value. These adjustments can be highly variable and are excluded from our assessment of performance because they are considered non-operational in nature and, therefore, are not indicative of current or future performance or the ongoing cost of doing business.

OTHER INFORMATION

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

This press release and the ANGI Homeservices conference call, which will be held at 8:30 a.m. Eastern Time on Tuesday, August 11, 2020 (with IAC executives participating to answer questions regarding IAC), may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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: IAC's future financial performance, business prospects and strategy, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: the impact of the COVID-19 outbreak on our businesses, our continued ability to successfully market, distribute and monetize our products and services through search engines, digital app stores and social media platforms, our ability to market our products and services in a successful and cost-effective manner, the continued display of links to websites offering our products and services in a prominent manner in search results, changes in our relationship with (or policies implemented by) Google, our ability to compete, the failure or delay of the markets and industries in which our businesses operate to migrate online, adverse economic events or trends (particularly those that adversely impact consumer confidence and spending behavior), either generally and/or in any of the markets in which our businesses operate, our ability to build, maintain and/or enhance our various brands, our ability to develop and monetize versions of our products and services for mobile and other digital devices, our ability to establish and maintain relationships with quality service professionals and caregivers, our continued ability to communicate with users and consumers via e-mail (or other sufficient means), our ability to access, collect and use personal data about our users and subscribers, our ability to successfully offset increasing digital app store fees, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, the integrity, quality, scalability and redundancy of our systems, technology and infrastructure (and those of third parties with whom we do business), changes in key personnel, our ability to service our outstanding indebtedness and interest rate risk, dilution with respect to our investment in ANGI Homeservices, foreign exchange currency rate fluctuations, operational and financial risks relating to acquisitions and our continued ability to identify suitable acquisition candidates, our ability to operate in (and expand into) international markets successfully, regulatory changes, our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties and the possibility that our historical consolidated and combined results may not be indicative of our future results. Certain of these and other risks and uncertainties are discussed in IAC's filings with the Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect IAC'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 IAC's management as of the date of this press release. IAC does not undertake to update these forward-looking statements.

About IAC

IAC (NASDAQ: IAC) builds companies. We are guided by curiosity, a questioning of the status quo, and a desire to invent or acquire new products and brands. From the single seed that started as IAC over two decades ago have emerged 10 public companies and generations of exceptional leaders. We will always evolve, but our basic principles of financially-disciplined opportunism will never change. IAC today operates Vimeo, Dotdash and Care.com, among many others, and has majority ownership of ANGI Homeservices, which includes HomeAdvisor, Angie's List and Handy. The Company is headquartered in New York City and has business operations and satellite offices worldwide.

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