



2020 Annual Report & 2021 Proxy Statement



April 27, 2021

Dear Stockholder:

You are invited to attend the Annual Meeting of Stockholders of Angi Inc., which will be held on Wednesday, June 9, 2021, at 9:00 a.m., Eastern Daylight Time. This year's Annual Meeting will be a virtual meeting, conducted solely online. Hosting a virtual meeting will enable our stockholders to attend online and participate from any location around the world, and support the health and well-being of our management, directors and stockholders. Stockholders will be able to attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/ANGI2021.

At the Annual Meeting, stockholders will be asked to: (1) elect eleven directors (2) to hold an advisory vote on executive compensation (the "say on pay vote") and (3) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2021. The Board of Directors of Angi Inc. believes that the proposals being submitted for stockholder approval are in the best interests of the Company and its stockholders and recommends a vote consistent with the Board's recommendation for each proposal.

It is important that your shares be represented and voted at the Annual Meeting regardless of the size of your holdings. Whether or not you plan to participate in the Annual Meeting online, please take the time to vote online, by telephone or, if you receive a printed proxy card, by returning a marked, signed and dated proxy card. If you participate in the Annual Meeting online, you may also vote your shares online at that time if you wish, even if you have previously submitted your vote.

Sincerely,

A handwritten signature in black ink, appearing to read "Oisín Hanrahan".

Oisín Hanrahan
Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

Angi Inc. (“Angi”) is making this proxy statement available to holders of our Class A common stock and Class B common stock in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting of Stockholders to be held on Wednesday, June 9, 2021, at 9:00 a.m., Eastern Daylight Time. This year’s Annual Meeting will be a virtual meeting, conducted solely online. Stockholders will be able to attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/ANGI2021. At the Annual Meeting, stockholders will be asked to:

1. elect eleven members of our Board of Directors, each to hold office until the next succeeding annual meeting of stockholders or until such director’s successor shall have been duly elected and qualified (or, if earlier, such director’s removal or resignation from the Board);
2. to hold an advisory vote on executive compensation (the “say on pay vote”);
3. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2021 fiscal year; and
4. transact such other business as may properly come before the meeting and any related adjournments or postponements.

Angi’s Board of Directors has set April 19, 2021 as the record date for the Annual Meeting. This means that holders of record of our Class A common stock and Class B common stock at the close of business on that date are entitled to receive notice of the Annual Meeting and to vote their shares at the Annual Meeting and any related adjournments or postponements.

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. To participate in the Annual Meeting online at www.virtualshareholdermeeting.com/ANGI2021, you will need the sixteen-digit control number included on your Notice of Internet Availability of Proxy Materials, your proxy card or the instructions that accompanied your proxy materials.

By order of the Board of Directors,



Shannon Shaw
Chief Legal Officer & Secretary

April 27, 2021

PROXY STATEMENT

TABLE OF CONTENTS

| <u>Section</u> | <u>Page Number</u> |
|---|--------------------|
| Questions and Answers About the Annual Meeting and Voting | 1 |
| Proposal 1—Election of Directors | 6 |
| Proposal and Required Vote | 6 |
| Information Concerning Director Nominees | 6 |
| Corporate Governance | 9 |
| The Board and Board Committees | 11 |
| Proposal 2—Advisory vote on Say on Pay | 12 |
| Proposal 3—Advisory Vote on the Frequency of Holding the Say on Pay Vote | 13 |
| Proposal 4—Ratification of Appointment of Independent Registered Public Accounting Firm | 13 |
| Audit Committee Matters | 15 |
| Audit Committee Report | 15 |
| Fees Paid to Our Independent Registered Public Accounting Firm | 15 |
| Audit and Non-Audit Services Pre-Approval Policy | 16 |
| Information Concerning Angi Executive Officers Who Are Not Directors | 16 |
| Compensation Discussion and Analysis | 17 |
| Compensation Committee Report | 20 |
| Compensation Committee Interlocks and Insider Participation | 21 |
| Executive Compensation | 21 |
| Overview | 21 |
| Summary Compensation Table | 21 |
| Grants of Plan-Based Awards in 2020 | 22 |
| Outstanding Equity Awards at 2020 Fiscal Year-End | 23 |
| 2020 Option Exercises and Stock Vested | 25 |
| Estimated Potential Payments Upon Termination or Change in Control | 26 |
| Pay Ratio Disclosure | 28 |
| Director Compensation | 30 |
| Equity Compensation Plan Information | 31 |
| Security Ownership of Certain Beneficial Owners and Management | 32 |
| Delinquent Section 16(a) Reports | 33 |
| Certain Relationships and Related Person Transactions | 34 |
| Review of Related Person Transactions | 34 |
| Relationships Involving Significant Stockholders | 34 |
| Relationships Involving Directors | 35 |
| Annual Reports | 36 |
| Proposals by Stockholders for Presentation at the 2021 Annual Meeting | 36 |
| Householding | 36 |
| Notice of Internet Availability of Proxy Materials | 37 |
| Appendix A—Audit Committee Charter | 37 |
| Appendix B—Executive Compensation Committee Charter | 40 |
| Appendix C—Compensation Committee Charter | 42 |

CERTAIN DEFINITIONS

For purposes of this proxy statement, unless the context otherwise requires, references to the following terms will have the meanings set forth below.

- “Angi” refers to Angi Inc., a Delaware corporation (formerly known as ANGI Homeservices Inc.). References to the “Company,” “we,” “our” or “us” in this proxy statement are to Angi.
- “Angi Group” refers to Angi Group, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Angi.
- “Angie’s List” refers to Angie’s List, Inc., a Delaware corporation. Following the Combination (as defined below), Angie’s List is a wholly-owned subsidiary of Angi Group.
- “Combination” refers to the combination of the HomeAdvisor Business (as defined below) and Angie’s List, which transaction was completed on September 29, 2017.
- “HomeAdvisor Business” refers, prior to the Combination, to the businesses and operations, the results of which were reported in IAC’s HomeAdvisor segment. Following the Combination, “HomeAdvisor Business” refers to the HomeAdvisor digital marketplace service in the United States, which we also refer to as the “Marketplace.”
- “HomeAdvisor International” refers to HomeAdvisor International, LLC, a Delaware limited liability company. Following the Combination, HomeAdvisor International is a wholly-owned subsidiary of HomeAdvisor (US).
- “HomeAdvisor (US)” refers to HomeAdvisor, Inc., a Delaware corporation. Following the Combination, HomeAdvisor (US) is a wholly-owned subsidiary of Angi Group.
- “IAC” refers to our controlling stockholder, IAC/InterActiveCorp, a Delaware corporation.
- “Investor Rights Agreement” refers to the investor rights agreement between Angi and IAC, which was entered into in connection with the Combination and is summarized on page 34 under the caption Certain Relationships and Related Person Transactions—Relationships Involving Significant Stockholders.
- “Services Agreement” refers to the services agreement between Angi and IAC, which was entered into in connection with the Combination and is summarized on page 34 under the caption Certain Relationships and Related Person Transactions—Relationships Involving Significant Stockholders.

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why did I receive a Notice of Internet Availability of Proxy Materials?

A: In accordance with rules adopted by the Securities and Exchange Commission (the “SEC”), we have elected to deliver this proxy statement and our 2020 Annual Report on Form 10-K to the majority of our stockholders online in lieu of mailing printed copies of these materials to each of our stockholders (the “Notice Process”). If you received a Notice of Internet Availability of Proxy Materials (the “Notice”) by mail, you will not receive printed copies of our proxy materials unless you request them. Instead, the Notice provides instructions on how to access this proxy statement and our 2020 Annual Report on Form 10-K online, as well as how to obtain printed copies of these materials by mail. We believe that the Notice Process allows us to provide our stockholders with the information they need in a more timely manner than if we had elected to mail printed materials, while reducing the environmental impact of, and lowering the costs associated with, the printing and distribution of our proxy materials.

The Notice is being mailed on or about April 27, 2021 to stockholders of record at the close of business on April 19, 2021 and this proxy statement and our 2020 Annual Report on Form 10-K will be available at www.proxyvote.com beginning on April 27, 2021. If you received a Notice by mail, but would rather receive printed copies of our proxy materials, please follow the instructions included in the Notice. You will not receive a Notice if you have previously elected to receive printed copies of our proxy materials.

Q: Can I vote my shares by filling out and returning the Notice?

A: No. However, the Notice contains instructions on how to vote your shares: (i) before the date of the Annual Meeting by way of completing and submitting your proxy online, by phone or by requesting and returning a written proxy card by mail, or (ii) at the Annual Meeting online at www.virtualshareholdermeeting.com/ANGI2021.

Q: How do I participate in the Annual Meeting?

A: To participate in the Annual Meeting, go to www.virtualshareholdermeeting.com/ANGI2021 at the time and date of the Annual Meeting and enter the sixteen-digit control number included on your Notice, your proxy card or the instructions from your broker that accompanied your proxy materials.

Q: Who is entitled to vote at the Annual Meeting?

A: Holders of Angi Class A common stock and Class B common stock at the close of business on April 19, 2021, the record date for the Annual Meeting established by Angi’s Board of Directors, are entitled to receive notice of the Annual Meeting and to vote their shares at the Annual Meeting and any related adjournments or postponements.

At the close of business on April 19, 2021, there were 82,238,720 shares of Angi Class A common stock and 421,958,021 shares of Angi Class B common stock outstanding. Holders of Angi Class A common stock are entitled to one vote per share and holders of Angi Class B common stock are entitled to ten votes per share.

Q: What is the difference between a stockholder of record and a stockholder who holds Angi shares in street name?

A: If your Angi shares are registered in your name, you are a stockholder of record. If your Angi shares are held in the name of your broker, bank or other holder of record, your shares are held in street name.

You may examine a list of the stockholders of record as of the close of business on April 19, 2021 for any purpose germane to the Annual Meeting during normal business hours during the 10-day period preceding the date of the meeting at the New York City offices of IAC/InterActiveCorp, located at 555 West 18th Street, New York, New York 10011.

Q: What shares are included on the enclosed proxy card?

A: If you are a stockholder of record only, you will receive one proxy card from Broadridge for all shares of Angi Class A common stock that you hold. If you hold your Angi shares in street name through one or more banks, brokers and/

or other holders of record, you will receive proxy materials, together with voting instructions and information regarding the consolidation of your votes, from the third party or parties through which you hold your Angi shares. If you are a stockholder of record and hold additional Angi shares in street name, you will receive proxy materials from Broadridge and the third party or parties through which you hold your Angi shares.

Q: What are the quorum requirements for the Annual Meeting?

A: The presence at the Annual Meeting, in person or by proxy, of holders having a majority of the total votes entitled to be cast by holders of Angi Class A common stock and Angi Class B common stock at the Annual Meeting constitutes a quorum. Stockholders who participate in the Annual Meeting online at www.virtualshareholdermeeting.com/ANGI2021 will be deemed to be in person attendees for purposes of determining whether a quorum has been met. Shares of Angi Class A common stock and Angi Class B common stock represented by proxy will be treated as present at the Annual Meeting for purposes of determining whether there is a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

Q: What matters will Angi stockholders vote on at the Annual Meeting?

A: Angi stockholders will vote on the following proposals:

- *Proposal 1*—to elect eleven members of the Angi Board of Directors, each to hold office until the next succeeding annual meeting of stockholders or until such director’s successor shall have been duly elected and qualified (or, if earlier, such director’s removal or resignation from the Board);
- *Proposal 2*—an advisory vote on executive compensation (the “say on pay vote”);
- *Proposal 3*—an advisory vote on frequency of holding say on pay vote;
- *Proposal 4*—to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2021 fiscal year; and
- to transact such other business as may properly come before the Annual Meeting and any related adjournments or postponements.

Q: What are my voting choices when voting for director nominees and what votes are required to elect directors to the Angi Board of Directors?

A: You may vote in favor of *all* director nominees, withhold votes as to *all* director nominees or vote in favor of and withhold votes as to specific director nominees.

The election of each of our director nominees requires the affirmative vote of a plurality of the total number of votes cast by holders of shares of Angi Class A common stock and Class B common stock (hereinafter collectively referred to as “Angi capital stock”) voting together, with each share of Angi Class A common stock and Class B common stock representing the right to one and ten vote(s), respectively.

The Board recommends that our stockholders vote **FOR** the election of each of the director nominees.

Q: What are my voting choices when voting on the advisory say on pay proposal and what votes are required to approve the proposal?

A: You may vote in favor of the advisory proposal, vote against the advisory proposal or abstain from voting on the advisory proposal.

The approval, on an advisory basis, of the say on pay proposal requires the affirmative vote of holders of a majority of the voting power of shares of Angi capital stock present at the Annual Meeting in person or represented by proxy and voting together. As an advisory vote, the outcome is not binding upon the Company.

The Board recommends a vote **FOR** the advisory vote on executive compensation.

Q: What are my voting choices when voting on the advisory proposal on the frequency of holding the say on pay vote and what votes are required to approve the proposal?

A: You may vote in favor of holding the say on pay vote every year, every two years or every three years, or abstain from voting on this advisory proposal.

The approval, on an advisory basis, of the frequency of holding the say on pay vote in the future requires the affirmative vote of holders of a majority of the voting power of shares of Angi capital stock present at the Annual Meeting in person or represented by proxy and voting together. However, if no choice receives a majority of votes, then the option on the frequency of the advisory vote that receives the highest number of votes cast by stockholders will be considered by the Board as the stockholders' recommendation as to the frequency of holding future say on pay votes.

As an advisory vote, the votes cast in connection with this proposal are not binding upon the Company. While the Board is making a recommendation with respect to this proposal, Angi stockholders are being asked to vote for one of the choices specified above, and not whether they agree or disagree with the Board's recommendation.

The Board recommends a vote for holding the say on pay vote once **EVERY THREE YEARS** at Angi's Annual Meeting of Stockholders.

Q: What are my voting choices when voting on the ratification of the appointment of Ernst & Young LLP as Angi's independent registered public accounting firm for 2021 and what votes are required to ratify this appointment?

A: You may vote in favor of the ratification, vote against the ratification or abstain from voting on the ratification.

The ratification of the appointment of Ernst & Young LLP as Angi's independent registered public accounting firm for 2021 requires the affirmative vote of holders of a majority of the voting power of shares of Angi capital stock present at the Annual Meeting in person or represented by proxy and voting together.

The Board recommends that our stockholders vote **FOR** the ratification of the appointment of Ernst & Young LLP as Angi's independent registered public accounting firm for 2021.

Q: How does IAC's ownership of all of the shares of Angi Class B common stock outstanding affect votes cast in connection with the Annual Meeting?

A: As of April 19, 2021 (the Annual Meeting record date), IAC beneficially owned and had the right to vote all of the shares of Angi Class B common outstanding, which holdings represented approximately 98.2% of the voting power of shares of Angi capital stock entitled to vote at the Annual Meeting. As a result, regardless of the vote of any other Angi stockholder, IAC has control over the vote on each matter submitted for stockholder approval at the Annual Meeting.

Q: Could other matters be decided at the Annual Meeting?

A: As of the date of this proxy statement, we did not know of any matters to be raised at the Annual Meeting, other than those referred to in this proxy statement.

If other matters are properly presented at the Annual Meeting for consideration, the three Angi officers who have been designated as proxies for the Annual Meeting, Joanne Hawkins, Shannon Shaw and Tanya M. Stanich, will each have the discretion to vote on those matters for stockholders who have submitted their proxy.

Q: What do I need to do now to vote at the Annual Meeting?

A: The Angi Board of Directors is soliciting proxies for use at the Annual Meeting. Stockholders may submit proxies to instruct the designated proxies to vote their shares in any of three ways:

- *Submitting a Proxy Online:* Submit your proxy online at www.proxyvote.com. Internet proxy voting is available 24 hours a day and will close at 11:59 p.m., Eastern Daylight Time, on Tuesday, June 8, 2021;

- *Submitting a Proxy by Telephone:* Submit your proxy by telephone by using the toll-free telephone number provided on your proxy card (1.800.690.6903). Telephone voting is available 24 hours a day and will close at 11:59 p.m., Eastern Daylight Time, on Tuesday, June 8, 2021; or
- *Submitting a Proxy by Mail:* If you choose to submit your proxy by mail, simply mark, date and sign your proxy and return it in the postage-paid envelope provided or to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

You may also participate in the Annual Meeting online at www.virtualshareholdermeeting.com/ANGI2021 and vote your shares online at that time, even if you have previously submitted your vote. To do so, you will need the sixteen-digit control number included on your Notice, your proxy card or the instructions from your broker that accompanied your proxy materials.

For shares of Angi Class A common stock held in street name, holders may submit a proxy online or by telephone before the date of the Annual Meeting if their broker, bank and/or other holder of record makes these methods available. If you submit a proxy online or by telephone, **DO NOT** request and return a printed proxy card from Angi or from your broker, bank and/or other holder of record. If you hold your shares through a broker, bank and/or other holder of record, follow the voting instructions you receive from your broker, bank and/or other holder of record.

Q: If I hold my Angi shares in street name, will my broker, bank or other holder of record vote my shares for me?

A: If you hold your shares of Angi Class A common stock in street name, you must provide your broker, bank and/or other holder of record with instructions in order to vote these shares. If you do not provide voting instructions, whether your shares can be voted depends on the type of item being considered for a vote.

Non-Discretionary Items. The election of directors is a non-discretionary item and may **NOT** be voted on by your broker, bank and/or other holder of record absent specific voting instructions from you. If you do not provide your bank, broker and/or other holder of record with voting instructions, your shares of Angi Class A common stock will be represented by “broker non-votes” in the case of this proposal.

Discretionary Items. The ratification of Ernst & Young LLP as Angi’s independent registered public accounting firm for 2021 is a discretionary item. Generally, brokers, banks and/or other holders of record that do not receive voting instructions from you may vote on this proposal in their discretion and these votes will be counted for purposes of determining a quorum.

Q: What effect do abstentions and broker non-votes have on quorum requirements and the voting results for each proposal to be voted on at the Annual Meeting?

A: Abstentions and shares represented by broker non-votes are counted as present for purposes of determining a quorum. Abstentions are treated as shares present and entitled to vote and, as a result, have the same effect as a vote against any proposal for which the voting standard is based on the number of shares present at the Annual Meeting (the auditor ratification proposal) and have no impact on the vote on any proposal for which the vote standard is based on the votes cast at the meeting (the election of directors). Shares represented by broker non-votes are not treated as shares entitled to vote and, as a result, have no effect on the outcome of any of the proposals to be voted on by stockholders at the Annual Meeting.

Q: Can I change my vote or revoke my proxy?

A: Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before the polls close at the Annual Meeting by:

- submitting a later-dated proxy relating to the same shares online, by telephone or by mail before the date of the Annual Meeting;
- delivering a written notice, bearing a date later than your proxy, stating that you revoke the proxy; or

- participating in the Annual Meeting and voting online at that time at www.virtualshareholdermeeting.com/ANGI2021 (although virtual attendance at the Annual Meeting will not, by itself, change your vote or revoke a proxy).

To change your vote or revoke your proxy before the date of the Annual Meeting, follow the instructions provided on your Notice, proxy card or proxy materials to do so online or by telephone, or send a written notice or a new proxy card to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

If you hold your shares of Angi Class A common stock through a broker, bank and/or other holder of record, follow the instructions that you receive from your broker, bank and/or other holder of record if you wish to change your vote or revoke your proxy.

Q: What if I do not specify a choice for a matter when returning a proxy?

A: If you do not give specific instructions, proxies that are signed and returned will be voted **FOR** the election of all director nominees and **FOR** the ratification of the appointment of Ernst & Young LLP as Angi’s independent registered public accounting firm for the 2021 fiscal year.

Q: How are proxies solicited and who bears the related costs?

A: Angi bears all expenses incurred in connection with the solicitation of proxies. In addition to solicitations by mail, directors, officers and employees of Angi may solicit proxies from stockholders by various means, including by telephone, e-mail, letter or in person. Following the initial mailing of the Notice and proxy materials, Angi will request brokers, banks and other holders of record to forward copies of these materials to persons for whom they hold shares of Angi Class A common stock and to request authority for the exercise of proxies. In such cases, Angi, upon the request of these holders of record, will reimburse these parties for their reasonable expenses.

Q: What should I do if I have questions regarding the Annual Meeting?

A: If you have any questions about the Annual Meeting, the various proposals to be voted on at the Annual Meeting and/or how to participate in the Annual Meeting online at www.virtualshareholdermeeting.com/ANGI2021 and vote at that time and/or would like copies of any of the documents referred to in this proxy statement, contact Angi Investor Relations at 1.212.314.7400 or ir@angihomeservices.com.

PROPOSAL 1—ELECTION OF DIRECTORS

Proposal and Required Vote

At the upcoming Annual Meeting, a board of eleven directors will be elected, each to hold office until the next succeeding annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from the Board). As described under the caption Director Nominations on page 10, pursuant to the Investor Rights Agreement, six directors are nominated by IAC and the remaining five directors are nominated by the Angi Board. IAC has nominated Kendall Handler, Joseph Levin, Glenn H. Schiffman, Mark Stein, Suzy Welch and Gregg Winiarski. The Angi Board has nominated Alesia J. Haas, Oisin Hanrahan, Angela R. Hicks Bowman, Thomas R. Evans and Yilu Zhao. Information concerning director nominees appears below.

Although Angi management does not anticipate that any of the director nominees named below will be unable or unwilling to stand for election, in the event of such an occurrence, proxies may be voted for a substitute designated by the Board.

The election of each of our director nominees requires the affirmative vote of a plurality of the total number of votes cast by holders of shares of Angi capital stock voting together as a single class.

The Board recommends that our stockholders vote **FOR** the election of all director nominees.

Information Concerning Director Nominees

Background information about each director nominee is set forth below, including (as applicable) information regarding the specific experiences, characteristics, attributes and skills considered in connection with the nomination of each director nominee.

Thomas R. Evans, age 66, has been a director of Angi since September 2017. Mr. Evans served as President and Chief Executive Officer of Bankrate, Inc. (a digital publisher of consumer financial content and rate information ("Bankrate")) from June 2004 to December 2013, during which time he also served as a member of the board of directors of Bankrate. Following his retirement from Bankrate, Mr. Evans served as an advisor to the board of directors of Bankrate through December 2015. Prior to his tenure at Bankrate, Mr. Evans served as Chairman and Chief Executive Officer of Official Payments Corp. (a company specializing in the online processing of consumer credit card payments for government taxes, fees and fines) from August 1999 to September 2003, and as President and Chief Executive Officer of GeoCities Inc. (a community of personal websites) from March 1998 to June 1999. Prior to his digital experience, Mr. Evans was a 20-year veteran of the magazine business, having served as President and Publisher of U.S. News & World Report, President of The Atlantic Monthly and President and Publisher of Fast Company, which he launched in 1995. Mr. Evans has served as a member of the board of directors of Shutterstock, Inc. (a stock photography, stock footage, stock music and editing tools provider) since March 2012 and served as a member of the boards of directors of Millennial Media, Inc. (a public mobile marketplace company), Future Fuel Corp. (a public chemical manufacturing company) and Angie's List from February 2016 to September 2017. Mr. Evans is one of two directors initially selected by Angie's List from its board of directors to serve as Angi directors following the Combination. Mr. Evans has experience as a public company chief executive officer and advisor, as well as extensive digital experience in a variety of industries, a high level of financial literacy and insight into the media industry.

Alesia J. Haas, 44, has been a director of Angi since September 2017. Ms. Haas has served as Chief Financial Officer of Coinbase Global Inc. (a private cryptocurrency exchange fund ("Coinbase")) since April 2018. Prior to joining Coinbase, Ms. Haas served as Chief Financial Officer of Och Ziff Capital Management LLC (a publicly traded, global institutional alternative asset manager ("Och Ziff")) from December 2016 to April 2018. Prior to joining Och Ziff, Ms. Haas served as Chief Financial Officer of OneWest Bank, NA (a California based commercial bank ("OneWest Bank")) from January 2013 until its acquisition by CIT Group Inc. in August 2015. Prior to her tenure as Chief Financial Officer of OneWest Bank, Ms. Haas served as Interim Chief Financial Officer of OneWest Bank from September 2012 to January 2013 and Head of Strategy for OneWest Bank from March 2009 to August 2015. Ms. Haas served as a member of the board of directors of Sears Holding Corporation (a leading integrated (digital and physical) retailer) during the past five years. In nominating Ms. Haas, the Board considered her experience serving as a public company chief financial officer, including the attendant risk oversight duties, and high level of financial literacy.

Kendall Handler, age 36, has been a director of Angi since December 2020 and has served as Senior Vice President and General Counsel of IAC since January 1, 2021. Prior to assuming this role, Ms. Handler spent over three years overseeing all legal aspects of IAC's merger and acquisitions activity, first in her capacity as M&A Counsel of IAC and then as Vice President, M&A Counsel of IAC. Before joining IAC in 2017, Ms. Handler served for over six years as an associate at Wachtell, Lipton, Rosen & Katz, where she advised clients on mergers and acquisitions, corporate governance and other general corporate matters. Ms. Handler received a Bachelor of Arts from the University of Virginia and a Juris Doctorate, cum laude, from Harvard Law School. In nominating Ms. Handler, the Board considered her expertise in mergers and acquisitions, strategic initiatives and corporate governance.

Oisin Hanrahan, age 37, has served as Chief Executive Officer of Angi since February 2021 and previously served as Chief Product Officer since June 2019. Mr. Hanrahan also served as Chief Executive Officer of Handy, Inc. ("Handy"), which Angi acquired in October 2018. Mr. Hanrahan co-founded Handy in 2012 and served as its Chief Executive Officer since its founding. Prior to founding Handy, Mr. Hanrahan founded MiCandidate, a service that provided real time political content to media companies in 25 European countries, and Clearwater Group, a real estate development business in Budapest, Hungary. Mr. Hanrahan is also a co-founder and served as a member of the board of directors of The Undergraduate Awards, a foundation he created in 2009 to support and celebrate outstanding undergraduate students globally. Mr. Hanrahan studied at Trinity College Dublin, London School of Economics and Harvard Business School and also advises a number of startups and runs a small early stage angel fund. In nominating Mr. Hanrahan, the Board considered his role as Chief Executive Officer of Angi and his entrepreneurial experience and knowledge regarding our products and brands, all of which he has gained through his prior roles as Chief Product Officer of Angi and Chief Executive Officer of Handy.

Angela R. Hicks Bowman, age 48, who also goes by Angie Hicks, has been a director of Angi and served as our Chief Customer Officer since September 2017. Prior to serving in these roles, Ms. Hicks Bowman co-founded Angie's List in 1995 and served as its Chief Marketing Officer from May 2000 to September 2017 and as member of its board of directors from March 2013 to September 2017. Ms. Hicks Bowman earned a Bachelor of Arts in Economics from DePauw University, from which she received a Distinguished Alumni Award for Management and Entrepreneurship and the Robert C. McDermond Medal for Excellence in Entrepreneurship, and a Master of Business Administration degree from Harvard Business School. Ms. Hicks Bowman has received multiple awards for her entrepreneurial achievements, as well as her leadership in both the community and the technology field, including (among others) being awarded both the TechPoint Trailblazer Award and Harvard Business School's Alumni Achievement Award in 2017. Ms. Hicks Bowman is one of two directors initially selected by Angie's List from its board of directors to serve as Angi directors following the Combination. Ms. Hicks Bowman currently serves as our Chief Customer Officer and has unique knowledge and experience regarding Angie's List, as well as leadership and operational experience, all of which she has gained as a co-founder of Angie's List and through her role as Chief Marketing Officer of Angie's List prior to the Combination.

Joseph Levin, age 41, has been Chairman of our Board since September 2017. Mr. Levin has served as Chief Executive Officer and a director of IAC since June 2015. Prior to his appointment as Chief Executive Officer of IAC, Mr. Levin served as Chief Executive Officer of IAC Search & Applications, overseeing the desktop software, mobile applications and media properties that comprised IAC's former Search & Applications segment, from January 2012. From November 2009 to January 2012, Mr. Levin served as Chief Executive Officer of Mindspark Interactive Network, an IAC subsidiary, and previously served in various capacities at IAC in strategic planning, mergers and acquisitions and finance since joining IAC in 2003. Mr. Levin has also served on the board of directors of Match Group, Inc. since October 2015 and currently serves as Chairman of the board of Match Group, Inc. Mr. Levin previously served on the boards of directors of LendingTree, Inc. (from August 2008 through November 2014), The Active Network (beginning prior to its 2011 initial public offering through its sale in December 2013) and Groupon, Inc. (from March 2017 to July 2019). In addition to his for-profit affiliations, Mr. Levin serves on the Undergraduate Executive Board of Wharton School. Mr. Levin was nominated by IAC pursuant to the Investor Rights Agreement. Mr. Levin has unique knowledge and experience regarding Angi and its businesses that he has gained through his various roles with IAC since 2003, most recently his role as Chief Executive Officer of IAC, as well as a high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

Glenn H. Schiffman, age 51, has served as a director of Angi since June 2017 and currently serves as Interim Chief Financial Officer of Angi since January 2021 and previously served as Chief Financial Officer of Angi from September 2017 to March 2019. Mr. Schiffman has served as Executive Vice President and Chief Financial Officer of IAC since April 2016. Prior to joining IAC, Mr. Schiffman served as Senior Managing Director at Guggenheim Securities, the investment banking and capital markets business of Guggenheim Partners, from March 2013. Prior to his tenure at Guggenheim Securities, Mr. Schiffman was a partner at The Raine Group, a merchant bank focused on advising and investing in the technology, media and telecommunications industries, from September 2011 to March 2013. Prior to joining The Raine Group, Mr. Schiffman served as Co-Head of the Global Media group at Lehman Brothers from 2005 to 2007 and Head of Investment Banking Asia-Pacific at

Lehman Brothers (and subsequently Nomura) from April 2007 to January 2010, as well as Head of Investment Banking, Americas from January 2010 to April 2011 for Nomura. Mr. Schiffman's roles at Nomura followed Nomura's acquisition of Lehman's Asia business in 2008. In his not-for-profit affiliations, Mr. Schiffman is a member of the National Committee on United States-China Relations and serves as a Member of the Board of Visitors for the Duke University School of Medicine. Mr. Schiffman has served on the board of directors of Match Group, Inc. since September 2016. Mr. Schiffman was nominated by IAC pursuant to the Investor Rights Agreement. Mr. Schiffman currently serves as interim Chief Financial Officer of Angi and also has gained unique knowledge and experience regarding Angi and its businesses through his role as Executive Vice President and Chief Financial Officer of IAC. Mr. Schiffman also has risk management experience gained in his role as Chief Financial Officer, as well as a high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions. Mr. Schiffman also has investment banking experience, which gives him particular insight into trends in capital markets and the technology and media industries.

Mark Stein, age 53, has served as a director of Angi since September 2017. Mr. Stein has served as Executive Vice President and Chief Strategy Officer of IAC since January 2016 and prior to that time, served as Senior Vice President and Chief Strategy Officer of IAC from September 2015. Mr. Stein previously served as both Senior Vice President of Corporate Development at IAC (from January 2008) and Chief Strategy Officer of IAC Search & Applications, the desktop software, mobile applications and media properties that comprised IAC's former Search & Applications segment (from November 2012). Prior to his service in these roles, Mr. Stein served in several other capacities for IAC and its businesses, including as Chief Strategy Officer of Mindspark Interactive Network from 2009 to 2012, and prior to that time, as Executive Vice President of Corporate and Business Development of IAC Search & Media. Mr. Stein has served on the board of directors of Match Group, Inc. since November 2015. Mr. Stein was nominated by IAC pursuant to the Investor Rights Agreement.

Mr. Stein has unique knowledge and experience regarding Angi and its businesses that he has gained through his various roles with IAC since 2005, as well as high levels of financial and legal literacy, experience in operating a variety of online consumer service businesses and expertise regarding investments, partnerships and other strategic transactions.

Suzy Welch, age 60, has served as a director of Angi since September 2017. Ms. Welch is a business journalist, public speaker and author of the New York Times bestseller *10-10-10: A Life Transforming Idea*, a guide to values-driven decision making. Ms. Welch is also a co-author of the international best-sellers, *The Real Life MBA* and *Winning*. In addition to her writing and public speaking, Ms. Welch has served as a television commentator for numerous networks since 2002, and exclusively for NBC and CNBC since 2015. She is also a contributing editor for LinkedIn, anchoring major editorial projects. From 2010 to 2020, Ms. Welch also served as a curriculum advisor for the Jack Welch Management Institute, which she co-founded. Ms. Welch began her career working as a reporter for The Miami Herald from September 1981 through June 1985, after which she attended Harvard Business School, where she graduated as a Baker Scholar in 1988. She then worked as a management consultant at Bain & Co. before joining the Harvard Business Review as a senior editor in January 1995. She was named editor-in-chief in 2001, serving in that position until April 2002. Ms. Welch also serves on several private company and non-profit boards. Ms. Welch was nominated by IAC pursuant to the Investor Rights Agreement. Ms. Welch has broad general business experience that she has gained through her various affiliations with Harvard and the Jack Welch Management Institute, as well as expertise in business leadership, strategy and organizational behavior, topics about which she has written and spoken extensively.

Gregg Winiarski, age 50, has served as a director of Angi since September 2017. Mr. Winiarski served as Executive Vice President, General Counsel and Secretary of IAC from February 2014 until December 2020, and previously served as Senior Vice President, General Counsel and Secretary of IAC from February 2009 to February 2014. Mr. Winiarski currently serves as a senior consultant for IAC. Mr. Winiarski previously served as Associate General Counsel of IAC from February 2005, during which time he had primary responsibility for all legal aspects of IAC's mergers and acquisitions and other transactional work. Prior to joining IAC in February 2005, Mr. Winiarski was an associate with Skadden, Arps, Slate, Meagher & Flom LLP, a global law firm, from 1997 to February 2005. Prior to joining Skadden, Mr. Winiarski was a certified public accountant with Ernst & Young in New York. Mr. Winiarski has served on the board of directors of Match Group, Inc. since October 2015. Mr. Winiarski was nominated by IAC pursuant to the Investor Rights Agreement. Mr. Winiarski has unique knowledge and experience regarding Angi and its businesses that he has gained through his various roles with IAC since 2005, most recently his role as Executive Vice President, General Counsel and Secretary, as well as a high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

Yilu Zhao, age 45, has served as a director of Angi since September 2017. Ms. Zhao is a co-founder, partner and managing director of Zebra Global Capital, a Beijing-based private equity fund focusing on technology. Prior to founding Zebra Global Capital in March 2016, Ms. Zhao served as Chief Financial Officer of Qunar.com (a publicly traded, leading online travel platform) from March 2014 to January 2016. Before joining Qunar.com, Ms. Zhao served as an executive director in the

investment banking division at Goldman Sachs from February 2008 to February 2014. Ms. Zhao was also a staff reporter with The New York Times and was part of a team that won the Pulitzer Prize for covering 9/11. In nominating Ms. Zhao, the Board considered her service as a public company chief financial officer and high level of financial literacy, as well as her private equity experience in the technology sector.

Corporate Governance

Controlled Company Status. Angi is subject to the Marketplace Rules of The Nasdaq Stock Market, LLC (the "Marketplace Rules"), which exempt "Controlled Companies" from certain Nasdaq corporate governance requirements. A "Controlled Company" is a company of which more than 50% of the voting power is held by an individual, group or another company. IAC controls more than 50% of the voting power of Angi capital stock and has filed a Statement of Beneficial Ownership on Schedule 13D relating to its Angi holdings with the SEC. On this basis, Angi is relying on the exemption for Controlled Companies from certain Nasdaq requirements, specifically, those that would otherwise require that:

- a majority of the Angi Board of Directors consists of "independent" directors, as such term is defined in the Marketplace Rules; and
- we have a nominating/governance committee composed entirely of "independent" directors with a written charter addressing the committee's purpose and responsibilities.

Pursuant to the Investor Rights Agreement, we are obligated to avail ourselves of the exemption for Controlled Companies from certain Nasdaq requirements for so long as IAC controls more than 50% of Angi capital stock (and except as may be otherwise consented to by IAC).

Leadership Structure. The Company's business and affairs are overseen by its Board. Our Board currently has eleven members. Seven of our directors (Mses. Hicks Bowman and Handler and Messrs. Hanrahan, Levin, Schiffman, Stein and Winiarski) are officers of Angi or IAC and of the four remaining current directors (Mr. Evans and Mses. Haas, Welch and Zhao), three are "independent" under the Marketplace Rules. The Board has an Audit Committee, an Executive Compensation Committee and a Compensation Committee. The Audit and Executive Compensation Committees are both comprised solely of independent directors. For more information regarding director independence and our Board Committees, see the discussion under Director Independence on page 10 and The Board and Board Committees beginning on page 11. All of our directors play an active role in Board matters, are encouraged to communicate among themselves and directly with the Chairman and the Chief Executive Officer and have full access to Company management at all times.

Our independent directors meet in scheduled executive sessions without management present at least twice a year and may schedule additional meetings as they deem appropriate. We do not have a lead independent director or any other formally appointed leader for these sessions. The independent membership of our Audit and Executive Compensation Committees ensures that directors with no ties to Company management are charged with oversight for all financial reporting and executive compensation related decisions made by Company management. At each regularly scheduled Board meeting, the Chairperson of each of these committees will provide the full Board with an update of all significant matters discussed, reviewed, considered and/or approved by the relevant committee since the last regularly scheduled Board meeting.

Mr. Hanrahan serves as our Chief Executive Officer and Mr. Levin serves as our Chairman. We believe that this leadership structure provides us with the benefit of a full-time Chief Executive Officer dedicated to focusing on the day-to-day management and continued growth of our company and its various businesses, coupled with the oversight of our strategic goals and vision by a Chairman who has a wealth of unique knowledge and experience regarding us and our businesses, as well as public company expertise. At this time, we believe that this leadership structure is the most appropriate one for the Company and its stockholders.

Risk Oversight. Company management is responsible for assessing and managing the Company's exposure to various risks on a day-to-day basis, which responsibilities include the creation of appropriate risk management programs and policies. Company management has developed and implemented guidelines and policies to identify, assess and manage significant risks facing the Company. In developing this framework, the Company recognized that leadership and success are impossible without taking risks; however, the imprudent acceptance of risk or the failure to appropriately identify and mitigate risks could adversely impact stockholder value. The Board is responsible for overseeing management in the execution of its responsibilities and for assessing the Company's approach to risk management. The Board exercises these responsibilities periodically as part of its meetings and through discussions with Company management, as well as through the Board's committees, which

examine various components of financial and compensation-related risks, respectively, as part of their responsibilities. In addition, an overall review of risk is inherent in the Board's consideration of the Company's long-term strategies and in the transactions and other matters presented to the Board, including significant capital expenditures, cybersecurity threats, acquisitions and divestitures and financial matters. The Board's role in risk oversight of the Company is consistent with the Company's leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for assessing and managing the Company's risk exposure, and our Chairman and the Board and its committees providing oversight in connection with those efforts.

Compensation Risk Assessment. We periodically conduct risk assessments of our compensation policies and practices for our employees, including those related to our executive compensation programs. The goal of these assessments is to determine whether the general structure of the Company's compensation policies and programs and the administration of these programs pose any material risks to the Company. The findings of any risk assessment are discussed with the Executive Compensation and Compensation Committees and, where appropriate, the full Board of Directors. Based upon our assessments, we believe that our compensation policies and programs do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.

Hedging Policies and Practices. Angi's policy on securities trading provides that no director, officer or employee of Angi and its businesses may engage in transactions in publicly traded options, such as puts, calls and other derivative securities, relating to securities of Angi and/or its publicly traded affiliates, or engage in short sales with respect to securities of Angi and/or its publicly traded affiliates. This prohibition extends to any and all forms of hedging and monetization transactions, such as zero-cost collars and forward sale contracts (among others).

Director Independence. Under the Marketplace Rules, the Board has a responsibility to make an affirmative determination that those members of the Board who serve as independent directors do not have any relationships with us and our businesses that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. When making independence determinations, the Board reviews information regarding transactions, relationships and arrangements relevant to independence, including those required by the Marketplace Rules. Specifically, the Board considers that in some cases in the ordinary course of business, Angi and its businesses and affiliates (including IAC and its other subsidiaries) may sell products and services to, and/or purchase products and services from, companies at which directors (or certain of their family members) are employed or serve as directors, or over which directors (or certain of their family members) may otherwise exert control and if so, whether any payments were made to (or received from) such entities by Angi and its businesses and affiliates (including IAC and its other subsidiaries). Information relevant to independence determinations is obtained from director responses to questionnaires circulated by Company management, as well as from Company records and publicly available information. Once an independence determination is made, Company management monitors those transactions, relationships and arrangements that were relevant to such determination, as well as periodically solicits updated information potentially relevant to independence from internal personnel and directors, to determine whether there have been any developments that could potentially have an adverse impact on a prior independence determination.

In late 2020, the Board determined that each of Mr. Evans and Ms. Haas and Zhao is independent. In the case of Mr. Evans and Ms. Haas and Zhao, no relationships of the type that would preclude a determination of independence under the Marketplace Rules or otherwise interfere with the exercise of independent judgment in carrying out the responsibilities of a director were identified for consideration.

Of the remaining eight incumbent directors, six (Ms. Hicks Bowman and Handler, and Messrs. Hanrahan, Levin, Schiffman, Stein, and Winiarski) are officers of Angi or IAC and a family member of Ms. Welch provided consulting services to IAC and received fees for these services from IAC. Given these relationships, none of these directors is independent.

In addition to the satisfaction of the director independence requirements set forth in the Marketplace Rules, members of the Audit and Executive Compensation Committees have also satisfied separate independence requirements under the current standards imposed by the SEC and the Marketplace Rules for audit committee and compensation committee members.

Director Nominations. Pursuant to the Investor Rights Agreement, IAC has the right to nominate a certain number of our directors (currently six) corresponding to its degree of equity and voting interest in us until such time as its equity and voting interest are both less than 10%, as well as appoint replacements of its designated directors should such individuals become unable or unwilling to serve. IAC has nominated Messrs. Levin, Schiffman, Stein and Winiarski and Ms. Handler and Welch and the remaining five directors (Messrs. Evans and Hanrahan and Ms. Haas, Hicks Bowman and Zhao) were nominated by the Angi Board.

As a result of the rights under the Investor Rights Agreement described above and the Controlled Company exemption, the Board does not have a nominating committee or other committee performing similar functions nor any formal policy on nominations. While there are no specific requirements for eligibility to serve as a director of Angi, in evaluating candidates, the Board will consider (regardless of how the candidate was identified or recommended) whether the professional and personal ethics and values of the candidate are consistent with those of Angi, whether the candidate's experience and expertise would be beneficial to the Board, whether the candidate is willing and able to devote the necessary time and energy to the work of the Board and whether the candidate is prepared and qualified to represent the best interests of Angi's stockholders. The Board believes that the interests of the stockholders are best served when the Board has diverse balance of experience, skills and characteristics because it encourages a fuller discussion on Board topics from a variety of viewpoints and with the benefit of many different experiences. Although the Board does not have a formal diversity policy, the Board considers the overall diversity of the experiences, characteristics, attributes, skills and backgrounds of candidates relative to those of other Board members. The current Board composition represents diverse experience and skills appropriate to our business, including 45% female representation on our Board.

The Board does not have a formal policy regarding the consideration of director nominees recommended by stockholders, and to date Angi has not received any such recommendations. However, the Board would consider such recommendations if made in the future. Stockholders who wish to make such a recommendation should send the recommendation to Angi Inc., 3601 Walnut Street, Suite 700, Denver, Colorado 80205, Attention: Corporate Secretary. The envelope must contain a clear notation that the enclosed letter is a "Director Nominee Recommendation." The letter must identify the author as a stockholder, provide a brief summary of the candidate's qualifications and history, together with an indication that the recommended individual would be willing to serve (if elected), and must be accompanied by evidence of the sender's stock ownership. Any director recommendations will be reviewed by the Corporate Secretary and the Chairman and, if deemed appropriate, will be shared with the full Board for further review.

Communications with the Angi Board. Stockholders who wish to communicate with the Angi Board or a particular director may send such communication to Angi Inc., 3601 Walnut Street, Suite 700, Denver, Colorado 80205, Attention: Corporate Secretary.

The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder—Board Communication" or "Stockholder—Director Communication." All such letters must identify the author as a stockholder, provide evidence of the sender's stock ownership and clearly state whether the intended recipients are all members of the Board or a particular director or directors. The Corporate Secretary will then review such correspondence and forward it to the Board, or to the specified director(s), if appropriate.

The Board and Board Committees

The Board. The Board met six times and took action by written consent three times in 2020. All incumbent directors attended at least 75% of the meetings of the Board and the Board committees on which they served during 2020. Directors are not required to attend annual meetings of Angi stockholders. Three members of the Board attended the Company's 2020 Annual Meeting of Stockholders.

The Board currently has three standing committees: the Audit Committee, the Executive Compensation Committee and the Compensation Committee.

Audit Committee. During 2020, the members of the Audit Committee were Mr. Evans and Ms. Haas and Zhao, with Ms. Haas serving as the Chairperson of such committee. The Audit Committee met eight times and did not take any action taken by written consent in 2020.

The Audit Committee is appointed by the Board and functions pursuant to a written charter adopted by the Board, the most recent version of which is filed as Appendix A to this proxy statement. The Audit Committee assists the Board with a variety of matters described in its charter, which include monitoring: (i) the integrity of Angi's financial statements, (ii) the effectiveness of Angi's internal control over financial reporting, (iii) the qualifications and independence of Angi's independent registered public accounting firm, (iv) the performance of Angi's internal audit function and independent registered public accounting firm, (v) Angi's risk assessment and risk management policies as they relate to financial and other risk exposures and (vi) the compliance by Angi with legal and regulatory requirements. In fulfilling its purpose, the Audit Committee maintains free and open communication among itself, the Company's independent registered public accounting firm, the Company's internal auditors and Company management. The formal report of the Audit Committee is set forth on page 15.

The Board previously concluded that each of Mr. Evans and Ms. Haas and Zhao meet the independence standards under applicable SEC rules and the Marketplace Rules for service on the Audit Committee and is able to read and understand fundamental financial statements, and that Ms. Haas is an “audit committee financial expert,” as such term is defined in applicable SEC rules and the Marketplace Rules.

Executive Compensation and Compensation Committees. During 2020, the members of: (i) the Executive Compensation Committee were Mr. Evans and Ms. Haas and (ii) the Compensation Committee were Mr. Evans and Ms. Haas and Welch, with Mr. Evans serving as the Chairperson of both committees. The Executive Compensation Committee met once and took action by written consent three times in 2020. The Compensation Committee met three times and took action by written consent seven times in 2020.

Both committees are appointed by the Board and each committee functions pursuant to a written charter adopted by the Board, the most recent versions of which are filed as Appendices B and C to this proxy statement. Except for those matters reserved exclusively for the Executive Compensation Committee (as described below), both committees assist the Board with all matters relating to, and have overall responsibility for approving and evaluating, all compensation plans, policies and programs of the Company. Both committees may form and delegate authority to subcommittees and may delegate authority to one or more of their respective members. While the committees generally meet and take action jointly, where appropriate or required, either committee takes action unilaterally. In addition, the Compensation Committee may also delegate to one or more of the Company’s officers its authority to make grants of equity-based compensation to the extent allowed under applicable law.

Matters reserved exclusively for the Executive Compensation Committee relate to the compensation of our Chief Executive Officer and other “officers” (as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, the Executive Compensation Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company in which these officers are the exclusive participants and any other compensation plans, policies, and programs of the Company as they may affect such officers.

For additional information on Angi’s processes and procedures for the consideration and determination of executive compensation and the related roles of the Executive Compensation and Compensation Committees, Company management and consultants, see the discussion under Compensation Discussion and Analysis generally beginning on page 17. The joint report of the Executive Compensation and Compensation Committees is set forth on page 20.

The Board previously concluded that each of Mr. Evans and Ms. Haas meet the independence and other requirements of applicable SEC rules and the Marketplace Rules for compensation committee members.

PROPOSAL 2 – ADVISORY VOTE ON EXECUTIVE COMPENSATION (THE “SAY ON PAY VOTE”)

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), enacted in July 2010, requires the Company to seek a non-binding advisory vote from its stockholders to approve the compensation of its named executives. This proposal, also referred to as the “say on pay vote,” is not intended to address any specific item of compensation, but rather Angi’s overall compensation program and policies relating to our named executives.

As described under the caption Compensation Discussion and Analysis beginning on page 17, prior to the completion of the Combination, we were a wholly-owned subsidiary of IAC and during that time, the compensation of our executive officers (including our named executives) was generally determined by IAC’s senior management in accordance with executive compensation program and policies adopted by the Compensation and Human Resources Committee of IAC’s Board of Directors, which were designed to provide the level of compensation necessary to attract, retain, motivate and reward talented and experienced executives and to motivate them to achieve short-term and long-term goals, thereby enhancing stockholder value and creating a successful company.

Following the completion of the Combination, our Executive Compensation Committee (comprised of two independent directors) and our Compensation Committee (comprised of the members of the Executive Compensation Committee, plus one non-independent director) have the joint responsibility of establishing our compensation philosophy and programs and determining appropriate payments and awards to our employees generally, with the Executive Compensation Committee having the exclusive responsibility to determine appropriate payments and awards to our executive officers.

Angi’s executive officer compensation program and policies are designed to increase long-term stockholder value by attracting, retaining, motivating and rewarding leaders with the competence, character, experience and ambition necessary to enable Angi to meet its growth objectives. Our Executive Compensation Committee approved 2020 annual bonuses in February 2021 for executive officers.

We believe that our and IAC’s executive officer compensation programs, with their balance of short-term and long-term incentives, reward sustained performance that is aligned with long-term stockholder interests. Accordingly, we believe that the compensation paid to our named executives in 2020 pursuant to such programs was fair and appropriate and are asking our stockholders to vote **FOR** the adoption of the following resolution:

“RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation of the Company’s named executives for 2020, as disclosed in this proxy statement, including the Compensation Discussion and Analysis, the executive compensation tables, and the related narrative.”

The approval, on an advisory basis, of the say on pay vote proposal requires the affirmative vote of holders of a majority of the voting power of shares of Angi capital stock present at the Annual Meeting in person or represented by proxy and voting together. The vote is advisory in nature and therefore not binding on us or our Board. However, our Board and its compensation committees value the opinions of all of our stockholders and will consider the outcome of this vote when making future compensation decisions for our named executives.

The Board recommends that the stockholders vote **FOR** the advisory vote on executive compensation.

PROPOSAL 3—ADVISORY VOTE ON THE FREQUENCY OF HOLDING THE SAY ON PAY VOTE

In addition to the advisory vote on executive compensation set forth above, the Dodd-Frank Act also requires the Company to seek a non-binding advisory vote from its stockholders regarding the frequency of holding the advisory vote on executive compensation in the future. In casting your advisory vote, you may indicate whether you prefer that we seek an advisory vote every one, two or three years. You may also abstain from voting on this matter.

After thoughtful consideration, our Board believes that holding an advisory vote on executive compensation every three years is the most appropriate policy for the Company and its stockholders at this time. Our Board believes that a triennial vote more closely mirrors the long-term nature of a significant portion of our executive officer compensation program and will discourage short-term thinking and, as a result, a stockholder’s analysis of our performance and compensation practices would be more fully informed when viewed over a three-year period. Moreover, allowing more time in between the advisory votes on executive compensation would provide a greater opportunity for our Board and its compensation committees to engage in meaningful analysis of any compensation issues and consideration of any stockholder concerns.

The approval, on an advisory basis, of the frequency of holding the say on pay vote proposal requires the affirmative vote of holders of a majority of the voting power of shares of Angi capital stock present at the Annual Meeting in person or represented by proxy and voting together. However, if no choice receives a majority of votes, then the option on the frequency of the advisory vote that receives the highest number of votes cast by stockholders will be considered by the Board as the stockholders’ recommendation as to the frequency of holding future say on pay votes. The vote is advisory in nature and therefore not binding on us or our Board. However, our Board values the opinions of all of our stockholders and the Board and its compensation committees will consider the outcome of this vote when making future decisions on the frequency with which we will hold an advisory vote on executive compensation.

The Board recommends that the stockholders vote for holding the say on pay vote once **EVERY THREE YEARS** at Angi’s Annual Meeting of Stockholders.

PROPOSAL 4—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Subject to stockholder ratification, the Audit Committee has appointed Ernst & Young LLP as Angi’s independent registered public accounting firm for the fiscal year ending December 31, 2021.

The Audit Committee annually evaluates the performance of Ernst & Young LLP and determines whether to continue to retain such firm or consider the retention of another firm. In appointing Ernst & Young LLP as Angi’s independent registered public accounting firm for 2021, the Audit Committee considered: (i) the firm’s performance as the Company’s independent

registered public accounting firm, (ii) the fact that the firm has served as the independent registered public accounting firm for IAC (which included HomeAdvisor (US) and HomeAdvisor International when they were wholly-owned subsidiaries of IAC) since 1996 and also served as the independent registered public accounting firm for Angie’s List for many years, (iii) the firm’s independence with respect to the services to be performed for the Company and (iv) the firm’s strong and considerable qualifications and general reputation for adherence to professional auditing standards.

A representative of Ernst & Young LLP is expected to be present at the Annual Meeting and will be given an opportunity to make a statement if he or she so chooses and will be available to respond to appropriate questions.

Ratification of the appointment of Angi’s independent registered public accounting firm requires the affirmative vote of holders of a majority of the voting power of shares of Angi capital stock present at the Annual Meeting in person or represented by proxy and voting together.

The Board recommends that our stockholders vote **FOR** ratification of the appointment of Ernst & Young LLP as Angi’s independent registered public accounting firm for 2021.

AUDIT COMMITTEE MATTERS

Audit Committee Report

The Audit Committee functions pursuant to a written charter adopted by the Board, the most recent version of which is filed as Appendix A to this proxy statement. The Audit Committee charter governs the operations of the Audit Committee and sets forth its responsibilities, which include providing assistance to the Board with the monitoring of: (i) the integrity of Angi’s financial statements, (ii) the effectiveness of Angi’s internal control over financial reporting, (iii) the qualifications and independence of Angi’s independent registered public accounting firm, (iv) the performance of Angi’s internal audit function and independent registered public accounting firm, (v) Angi’s risk assessment and risk management policies as they relate to financial and other risk exposures and (vi) the compliance by Angi with legal and regulatory requirements. It is not the duty of the Audit Committee to plan or conduct audits or to determine that Angi’s financial statements and disclosures are complete, accurate and have been prepared in accordance with generally accepted accounting principles and applicable rules and regulations. Management is responsible for the Company’s financial reporting process, including systems of internal control over financial reporting. The independent registered public accountants are responsible for performing an independent audit of the Company’s consolidated financial statements and the effectiveness of the Company’s internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board, and to issue a report thereon. The Audit Committee’s responsibility is to engage the independent auditor and otherwise to monitor and oversee these processes.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements of Angi included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 with Angi’s management and Ernst & Young LLP, Angi’s independent registered public accounting firm.

The Audit Committee has discussed with Ernst & Young the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the Securities and Exchange Commission. In addition, the Audit Committee has received the written disclosures and letter from Ernst & Young required by applicable requirements of the PCAOB regarding Ernst & Young’s communications with the Audit Committee concerning independence and has discussed with Ernst & Young its independence from Angi and its management.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of Angi be included in Angi’s Annual Report on Form 10-K for the year ended December 31, 2020 for filing with the SEC.

Members of the Audit Committee

Alesia J. Haas (Chairperson)
Thomas R. Evans
Yilu Zhao

Fees Paid to Our Independent Registered Public Accounting Firm

The following table sets forth fees for all professional services rendered by Ernst & Young to Angi for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|------------------------------------|----------------------------|----------------------------|
| Audit Fees | \$ 2,155,000 (1) | \$ 1,932,000 (2) |
| Audit-Related Fees | — | — |
| Total Audit and Audit-Related Fees | <u>\$ 2,155,000</u> | <u>\$ 1,932,000</u> |
| Tax Fees | — | — |
| Total Fees | <u><u>\$ 2,155,000</u></u> | <u><u>\$ 1,932,000</u></u> |

- (1) Audit Fees in 2020 include (i) fees associated with the annual audit of financial statements and internal control over financial reporting and the review of periodic reports, (ii) fees for statutory audits (audits performed for certain Angi businesses in various jurisdictions abroad, which audits are required by local law), (iii) fees for services performed in

connection with the issuance of a comfort letter and other services in connection with a private debt offering, and (iv) fees for accounting consultations.

- (2) Audit Fees in 2019 include (i) fees associated with the annual audit of financial statements and internal control over financial reporting and the review of periodic reports, (ii) fees for statutory audits (audits performed for certain Angi businesses in various jurisdictions abroad, which audits are required by local law), and (iii) fees for accounting consultations.

Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee has a policy governing the pre-approval of all audit and permitted non-audit services performed by Angi's independent registered public accounting firm in order to ensure that the provision of these services does not impair such firm's independence from Angi and its management. Unless a type of service to be provided by Angi's independent registered public accounting firm has received general pre-approval, it requires specific pre-approval by the Audit Committee. Any proposed services in excess of pre-approved cost levels also require specific pre-approval by the Audit Committee. In all pre-approval instances, the Audit Committee considers whether such services are consistent with SEC rules regarding auditor independence.

All Tax services require specific pre-approval by the Audit Committee. In addition, the Audit Committee has designated specific services that have the pre-approval of the Audit Committee (each of which is subject to pre-approved cost levels) and has classified these pre-approved services into one of three categories: Audit, Audit-Related and All Other (excluding Tax). The term of any pre-approval is twelve months from the date of the pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee reviews the list of pre-approved services from time to time and will revise it as and if appropriate. Pre-approved fee levels for all services to be provided by Angi's independent registered public accounting firm are established periodically from time to time by the Audit Committee.

Pursuant to this pre-approval policy, the Audit Committee may delegate its authority to grant pre-approvals to one or more of its members, and has currently delegated this authority to its Chairperson. The decisions of the Chairperson (or any other member(s) to whom such authority may be delegated) to grant pre-approvals must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services to management.

INFORMATION CONCERNING ANGI EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

Background information about current Angi executive officers who are not director nominees is set forth below. For background information about Angi's Chief Executive Officer, Oisín Hanrahan and Interim Chief Financial Officer, Glenn H. Schiffman, see the discussion under Information Concerning Director Nominees beginning on page 6.

Jeffrey W. Kip, age 53, has served as Chief Executive Officer of HomeAdvisor International since April 2016. Prior to serving in this role, Mr. Kip served as Chief Financial Officer of IAC from March 2012 to April 2016. Before joining IAC, Mr. Kip served as Executive Vice President, Chief Financial Officer of Panera Bread Company, a national bakery-cafe concept in the United States and Canada ("Panera"), from May 2006 to March 2012. From November 2003 until May 2006, Mr. Kip served as Panera's Vice President, Finance and Planning and as Vice President, Corporate Development from May 2003 until November 2003. From November 2002 until April 2003, Mr. Kip served as an Associate Director and Director at UBS, an investment banking firm, and from August 1999 until November 2002, Mr. Kip was an Associate at Goldman Sachs, an investment banking firm.

Kulesh Shanmugasundaram, age 45, has served as Chief Technology Officer of Angi since March 2021. Previously, Mr. Shanmugasundaram served as Senior Vice President, Engineering of Handy, a subsidiary of the Company since March 2016. Prior to his tenure with the Company, he served as Director of Engineering at Amplify Education from 2011 to 2015, where he built products used by millions of students in classes nationwide. Mr. Shanmugasundaram also co-founded Digital Assembly and Vivic Networks that commercialized his research in network security and digital forensics. He holds a Ph.D in Computer Science and a Bachelor of Science in Computer Science from New York University.

Shannon M. Shaw, age 46, has served as Chief Legal Officer of Angi since March 2019. In her current role, Ms. Shaw oversees all legal and compliance matters across the Company's various brands and businesses. Before joining the Company, Ms. Shaw served as Chief Counsel, Americas for dormakaba Inc., a global provider of access control and security solutions, where she oversaw the company's legal operations for North America, Mexico and South America, from August 2018 to March 2019. Prior to her tenure at dormakaba Inc., Ms. Shaw served as General Counsel/Chief Legal Officer of Angie's List from

September 2011 to April 2018. Prior to her tenure at Angie's List, Ms. Shaw was a labor and employment attorney at the law firm of Barnes & Thornburg, LLP from September 2003 to September 2011, where she litigated on behalf of companies and advised national and local companies on compliance with federal and state labor and employment laws. Ms. Shaw also served as Media Relations Coordinator at Clarian Health Partners, a large hospital conglomerate, from 1997 to 2000.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (the "CD&A") provides information regarding our compensation program as it relates to the following persons, to whom we refer to in this CD&A as our "named executive officers" (the "NEOs") as of December 31, 2020:

- William B. Ridenour, former Chief Executive Officer (through February 24, 2021);
- Jamie Cohen, former Chief Financial Officer (through December 31, 2020);
- Oisín Hanrahan, former Chief Product Officer, current Chief Executive Officer (effective Feb 24, 2021);
- Allison Lowrie, former Chief Marketing Officer (through February 24, 2021);
- Jeffrey W. Kip, Chief Executive Officer of HomeAdvisor International; and
- Craig Smith, former Chief Operating Officer (through December 18, 2020).

Philosophy and Objectives

Our executive officer compensation program is designed to increase long-term value by attracting, retaining, motivating and rewarding leaders with the competence, character, experience and ambition necessary to enable us to meet our growth objectives.

When establishing compensation packages for a given executive, we follow a flexible approach, and make decisions based on a host of factors particular to a given executive's situation, including our firsthand experience with the competition for recruiting and retaining executives; negotiation and discussion with the relevant individual; competitive survey data; internal equity considerations; and other factors we deem relevant at the time.

Similarly, we do not follow an arithmetic approach to establishing ongoing compensation levels and measuring and rewarding short-term and long-term performance, as we believe this approach often fails to adequately take into account the multiple factors that contribute to success at the individual executive officer and business level. In any given period, we may have multiple objectives, and these objectives, and their relative importance, often change as the competitive and strategic landscape shifts, even within a given compensation cycle. As a result, formulaic approaches often over-compensate or under-compensate a given performance level. Accordingly, we have historically avoided the use of strict formulas in our compensation practices and have relied primarily on a discretionary approach.

While we consider market data in establishing broad compensation programs and practices and may periodically benchmark the compensation associated with particular executive positions, we do not definitively rely on competitive survey data or any benchmarking information in establishing executive compensation. We make decisions based on a host of factors particular to a given executive's situation, including those described above and the Company's understanding of the current environment, and believe that over-reliance on survey data, or a benchmarking approach, is too rigid and stale for the dynamic and fast changing marketplace for talent in which we participate.

Roles and Responsibilities

We have a Compensation Committee consisting of Mr. Evans, Ms. Haas and Ms. Welch, which has the primary responsibility for establishing our compensation philosophy and programs, and an Executive Compensation Committee (referred to in this CD&A as the "Committee"), consisting of Mr. Evans and Ms. Haas, two independent directors who have the primary responsibility of determining appropriate payments and awards to our NEOs and other executive officers.

All compensation decisions referred to throughout this CD&A have been made by the Committee, based (in part) on recommendations from Mr. Levin, the Company’s Chairman and IAC’s Chief Executive Officer, and Mr. Ridenour, the Company’s former Chief Executive Officer. Certain of our executive officers participate in structuring Company-wide compensation programs and in establishing appropriate bonus and equity pools. In early 2021, Messrs. Levin and Ridenour met with the Committee and discussed their views of the Company’s performance, as well as individual executive officer performance for 2020. Thereafter, the Committee member met and discussed these recommendations and ultimately determined the annual bonus amount for each NEO and our other executive officers. In establishing a given executive officer’s compensation package, each individual component is evaluated independently and in relation to the package as a whole. Prior earning histories and outstanding long-term compensation arrangements are also reviewed and taken into account. However, we do not believe in any formulaic relationship or targeted allocation between these elements. Instead, each individual executive’s situation is evaluated on a case-by-case basis each year, considering the variety of relevant factors at that time. We do not have an ongoing relationship with any particular compensation consulting firm, although the Committee reserves the right to solicit the advice of consulting firms and engage legal counsel. No such consulting firms or legal counsel were engaged by the Committee during 2020.

In addition, from time to time, the Company may solicit survey or peer compensation data from various consulting firms. In 2020, the Company engaged Compensation Advisory Partners LLC (“CAP”) to provide comparative market data in connection with the Company’s own analysis of its compensation practices, but neither CAP nor any other compensation consultant had any role in determining or recommending the amount or form of executive compensation for 2020.

The Company presents its stockholders with the opportunity to cast a triennial advisory vote on executive compensation (“say-on-pay”), which reflects the preference expressed by our stockholders in 2018 with respect to the frequency of the say-on-pay vote. At our annual meeting of stockholders held in June 2018, a substantial majority of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Committee believes that the vote reflected stockholder support of our approach to executive compensation, and, as such, did not make changes based on the 2018 vote. The Committee will continue to consider the outcome of the say-on-pay vote in this proxy statement when making future compensation decisions for executive officers.

Compensation Elements

General

Compensation packages for NEOs and other executive officers have primarily consisted of salary, annual bonuses, long term incentives (typically equity awards) and, to a more limited extent, perquisites and other benefits. Prior to making specific decisions related to any particular element of compensation, we review the total compensation of each executive officer, evaluating total near- and long-term compensation in the aggregate. We determine which element or combinations of compensation elements (salary, bonus or equity) can be used most effectively to further our compensation objectives. However, all such decisions are subjective, and made on a facts-and-circumstances basis without any prescribed relationship between the various elements of the total compensation package.

Salary

General. A new executive officer’s starting salary is typically negotiated upon arrival, based on the executive officer’s prior compensation history, prior compensation levels for the particular position at the Company, the executive officer’s location, salary levels of other executive officers, salary levels available to the individual in alternative opportunities, reference to certain survey information and the extent to which we desire to secure the executive officer’s services.

Once established, salaries can increase based on a number of factors, including the assumption of additional responsibilities, internal equity, periodic market checks and other factors that demonstrate an executive officer’s increased value. In 2020, the Committee did not change any salaries for executive officers.

Annual Bonuses

General. The annual bonus program is designed to reward performance on an annual basis. Because of the variable nature of the bonus program, and because in any given year bonuses have the potential to make up a significant portion of an executive officer’s total compensation, the bonus program provides an important incentive tool to achieve annual objectives. Since the

Combination, the Company has paid annual bonuses shortly after year-end following the finalization of financial results for the prior year.

The determination of bonus amounts is based on a non-formulaic assessment of factors that vary from year to year and success is measured subjectively. In setting individual annual bonus amounts for executive officers, we consider a variety of factors regarding the Company’s overall performance, such as growth in revenue and profitability; achievement of strategic objectives by the Company and its positioning for future growth; an individual’s performance and contribution to the Company; and, in the case of NEOs, the bonus amount for each NEO relative to other NEOs. No quantified weight is given to any particular consideration. We have engaged in an overall assessment of appropriate bonus levels based on a subjective interpretation of corporate performance.

NEO and other executive officer bonuses may be highly variable from year-to-year depending on performance of the Company and, in certain circumstances, individual executive officer performance. Accordingly, we believe that our bonus program provides strong incentive to meet the Company’s annual goals.

2020 Bonuses. In setting bonus levels for 2020 bonus awards for executive officers, the Committee considered a variety of factors, including: (i) leadership in navigating the Company through the market disruptions presented by COVID-19 pandemic; (ii) continued growth of pre-priced bookings offerings, reaching revenue of \$162.2 million in 2020; (iii) expansion of mobile payment platform with the launch of a financing payment option; (iv) the continued strength of the performance of the Angie’s List business relative to our expectations; and (v) the performance of the HomeAdvisor Business relative to certain strategic objectives that had been established for the year. In addition, 2020 achievements were considered, and compared to achievements and bonus levels in prior years. As noted above, in setting individual bonus amounts, there was no weight assigned to any specific factor, and no application of a formulaic calculation.

Long-Term Incentives

General. We believe that providing a meaningful equity stake in our business is essential to create compensation opportunities that can compete, on a risk-adjusted basis, with other employment opportunities in a competitive marketplace. In addition, we believe that ownership shapes behavior, and that by providing compensation in the form of equity awards, we align executive officer incentives with stockholder interests in a manner that we believe drives superior performance over time.

In setting particular award levels, the predominant objectives have been providing the person with effective retention incentives, appropriate rewards for past performance and incentives for strong future performance. Appropriate levels to meet these goals may vary from year to year, and from individual to individual, based on a variety of factors. The annual corporate performance factors relevant to setting bonus amounts that were discussed above, while taken into account, have generally been less relevant in granting equity awards, as the awards tend to be more forward looking, and are a longer-term retention and reward instrument than annual bonuses. For the awards described below, vesting is conditioned upon the NEO’s continued employment through the vesting date, except as noted immediately below or under the Severance section below.

2020 Equity Awards. In March 2020, the Committee granted performance restricted stock units (“PSUs”) and restricted stock units (“RSUs”) to the NEOs in the amount set forth in the table below:

| Named Executive Officer | 2020 Equity Grant |
|-------------------------|-------------------|
| William B. Ridenour (1) | 1,661,742 |
| Jamie Cohen | 147,710 |
| Oisin Hanrahan (1) | 1,107,828 |
| Allison Lowrie | 369,276 |
| Jeffrey Kip | 147,710 |
| Craig Smith | 369,276 |

(1) In March 2020, the Committee granted 1,107,828 and 738,552 PSUs to Mr. Ridenour and Mr. Hanrahan, respectively. In December 2020, the Committee modified the PSUs originally granted to Mr. Ridenour and Mr. Hanrahan in March 2020 by (i) eliminating the performance conditions on 75% of each of the prior PSU awards and (ii) modifying the performance conditions for the remaining 25% of the PSUs for each of the prior awards. This modification resulted in 1,661,742 and 1,107,828 time-based RSUs, and 553,914 and 369,276 PSUs being granted to Mr. Ridenour and Mr. Hanrahan,

respectively. The time-based RSUs shall vest in full on February 15, 2023, subject to continued service. The PSUs will vest upon the Company's achievement of specified levels of marketing spend (overall and through certain channels) for the Angi brand and downloads of the Angi brand mobile app at any time during the period commencing on January 1, 2021 and ending on December 31, 2022, subject to continued service through the date on which these performance criteria are achieved, and in no case shall more than the base number of PSUs be earned and vested.

Change of Control

Equity awards for NEOs and certain other executive officers generally include a so-called "double-trigger" change of control provision, which provides for the acceleration of the vesting of outstanding equity awards in connection with a change of control only when an award holder suffers an involuntary termination of employment during the two year period following such change of control. We believe that providing for the acceleration of the vesting of equity awards in these circumstances will assist in the retention of our executive officers through a change of control transaction. For purposes of this discussion and the discussion below under the Severance caption, the term "involuntary termination" means both a termination by the Company without "cause" and a resignation for "good reason" or similar construct.

Severance

We generally provide our NEOs and certain other executive officers with some amount of salary continuation and the acceleration of the vesting of some equity awards in the event of an involuntary termination of employment. Because we tend to promote our executive officers from within, after competence and commitment have generally been established, we believe that the likelihood of the vesting of equity awards being accelerated is typically low, and yet we believe that by providing this benefit we increase the retentive effect of our equity program, which serves as our most important retention incentive. The Company generally does not provide for the acceleration of the vesting of equity awards in the event an executive officer voluntarily resigns from the Company.

Other Compensation

Under limited circumstances, certain of our NEOs have received non-cash and non-equity compensatory benefits. These benefits are included as other compensation in the Summary Compensation Table on page 21. Our NEOs and other executive officers do not participate in any deferred compensation or retirement program other than IAC's 401(k) plan.

Tax Deductibility

Effective for taxable years beginning after December 31, 2017, compensation in excess of \$1 million paid to Angi's current NEOs, including its Chief Financial Officer, and certain former named executive officers, will not be deductible unless it qualifies for limited transition relief applicable to certain arrangements in place as of November 2, 2017 ("Grandfathered Arrangements"). The Committee reserves the right to modify Grandfathered Arrangements in a manner that results in the loss of a compensation deduction if it determines that such modifications are consistent with Angi's best interests.

COMPENSATION COMMITTEE REPORT

The Executive Compensation and Compensation Committees have reviewed the Compensation Discussion and Analysis and discussed it with Company management. In reliance on this review and the discussions referred to above, such committees have recommended to the Board that the Compensation Discussion and Analysis be included in Angi's 2020 Annual Report on Form 10-K and this proxy statement.

Members of the Executive Compensation Committee

Thomas R. Evans (Chairperson)
Alesia J. Haas

Members of the Compensation Committee

Thomas R. Evans (Chairperson)
Alesia J. Haas
Suzy Welch

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company has an Executive Compensation Committee, which during 2020 was comprised of Mr. Evans and Ms. Haas, and a Compensation Committee, which during 2020 was comprised of Mr. Evans and Ms. Haas and Welch. No member of these committees has been an officer or employee of Angi or IAC at any time during his or her respective service on the committee(s).

EXECUTIVE COMPENSATION

Overview

This Executive Compensation section of this proxy statement sets forth certain information regarding total compensation earned by our named executives in 2020, as well as Angi equity awards granted to our named executives in 2020, Angi equity awards held by our named executives on December 31, 2020 and the dollar value realized by our named executives upon the exercise and/or vesting of Angi and IAC equity awards during 2020. Unless otherwise indicated, equity awards in the tables below are denominated in shares of Angi Class A common stock.

Summary Compensation Table

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards | All Other Compensation | Total (\$) |
|---|------|-------------|------------|---------------|------------------------|---------------|
| | | | | (\$)(1) | (\$)(2) | |
| William B. Ridenour | 2020 | \$ 600,000 | \$ 700,000 | \$ 10,603,072 | \$ 8,250 | \$ 11,911,322 |
| Former Chief Executive Officer | 2019 | \$ 600,000 | \$ 400,000 | \$ — | \$ 8,400 | \$ 1,008,400 |
| | 2018 | \$ 424,615 | \$ 360,000 | \$ 14,999,996 | \$ 8,250 | \$ 15,792,861 |
| Jamie Cohen | 2020 | \$ 350,000 | \$ 300,000 | \$ 754,798 | \$ 6,865 | \$ 1,411,663 |
| Former Chief Financial Officer | 2019 | \$ 339,230 | \$ 175,000 | \$ 2,999,984 | \$ 8,400 | \$ 3,522,614 |
| (effective March 12, 2019)(3) | | | | | | \$ — |
| Oisin Hanrahan | 2020 | \$ 340,577 | \$ 500,000 | \$ 7,068,714 | \$ 8,250 | \$ 7,917,541 |
| Former Chief Product Officer | 2019 | \$ 325,625 | \$ 500,000 | \$ 7,890,399 | \$ — | \$ 8,716,024 |
| (effective June 26, 2019)(4) | | | | | | \$ — |
| Allison Lowrie | 2020 | \$ 400,000 | \$ 400,000 | \$ 1,887,000 | \$ 8,250 | \$ 2,695,250 |
| Former Chief Marketing Officer | 2019 | \$ 400,000 | \$ 300,000 | \$ 3,999,990 | \$ 8,400 | \$ 4,708,390 |
| | 2018 | \$ 358,077 | \$ 240,000 | | \$ 8,250 | \$ 606,327 |
| Jeffrey W. Kip | 2020 | \$ 597,115 | \$ 250,000 | \$ 754,798 | \$ 10,000 | \$ 1,611,913 |
| Chief Executive Officer, HomeAdvisor International | 2019 | \$ 575,000 | \$ 250,000 | \$ — | \$ 8,400 | \$ 833,400 |
| | 2018 | \$ 575,000 | \$ 250,000 | \$ — | \$ 8,250 | \$ 833,250 |
| Craig Smith | 2020 | \$ 500,000 | \$ 350,000 | \$ 1,887,000 | \$ 50,592 | \$ 2,787,592 |
| Former President and Chief Operating Officer | 2019 | \$ 500,000 | \$ 350,000 | \$ — | \$ 8,250 | \$ 858,250 |
| | 2018 | \$ 411,923 | \$ 300,000 | \$ 7,999,997 | \$ 10,632 | \$ 8,722,552 |

- (1) Represents the grant date fair value of Angi RSUs and/or PSUs, as applicable, calculated by multiplying the number of Angi RSUs or PSUs granted by the fair market value per share of Angi Class A common stock, on the grant date, except for awards granted to Messrs. Ridenour and Hanrahan in 2020.

For Mr. Ridenour, represents the aggregate grant date fair value of Angi RSU and PSU awards granted to him in 2020:

- (i) \$10,603,072, representing the aggregate grant date fair value of the PSUs granted in March 2020 and the incremental fair value of the modification of these awards in December 2020. The resulting 1,661,742 Angi RSUs, the vesting of which is subject to continued service, calculated by multiplying the number of Angi RSUs granted by the fair market value per share of Angi Class A common stock on the modification date, and 553,914 PSUs, the vesting of which is subject to continued service and the satisfaction of certain performance conditions, calculated by multiplying the number of Angi PSUs granted by the fair market value per share of Angi Class A common stock on the modification date based on the probable outcome of the performance conditions on the grant date (at which time the Company assumed that 100% of the award would vest).

For Mr. Hanrahan, represents the aggregate grant date fair value of Angi RSU and PSU awards granted to him in 2020:

- (i) \$7,068,714, representing the aggregate grant date fair value of the PSUs granted in March 19, 2020 and the incremental fair value of the modification of these awards in December 2, 2020. The resulting 1,107,828 Angi RSUs, the vesting of which is subject to continued service, calculated by multiplying the number of Angi RSUs granted by the fair market value per share of Angi Class A common stock on the modification date, and 369,276 PSUs, the vesting of which is subject to continued service and the satisfaction of certain performance conditions, calculated by multiplying the number of Angi PSUs granted by the fair market value per share of Angi Class A common stock on the modification date based on the probable outcome of the performance conditions on the grant date (at which time the Company assumed that 100% of the award would vest).

- (2) Additional information regarding all other compensation amounts for each named executive in 2020 is as follows:

| | William B. Ridenour | Jamie Cohen | Oisin Hanrahan | Allison Lowrie | Jeffrey Kip | Craig Smith (a) |
|---------------------------|---------------------|-------------|----------------|----------------|-------------|-----------------|
| COBRA payment | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 42,342 |
| 401(k) plan Company match | \$ 8,250 | \$ 6,865 | \$ 8,250 | \$ 8,250 | \$ 10,000 | \$ 8,250 |
| | \$ 8,250 | \$ 6,865 | \$ 8,250 | \$ 8,250 | \$ 10,000 | \$ 50,592 |

- (a) Reflects a payment to Craig Smith to cover COBRA premiums which he was entitled to (or eligible for) in relation to his termination from the Company in December 2020.

- (3) Prior to her appointment as Chief Financial Officer of Angi, Ms. Cohen served as Executive Vice President of Finance and Accounting of Angi (from September 2017 to March 12, 2019) and in the same role for the Company's HomeAdvisor business since January 2017. Ms. Cohen resigned as Chief Financial Officer on December 31, 2020.
- (4) Prior to his appointment as Chief Product Officer of Angi, Mr. Hanrahan served as Chief Executive Officer of the Company's Handy business (from 2012) and continued to serve in this capacity. Mr. Hanrahan was appointed Chief Executive Officer of the Company effective February 24, 2021.

Grants of Plan-Based Awards in 2020

The table below provides information regarding all Angi equity awards granted to our named executives in 2020.

| Name | Grant Date | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units (#) | Grant Date Fair Value of Stock and Option Awards (\$) |
|---------------------|---------------|---|-------------|-------------|--|---|
| | | Threshold (#) | Target (#) | Maximum (#) | | |
| William B. Ridenour | 12/2/2020 (1) | — (1) | 553,914 (1) | 553,914 (1) | 1,661,742 | \$ 10,603,072 (2) |
| Jamie Cohen | 3/19/2020 (3) | — | — | — | 147,710 | \$ 754,798 (5) |
| Oisin Hanrahan | 12/2/2020 (1) | — (1) | 369,276 (1) | 369,276 (1) | 1,107,828 | \$ 7,068,714 (2) |
| Allison Lowrie | 3/19/2020 (3) | — | — | — | 369,276 | \$ 1,887,000 (5) |
| Jeffrey W. Kip | 3/19/2020 (4) | — | — | — | 147,710 | \$ 754,798 (5) |
| Craig Smith | 3/19/2020 (3) | — | — | — | 369,276 | \$ 1,887,000 (5) |

- (1) Represents Angi RSUs that vest in one lump sum installment on February 15, 2023, subject to continued service, and Angi PSUs that vest in one lump sum installment, subject to continued service and the satisfaction of a performance conditions tied to the Company's successful rebranding to Angi.

The number that appears in the "Threshold" column is zero because the terms of this PSU award provide that if the minimum level of the performance condition is not achieved, then none of the award will vest. The "Target" amount for this award provided in the table above is representative of the base number of PSUs that can be earned. The number that appears in the "Maximum" column is the same as the "Target" shares as in no case shall more than the base number of PSUs be earned and vested.

- (2) Represents the grant date fair value of the RSU and PSU modified awards granted December 2, 2020.
- (3) Represents Angi RSUs that vest in one lump sum installment on the third anniversary of the grant date, subject to continued service.
- (4) Represents Angi RSUs that vest in equal annual installments on the first four anniversaries of the grant date, subject to continued service.
- (5) Represents the grant date fair value of Angi RSU awards, calculated by multiplying the number of Angi RSUs granted by the fair market value per share of Angi Class A common stock on the grant date.

Outstanding Equity Awards at 2020 Fiscal Year-End

The table below provides information regarding Angi SARs, PSUs and RSUs and IAC stock options, as applicable, held by our named executives on December 31, 2020. The market value of all Angi RSU awards is based on the closing price of \$13.20 of Angi Class A common stock on December 31, 2020.

| Name | Option Awards(1) | | | | Stock Awards(1) | |
|-------------------------------|---|---|----------------------------|------------------------|---|--|
| | Number of securities underlying unexercised options (#) | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Number of shares or units of stock that have not vested | Market value of shares or units of stock that have not vested (\$) |
| | (Exercisable) | (Unexercisable) | | | | |
| William B. Ridenour(2) | | | | | | |
| Angi SARs | 368,792 (3) | — | \$ 0.98 | 2/11/2025 | — | \$ — |
| Angi SARs | 4,180,837 (4) | 1,393,613 (4) | \$ 4.53 | 2/14/2027 | — | \$ — |
| Angi RSUs | — | — | \$ — | — | 838,457 (5) | \$11,067,632 |
| Angi RSUs | — | — | \$ — | — | 1,661,742 (6) | \$21,934,994 |
| Angi RSUs | — | — | \$ — | — | 553,914 (7) | \$ 7,311,665 |
| Jamie Cohen | | | | | | |
| Angi SARs | 171,848 (4) | 139,362 (4) | \$ 4.53 | 2/14/2027 | — | \$ — |
| Angi RSUs | — | — | \$ — | — | 175,849 (8) | \$ 2,321,207 |
| Angi RSUs | — | — | \$ — | — | 147,710 (9) | \$ 1,949,772 |
| Oisín Hanrahan | | | | | | |
| Angi RSUs | — | — | \$ — | — | 2,298,774 (10) | \$30,343,817 |
| Angi RSUs | — | — | \$ — | — | 369,276 (7) | \$ 4,874,443 |
| Allison Lowrie | | | | | | |
| Angi SARs | 986,520 | — | \$ 2.66 | 2/10/26 | — | \$ — |
| Angi RSUs | — | — | \$ — | — | 234,466 (11) | \$ 3,094,951 |
| Angi RSUs | — | — | \$ — | — | 369,276 (9) | \$ 4,874,443 |
| Jeffrey W. Kip | | | | | | |
| Angi RSUs | — | — | \$ — | — | 147,710 (12) | \$ 1,949,772 |
| IAC stock options | — | 5,000 (13) | \$ 65.22 | 12/1/2026 | — | \$ — |
| Craig Smith | | | | | | |
| Angi SARs | 696,807 (4) | — | \$ 4.53 | 2/14/2027 | — | \$ — |
| IAC stock options | — | 5,000 (13) | \$ 65.22 | 12/1/2026 | — | \$ — |

- (1) For information on the treatment of Angi and IAC equity awards upon certain terminations of employment (including during specified periods following a change in control of Angi and IAC), see the discussion under Estimated Potential Payments Upon Termination or Change in Control beginning on page 26.
- (2) The table above excludes 7,500 stock appreciation rights denominated in shares of common stock of HomeAdvisor International (the “HAI SARs”) held by Mr. Ridenour, which have an exercise price of \$28.89 per share and vested in equal installments (25%) on April 1, 2017, 2018, 2019 and 2020, subject to continued service.
- (3) Represents Angi SARs that vested in equal installments (25%) on each of February 11, 2016, 2017, 2018 and 2019 (or in the case of Ms. Cohen only, June 1, 2016, 2017, 2018 and 2019), subject to continued service.
- (4) Represents Angi SARs that vested in equal installments (25%) on each of February 14, 2018, 2019, 2020 and 2021, subject to continued service. The shares in the table above for Mr. Smith represent shares that vested upon his departure from the Company on December 19, 2020.
- (5) Represents Angi RSUs, 419,228 and 419,229 of which would have vested on November 8, 2021 and 2022, respectively, subject to continued service. These awards were forfeited and canceled upon Mr. Ridenour’s departure from the Company on February 24, 2021.
- (6) Represents Angi RSUs that would have vested in one lump sum installment on February 15, 2023, subject to continued service. These awards were forfeited and canceled upon Mr. Ridenour’s departure from the Company on February 24, 2021.
- (7) Represents Angi RSUs that vest in one lump sum installment upon the achievement of specified levels of marketing spend (overall and through certain channels) for the Angi brand and downloads of the Angi brand mobile app at any time during the period commencing on January 1, 2021 and ending on December 31, 2022, subject to continued service

through the date on which these performance criteria are achieved. The 553,914 shares in the table above for Mr. Ridenour were forfeited and canceled upon his departure from the Company on February 24, 2021.

- (8) Represents Angi RSUs that were scheduled to vest in one lump sum installment on February 11, 2022, subject to continued service. These shares were vested as of March 1, 2021 upon Ms. Cohen’s departure from the Company.
- (9) Represents RSUs that were scheduled to vest in one lump sum installment on February 15, 2023, subject to continued service. A portion of the shares in the table above for Ms. Cohen and Ms. Lowrie were accelerated and vested upon their departures from the Company. For Ms. Cohen, 98,473 shares were vested as of March 1, 2021 upon her departure from the Company, and Ms. Lowrie, 246,184 shares were vested as of April 1, 2021 upon her departure from the Company. The remaining outstanding shares for both Ms. Cohen and Ms. Lowrie were forfeited and canceled.
- (10) Represents: (i) 169,588 Angi RSUs that vested/vest in six equal bi-annual installments commencing on April 19, 2019 and ending on October 19, 2021, subject to continued service; (ii) 113,895 Angi RSUs that will vest in one lump sum installment on the third anniversary of the grant date (June 26, 2019), subject to continued service; (iii) 113,895 Angi RSUs that vest in one lump sum installment on the third anniversary of the grant date (June 26, 2019), subject to continued service and the satisfaction of a performance condition tied to the Company’s average annual revenue growth rate over the three year term of the award and if an annual revenue growth target is met for any of the twelve month measurement periods over the three year term of the award, one-third of the award shall vest at the end of such twelve month period; (iv) 793,568 Angi RSUs that vested/vest in five bi-annual installments commencing on October 19, 2019 and ending on October 19, 2021, subject to continued service and with the actual number of RSUs vesting on any vesting date to be determined based on a comparison of the market price of the Company’s Class A common stock on each vesting date to the Company’s stock price on the date on which the Company completed the acquisition of Handy; (v) 1,107,828 Angi RSUs that vest in one lump sum installment on February 15, 2023, subject to continued service.
- (11) Represents Angi RSUs, 117,233, 58,616 and 58,617 of which vested/vest on February 11, 2021, 2022 and 2023, respectively, subject to continued service. The 58,616 shares scheduled to vest on February 11, 2022 were vested on April 1, 2021 upon Ms. Lowrie’s departure from the Company, and the remaining outstanding shares were forfeited and canceled.
- (12) Represents Angi RSUs that vested/vest in equal installments (25%) on each of February 15, 2021, 2022, 2023 and 2024, subject to continued service.
- (13) Represents IAC stock options that vested in one lump sum installment on December 1, 2020, subject to continued service.

2020 Option Exercises and Stock Vested

The table below provides information regarding the number of shares acquired by our named executives upon the exercise of Angi SARs, IAC stock options, Match stock options and the vesting of Angi RSUs in 2020 and the related value realized, excluding the effect of any applicable taxes. In conjunction with the spin off of Match from IAC, IAC option holders had a portion of IAC options converted into Match options on June 30, 2020. The dollar value realized upon the exercise of Angi SARs, IAC stock options and Match stock options is equal to the difference between the sale price of the shares at exercise and the applicable exercise price, multiplied by the number of awards exercised. The dollar value realized upon the vesting of Angi RSUs represents the closing price of Angi Class A common stock on the vesting date, multiplied by the number of Angi RSUs vesting.

| Name | SAR and Option Awards | | Stock Awards | |
|----------------------------|---|-----------------------------------|--|----------------------------------|
| | Number of Shares Acquired Upon Exercise (#) | Value Realized Upon Exercise (\$) | Number of Shares Acquired Upon Vesting (#) | Value Realized Upon Vesting (\$) |
| William B. Ridenour | | | | |
| Angi SARs | 2,847,516 | \$ 37,598,804 | — | \$ — |
| IAC stock options | 15,000 | \$ 2,444,708 | — | \$ — |
| Match stock options | 10,792 | \$ 1,076,244 | — | \$ — |
| Jamie Cohen | | | | |
| Angi SARs | 199,782 | \$ 1,960,052 | — | \$ — |
| IAC stock options | 5,000 | \$ 515,583 | — | \$ — |
| Match stock options | 10,792 | \$ 1,035,504 | — | \$ — |
| Oisín Hanrahan | | | | |
| Angi RSUs | — | \$ — | 429,565 | \$ 3,268,784 |
| Allison Lowrie | | | | |
| Angi SARs | 1,008,092 | \$ 12,198,448 | — | \$ — |
| IAC stock options | 5,000 | \$ 513,158 | — | \$ — |
| Match stock options | 10,792 | \$ 1,045,649 | — | \$ — |
| Jeffrey Kip | | | | |
| Match stock options | 10,792 | \$ 1,035,504 | — | \$ — |
| Craig Smith | | | | |
| Angi RSUs | — | \$ — | 816,453 | \$ 10,834,331 |
| Angi SARs | 5,372,177 | \$ 44,812,383 | — | \$ — |
| Match stock options | 10,792 | \$ 1,033,848 | — | \$ — |

Estimated Potential Payments Upon Termination or Change in Control

Overview

Certain of our employment agreements, equity award agreements and/or other arrangements, as well as Angi and IAC stock and annual incentive plans, entitle our named executives to continued base salary payments, the acceleration of the vesting of equity awards and/or extended post-termination exercise periods for equity awards upon certain terminations of employment (including certain terminations during specified periods following a change in control of Angi and IAC).

Certain amounts that would have become payable to Mr. Hanrahan upon the events described below (as and if applicable), assuming that the relevant event occurred on December 31, 2020, are described and quantified below. These amounts, which exclude the effect of any applicable taxes, are based on the number of Angi PSUs and RSUs outstanding on December 31, 2020 and the closing price of Angi Class A common stock of \$13.20 on December 31, 2020. In addition to these amounts, certain other amounts and benefits generally payable and made available to other Company employees upon a termination of employment, including payments for accrued vacation time and outplacement services, will generally be payable.

Mr. Ridenour stepped down from his role as Chief Executive Officer of the Company and as a member of the board of directors of the Company effective February 24, 2021. In connection with Mr. Ridenour's resignation from the Company and in accordance with his employment agreement all outstanding and unvested awards were forfeited.

Ms. Cohen stepped down from her role as Chief Financial Officer of the Company effective December 31, 2020 but remained with the Company through February 28, 2021 in order to ensure a smooth transition. Ms. Cohen entered into a separation agreement containing customary post-termination covenants and the Company agreed to accelerate the vesting of 274,322 unvested shares of Angi RSUs that would otherwise have vested during the twelve month period following Mr. Cohen's separation from the Company.

Ms. Lowrie stepped down from her role as Chief Marketing Officer of the Company effective February 24, 2021 but remained with the Company through April 1, 2021 in order to ensure a smooth transition. Ms. Lowrie entered into a separation agreement containing customary post-termination covenants and the Company agreed to (i) accelerate the vesting of 304,801 unvested shares of Angi RSUs that would otherwise have vested during the twelve month period following Mr. Lowrie's separation from the Company and (ii) paid \$400,000 cash compensation.

Mr. Smith stepped down from his role as President and Chief Operating Officer of the Company and from the Board of Directors, effective December 19, 2020. Mr. Smith entered into a separation agreement containing customary post-termination covenants and the Company agreed to (i) accelerate the vesting of all outstanding unvested Angi equity awards held by Mr. Smith (1,393,613 stock appreciation rights and 816,453 unvested shares of Angi RSUs) and (ii) extended the post-termination exercise period for all of his vested Company stock appreciation rights through June 29, 2022.

Amounts and Benefits Payable Upon a Qualifying Termination or Separation from the Company

Mr. Hanrahan. Upon a termination without cause or resignation for good reason (a "Qualifying Termination") on December 31, 2020, pursuant to the terms of his employment agreement, Mr. Hanrahan would have been entitled to:

- receive twelve (12) months of his base salary, subject to the execution and non-revocation of a release and compliance with customary post-termination covenants, and subject to offset for any amounts earned from other employment during the period in which continued base salary payments are being made; and

- the partial vesting of outstanding and unvested equity awards (including cliff vesting awards, which shall be pro-rated as though such awards had an annual vesting schedule) in amounts equal to the number that would have otherwise vested in accordance with the terms of such awards during the twelve (12) month period following such Qualifying Termination; provided, that the vesting of awards subject to performance conditions (if any) shall remain subject to the satisfaction of such conditions.

Mr. Hanrahan would have been entitled to the full vesting of 339,177 Angi RSUs granted to him prior to the effective date of his appointment as Chief Product Officer of Angi.

For Mr. Hanrahan, "good reason" means: (i) a material diminution in his base salary, (ii) a material diminution in his title, duties or level of responsibilities, (iii) the relocation of his principal place of employment to a location that is greater than fifty (50) miles from New York City, and (iv) the Company requiring him to report to anyone other than the Chief Executive Officer of Angi, in each case, without the written consent of the applicable named executive or that is not cured promptly after notice.

Mr. Kip. Upon a Qualifying Termination on December 31, 2020, Mr. Kip would have been entitled to receive twelve (12) months of his base salary, subject to the execution of a release and compliance with customary post-termination covenants, and subject to offset for any amounts earned from other employment during the period in which continued base salary payments are being made.

For Mr. Kip, "good reason" means: (i) a material diminution in the authorities, duties or responsibilities of the person to whom Mr. Kip is required to report, (ii) a material reduction in his title, duties or level of responsibilities, including any circumstances under which IAC is no longer publicly traded and is controlled by another company, (iii) a material reduction in his base salary, (iv) a relocation of his principal place of employment outside of Mr. Kip's current metropolitan area and (v) any other action or inaction that constitutes a material breach by IAC, in each case, without the written consent of Mr. Kip or that is not cured promptly after notice.

Amounts and Benefits Payable Upon a Change in Control

No payments would have been made to any named executive pursuant to any agreement between the Company and any of our named executives upon a change in control of Angi on December 31, 2020. Upon a Qualifying Termination on December 31, 2020 that occurred during the two year period following a change in control of Angi, in accordance with our stock and annual incentive plan and related award agreements, the vesting of all then outstanding and unvested Angi PSUs and RSUs held by Mr. Hanrahan (as applicable) would have been accelerated.

Upon a Qualifying Termination on December 31, 2020 that occurred during the two year period following a change in control of IAC, in accordance with applicable stock and annual incentive plan and related award agreements, the vesting of all then outstanding and unvested IAC and Angi stock options held by Mr. Kip would have been accelerated.

Amounts and Benefits Payable to Named Executives (other than Messrs. Ridenour and Smith and Meses. Lowrie and Cohen whose actual post-termination benefits paid are described above) Upon a Qualifying Termination and Change in Control of Angi on December 31, 2020

| <u>Name and Benefit</u> | <u>Qualifying Termination</u> | <u>Qualifying Termination During the Two Year Period Following a Change in Control of Angi</u> | <u>Qualifying Termination During the Two Year Period Following a Change in Control of IAC</u> |
|--|-------------------------------|--|---|
| Oisín Hanrahan | | | |
| Continued Salary (1) | \$ 350,000 | \$ 350,000 | \$ 350,000 |
| Market Value of Angi RSUs that would vest (2)(3) | \$ 13,992,000 | \$ 35,218,260 | \$ 13,992,000 |
| Total Estimated Incremental Value | \$ 14,342,000 | \$ 35,568,260 | \$ 14,342,000 |
| Jeffrey W. Kip | | | |
| Continued Salary | \$ 575,000 | \$ 575,000 | \$ 575,000 |

- (1) The annual salary amount in the table above reflects the annual salary for Mr. Hanrahan as of December 31, 2020, prior to his appointment to CEO in February 2021.
- (2) Represents the closing price of Angi Class A common stock (\$13.20) on December 31, 2020, multiplied by the number of Angi RSUs accelerated upon the occurrence of the relevant event specified above.
- (3) Amounts in the table above assume that the maximum level of applicable performance conditions had been achieved as of December 31, 2020.

Pay Ratio Disclosure

In accordance with Item 402(u) of Regulation S-K of the Securities Act of 1933, as amended (“Item 402(u)”), we are disclosing the ratio of our median employee’s annual total compensation to the annual total compensation of our former Chief Executive Officer, Mr. Ridenour (the “2021 Pay Ratio”).

For the fiscal year ended December 31, 2020: (i) the estimated median of the annual total compensation of all Angi employees (other than Mr. Ridenour) was approximately \$55,989, (ii) Mr. Ridenour’s total annual compensation, as reported in the Summary Compensation Table on page 21, was \$11,911,322 and (iii) the ratio of annual total compensation of Mr. Ridenour to the median of the annual total compensation of our other employees was 213 to one.

In making the determination of the median employee above, we first identified our total number of employees as of December 31, 2020 (5,171 in total, 4,571 of which were located in the United States and 600 of which were collectively located in various jurisdictions outside of the United States). We then excluded employees located in Germany (124), which represented less than 5% of our total number of employees. After excluding employees in Germany, our pay ratio calculation included 5,047 of our total 5,171 employees.

To identify the median employee above from this employee population, we then compared the amount of annual total compensation paid to these employees in 2020 in a consistent manner across the applicable employee population. For this purpose, annual total compensation is total income, excluding income related to stock-based compensation awards, paid to such employees and reported to the Internal Revenue Service in the United States (and equivalent amounts paid to such employees located outside of the United States and reported to the relevant tax authorities). We then annualized the compensation of employees who were hired in 2020 but did not work for us for the entire year. After we identified the median employee, we determined such employee’s total annual compensation in the same manner as we determined the total annual compensation for our Chief Executive Officer disclosed in the Summary Compensation Table on page 21.

The 2021 Pay Ratio set forth above is a reasonable estimate calculated in a manner consistent with applicable SEC rules, based on the methodologies and assumptions described above. SEC rules for identifying the median employee and determining the related pay ratio permit companies to use a wide range of methodologies, estimates and assumptions. As a result, the pay

ratios reported by other companies may be based on other permitted methodologies and/or assumptions, and as a result, are likely not comparable to our 2021 Pay Ratio.

DIRECTOR COMPENSATION

Non-Employee Director Compensation Arrangements. The Board has primary responsibility for establishing non-employee director compensation arrangements, which have been designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of Angi Class A common stock to further align the interests of our non-employee directors with those of our stockholders. Arrangements in effect during 2020 provided that: (i) each non-employee director receive an annual retainer in the amount of \$50,000, (ii) each member of the Audit, Executive Compensation and Compensation Committees (including their respective Chairpersons) receive an additional annual retainer in the amount of \$10,000, \$5,000 and \$5,000, respectively, and (iii) the Chairpersons of each of the Audit, Executive Compensation and Compensation Committees receive an additional annual retainer in the amount of \$20,000, with all amounts being paid quarterly, in arrears. Members (including the Chairpersons thereof) of both the Executive Compensation and Compensation Committees shall only receive one committee and Chairperson retainer.

In addition, these arrangements also provide that each non-employee director receive a grant of Angi RSUs with a dollar value of \$250,000 upon his or her initial election to the Board and annually thereafter upon re-election on the date of Angi's annual meeting of stockholders, the terms of which provide for: (i) vesting in three equal annual installments commencing on the first anniversary of the grant date, (ii) cancellation and forfeiture of unvested Angi RSUs in their entirety upon termination of service and (iii) full acceleration of the vesting of Angi RSUs upon a change in control of Angi. A director may defer settlement of all or a portion of Angi RSUs upon his or her prior election in writing to the Company. The Company also reimburses non-employee directors for all reasonable expenses incurred in connection with attendance at Angi Board and Board committee meetings. For purposes of these compensation arrangements, non-employee directors are those directors who are not employed by (or otherwise providing services to) Angi or IAC.

2020 Non-Employee Director Compensation. The table below provides the amount of: (i) fees earned by non-employee directors for services performed during 2020 and (ii) the grant date fair value of Angi RSU awards granted in 2020.

| Name | Fees Earned and Paid in Cash(\$)(1) | Stock Awards(\$)(2)(3) | Total(\$) |
|-----------------|-------------------------------------|------------------------|------------|
| Thomas R. Evans | \$ 85,000 | \$ 249,990 | \$ 334,990 |
| Alesia J. Haas | \$ 85,000 | \$ 249,990 | \$ 334,990 |
| Suzy Welch | \$ 55,000 | \$ 249,990 | \$ 304,990 |
| Yilu Zhao | \$ 60,000 | \$ 249,990 | \$ 309,990 |

- (1) The differences in the amounts shown above among directors reflect committee service, which varies among directors.
- (2) Amounts presented represent the grant date fair value of Angi RSU awards, calculated by multiplying the number of Angi RSUs granted by the fair market value per share of Angi Class A common stock on the grant date.
- (3) At December 31, 2020: (i) Mr. Evans has a total of 13,446 vested Angi stock options and 38,109 Angi RSUs and (ii) each of Mses. Haas, Welch and Zhao had a total of 38,109 RSUs outstanding.

Equity Compensation Plan Information

Securities Authorized for Issuance Under Equity Compensation Plans. The following table summarizes information, as of December 31, 2020, regarding the Angi 2017 Stock and Annual Incentive Plan (the "Angi 2017 Plan"), pursuant to which grants of Angi RSUs, SARs, stock options or other rights to acquire shares of Angi Class A common stock may be made from time to time.

| Plan Category | Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights(A)(1) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(B) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))(C) |
|---|---|--|--|
| Equity compensation plans approved by security holders(2) | 24,214,986 (3) | \$ 3.87 | 15,462,158 (4) |
| Equity compensation plans not approved by security holders(2) | — | \$ — | — |
| Total | 24,214,986 (3) | \$ 3.87 | 15,462,158 (4) |

- (1) Information includes shares of Angi Class A common stock that have been reserved and may be issuable upon the settlement of previously issued HomeAdvisor SARs that were converted into Angi SARs in connection with the Combination (the "Prior Plan Awards"). Pursuant to the Employee Matters Agreement, IAC may require Prior Plan Awards to be settled in shares of IAC common stock, in which case: (i) we will reimburse IAC for the cost of those shares by issuing additional shares of Angi Class A common stock to IAC and (ii) the shares of Angi Class A common stock underlying such awards shall again be made available for future issuance under the Angi 2017 Plan. Information excludes shares of Angi Class A common stock that have been reserved and may be issuable as of December 31, 2020 upon the settlement of 473,179 stock options with a weighted-average exercise price of \$13.19 and 15,423 RSUs granted by Angi's List prior to the Combination under the Angi's List, Inc. Amended and Restated Omnibus Incentive Plan that were converted into Angi stock options and Angi RSUs and assumed by us in connection with the Combination. No securities remain available for future issuance under this plan.

Information also excludes shares of Angi Class A common stock that were potentially issuable upon the settlement of equity awards denominated in shares of Angi subsidiaries, based on the estimated values of such awards as of December 31, 2020. The number of shares of Angi Class A common stock ultimately needed to settle these awards can vary as a result of both movements in our stock price and determinations of the fair value of the relevant subsidiaries that differ from our estimated determinations of the fair value of such subsidiaries as of December 31, 2020.

For a description of these awards, see the disclosure under the caption Equity Instruments Denominated in the Shares of Certain Subsidiaries in Note 11 to the consolidated financial statements in our Form 10-K for the fiscal year ended December 31, 2020, which is incorporated herein by reference.

- (2) Consists of the Angi 2017 Plan, which replaced the HomeAdvisor 2013 Long-Term Incentive Plan, the plan pursuant to which the Prior Plan Awards were granted.
- (3) Includes an aggregate of: (i) up to 9,678,083 shares of Angi Class A common stock that have been reserved and may be issuable upon the settlement of Prior Plan Awards and (ii) up to 14,536,903 shares of Angi Class A common stock that have been reserved and may be issuable upon the settlement of other Angi SARs, Angi RSUs and Angi stock options outstanding as of December 31, 2020.
- (4) Reflects shares of Angi Class A common stock that remain available for future issuance under the Angi 2017 Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents, as of April 20, 2021, information relating to the beneficial ownership of Angi Class A common stock and Class B common stock by: (1) each person known by Angi to own beneficially more than 5% of the outstanding shares of Angi Class A common stock and Class B common stock, (2) each director nominee (all of whom are incumbent directors), (3) each Angi named executive and (4) all current directors and executive officers of Angi as a group. As of April 20, 2021, there were 82,238,720 and 421,958,021 shares of Angi Class A common stock and Class B common stock, respectively, outstanding.

Unless otherwise indicated, the beneficial owners listed below may be contacted in c/o Angi Inc., 3601 Walnut Street, Suite 700, Denver, Colorado 80205. For each listed person, the number of shares of Angi Class A common stock and percent of such class listed includes vested Angi SARs and/or stock options held by such person and assumes the conversion of any shares of Angi Class B common stock owned by such person and the vesting of any Angi SARs, stock options and/or RSUs that are scheduled to occur within sixty days of April 20, 2021, but does not assume the conversion or vesting of any such securities owned by any other person. Shares of Angi Class B common stock may, at the option of the holder, be converted on a one-for-one basis into shares of Angi Class A common stock. The percentage of votes for all classes of Angi capital stock is based on one vote for each share of Angi Class A common stock and ten votes for each share of Angi Class B common stock.

| Name and Address of Beneficial Owner | Angi Class A Common Stock | | Angi Class B Common Stock | | Percent of Votes (All Classes) % |
|--|---------------------------|------------------|---------------------------|------------------|--|
| | # of Shares Owned | % of Class Owned | # of Shares Owned | % of Class Owned | |
| IAC/InterActiveCorp 555 West 18th Street New York, NY 10011 | 424,537,285 (1) | 84.2 % | 421,958,021 (1) | 100 % | 98.2 % |
| Parnassus Investments 1 Market Street Suite 1600 San Francisco, CA 94105 | 10,603,269 (2) | 12.9 % | — | — | * |
| The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355 | 6,843,707 (3) | 8.3 % | — | — | * |
| HighSage Ventures LLC 200 Clarendon Street 59th Floor Boston, MA 02116 | 5,130,555 (4) | 6.2 % | — | — | * |
| SQN Investors LP et al 201 Redwood Shores Parkway, Suite 242 Redwood City, CA 94065 | 4,562,716 (5) | 5.5 % | — | — | * |
| Jamie Cohen | — | * | — | — | * |
| Thomas R. Evans | 75,100 (6) | * | — | — | * |
| Alesia J. Haas | 48,990 (7) | * | — | — | * |
| Kendall Handler | — | * | — | — | * |
| Oisin Hanrahan | 236,727 (8) | * | — | — | * |
| Angela Hicks Bowman | 838,971 (9) | 1.0 % | — | — | * |
| Jeffrey Kip | — | * | — | — | * |
| Joseph Levin | — | * | — | — | * |
| Allison Lowrie | 236,760 | * | — | — | * |
| William B. Ridenour | — | * | — | — | * |
| Glenn H. Schiffman | — | * | — | — | * |
| Craig Smith | — | * | — | — | * |
| Mark Stein | — | * | — | — | * |
| Suzu Welch | 55,614 (10) | * | — | — | * |
| Gregg Winiarski | — | * | — | — | * |
| Yilu Zhao | 44,486 (11) | * | — | — | * |
| All current directors and executive officers as a group (14 persons) | 1,453,549 | 1.8 % | — | — | * |

* The percentage of shares beneficially owned does not exceed 1% of the class or voting power (of all classes).

- (1) Consists of 421,958,021 shares of Angi Class B common stock, which are convertible on a one-for-one basis into shares of Angi Class A common stock.
- (2) Based upon information regarding Angi holdings reported by way of Amendment No. 1 to a Schedule 13G filed by Parnassus Investments with the SEC on February 12, 2021.
- (3) Based upon information regarding Angi holdings reported by way of Amendment No. 3 to a Schedule 13G filed by The Vanguard Group (“Vanguard”) with the SEC on February 10, 2021. Vanguard beneficially owns the Angi holdings disclosed in the table above in its capacity as an investment adviser. Vanguard has shared voting power, sole dispositive

power and shared dispositive power over 39,766, 6,749,492, and 94,215 shares of Angi Class A common stock, respectively, disclosed in the table above.

- (4) Based upon information regarding Angi holdings reported by way of a Schedule 13G filed by HighSage Ventures LLC (“High Sage”), Jennifer Stier, Highline Investments LLC, and Kwidnet Holdings LLC with the SEC on February 16, 2021 (the “Schedule 13G”). High Sage may be deemed to beneficially own the shares disclosed in the table above in its capacity as a parent holding company. High Sage has shared voting power and shared dispositive power over all of the 5,130,555 shares of Angi Class A common stock disclosed in the table above.

Ms. Stier serves as the Manager of High Sage. By virtue of her role at High Sage and related voting arrangements described in the Schedule 13G, Ms. Stier may be deemed to beneficially own the shares of Angi Class A common stock disclosed in the table above and have the same voting and dispositive powers over such shares as High Sage.

- (5) Based upon information regarding Angi holdings reported by way of Amendment No. 2 to a Schedule 13G filed by SQN Investors LP (“SQN”), SQN Investors GP LLC (“SQN GP”), SQN Partners (GP) LLC (“Fund GP”), Amish Mehta and SQN Investors Master Fund LP (“Master Fund”) with the SEC on February 14, 2020.

Each of SQN, SQN GP, Fund GP, Mr. Mehta and Master Fund may be deemed to beneficially own the shares of Angi Class A common stock disclosed in the table above in their respective capacities as a parent holding company, investment adviser, individual, partnership and/or other role. Each of SQN, SQN GP, Fund GP, Mr. Mehta and Master Fund has shared voting power and shared dispositive power over all of the 4,562,716 shares of Angi Class A common stock disclosed in the table above and disclaim beneficial ownership of such shares except to the extent of their respective pecuniary interests therein.

SQN is an investment adviser whose clients, including the Master Fund, have the right to receive dividends or the power to direct the receipt of dividends from, or the proceeds from the sales of, the shares of Angi Class A common stock disclosed in the table above. SQN GP is the general partner of SQN and Fund GP is the general partner of investment limited partnerships of which SQN is the investment adviser, including the Master Fund. Mr. Mehta is SQN’s founder and Chief Investment Officer.

No individual client of SQN, other than the Master Fund, beneficially owns shares of Angi Class A common stock representing more than 5% of the shares of Angi Class A common stock.

- (6) Consists of: (i) 49,745 shares of Angi Class A common stock held directly by Mr. Evans, (ii) 13,446 vested Angi stock options and (iii) 11,909 shares of Angi Class A common stock underlying Angi RSUs vesting in the next sixty days.
- (7) Consists of: (i) 37,081 shares of Angi Class A common stock held directly by Ms. Haas and (ii) 11,909 shares of Angi Class A common stock underlying Angi RSUs vesting in the next sixty days.
- (8) Consists of: (i) 30,566 shares of Angi Class A common stock held directly by Mr. Hanrahan, (ii) 97,463 shares of Angi Class A common stock underlying Angi RSUs vesting in the next sixty days, and (iii) 108,698 shares beneficially owned by Mr. Hanrahan that are held in escrow and over which Mr. Hanrahan has sole voting power.
- (9) Consists of: (i) 291,773 shares of Angi Class A common stock held directly by Ms. Hicks Bowman and (ii) 547,198 vested Angi stock options.
- (10) Consists of: (i) 37,081 shares of Angi Class A common stock held directly by Ms. Welch and (ii) 18,533 shares of Angi Class A common stock underlying Angi RSUs vesting in the next sixty days, subject to continued service.
- (11) Consists of: (i) 25,953 shares of Angi Class A common stock held directly by Ms. Zhao and (ii) 18,533 shares of Angi Class A common stock underlying Angi RSUs vesting in the next sixty days, subject to continued service.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Exchange Act requires the Company’s directors, certain of the Company’s officers and persons who beneficially own more than 10% of a registered class of the Company’s equity securities to file initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) of Angi Class A common stock and other equity securities of the Company with the SEC. Directors, officers and greater than 10% beneficial owners are required by SEC rules to furnish the Company with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to the Company (and/or available on the SEC’s website) and/or written representations that no additional forms were required, the Company believes that its directors, officers and greater than 10% beneficial owners complied with these filing requirements in 2020, except that due to administrative error on the part of the Company (i) late filings to report the vesting of restricted stock unit and the related withholding of shares to cover taxes due in connection with such vesting on September 29, 2020 for each of Mr. Evans, Mses. Zhao, Haas and Welch and (ii) missed filing to report the sale of shares under a 10b5-1 plan for Ms. Hicks Bowman on June 17, 2020.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Review of Related Person Transactions

The Audit Committee has a formal, written policy that requires an appropriate review of all related person transactions by the Audit Committee, as required by Marketplace Rules governing conflict of interest transactions. For purposes of this policy, consistent with the Marketplace Rules, the terms “related person” and “transaction” are determined by reference to Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended (“Item 404”). During 2020, in accordance with this policy, Company management was required to determine whether any proposed transaction, arrangement or relationship with a related person fell within the Item 404 definition of “transaction,” and if so, review such transaction with the Audit Committee. In connection with such determinations, Company management and the Audit Committee consider: (i) the parties to the transaction and the nature of their affiliation with Angi and the related person, (ii) the dollar amount involved in the transaction, (iii) the material terms of the transaction, including whether the terms of the transaction are ordinary course and/or otherwise negotiated at arms’ length, (iv) whether the transaction is material, on a quantitative and/or qualitative basis, to Angi and/or the related person and (v) any other facts and circumstances that Company management or the Audit Committee deems appropriate.

Relationships Involving Significant Stockholders,

In connection with the Combination, we and IAC entered into certain agreements to govern our relationship following the Combination, which include those described below.

Contribution Agreement. Under the Contribution Agreement: (i) we agreed to assume all of the assets and liabilities related to the HomeAdvisor Business and indemnify IAC against any losses arising out of any breach by us of the Contribution Agreement or any other transaction-related agreement described below and (ii) IAC agreed to indemnify us against losses arising out of any breach by IAC of the Contribution Agreement or any other transaction-related agreement described below.

Investor Rights Agreement. Under the Investor Rights Agreement, IAC has certain registration, preemptive and governance rights related to us and the shares of our capital stock it holds. The Investor Rights Agreement also provides certain governance rights for the benefit of stockholders other than IAC.

Services Agreement. The Services Agreement currently governs services that IAC has agreed to provide to us through September 29, 2021, with automatic renewal for successive one (1) year terms, subject to IAC’s continued ownership of a majority of the total combined voting power of our voting stock and any subsequent extension(s) or truncation(s) agreed to by us and IAC. Services currently provided to us by IAC pursuant to this agreement include: (i) assistance with certain legal, M&A, finance, risk management, internal audit and treasury functions, health and welfare benefits, information security services and insurance and tax affairs, including assistance with certain public company and unclaimed property reporting obligations; (ii) accounting and controllership services; (iii) investor relations services and (iv) tax compliance services. The scope, nature and extent of services may be changed from time to time as we and IAC may agree.

For 2020, we were charged approximately \$4.8 million by IAC for services provided pursuant to the Services Agreement.

Tax Sharing Agreement. The Tax Sharing Agreement governs our and IAC’s rights, responsibilities and obligations with respect to tax liabilities and benefits, entitlements to refunds, preparation of tax returns, tax contests and other tax matters regarding U.S. federal, state and local and foreign income taxes. Under the Tax Sharing Agreement, we are generally responsible and required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or its subsidiaries that includes us or any of our subsidiaries (to the extent attributable to us or any of our subsidiaries, as determined under the tax sharing agreement) and (ii) all taxes imposed with respect to any consolidated, combined, unitary or separate tax returns of us or our subsidiaries.

At December 31, 2020, the Company had taxes payable of approximately \$0.2 million due to IAC pursuant to the Tax Sharing Agreement.

Employee Matters Agreement. The Employee Matters Agreement addresses certain compensation and benefit issues related to the allocation of liabilities associated with: (i) employment or termination of employment; (ii) employee benefit plans and (iii) equity awards. Under the Employee Matters Agreement, our employees participate in IAC’s U.S. health and welfare plans,

401(k) plan and flexible benefits plan and we reimburse IAC for the costs of such participation. In the event IAC no longer retains shares representing at least 80% of the aggregate voting power of shares entitled to vote in the election of the Angi board, we will no longer participate in IAC’s employee benefit plans, but will establish our own employee benefit plans that will be substantially similar to the plans sponsored by IAC.

In addition, pursuant to the Employee Matters Agreement, we are required to reimburse IAC for the cost of any IAC equity awards held by our current and former employees, with IAC electing to receive payment either in cash or shares of our Class B common stock. This agreement also provides that IAC may require Prior Plan Awards and equity awards in our subsidiaries to be settled in either shares of our Class A common stock or IAC common stock. To the extent shares of IAC common stock are issued in settlement of these awards, we are obligated to reimburse IAC for the cost of those shares by issuing shares of our Class A common stock in the case of Prior Plan Awards and shares of our Class B common stock in the case of equity awards in our subsidiaries.

Pursuant to the Employee Matters Agreement, 289,444 shares of Angi Class B common stock, and 2,579,264 shares of Angi Class A common stock and 96,031 shares of Angi Class B common stock were issued to IAC as reimbursement for shares of IAC common stock issued in connection with the settlement of certain equity awards held by Angi employees during 2020 and the quarter ended March 31, 2021, respectively.

Lastly, pursuant to the Employee Matters Agreement, in the event of a distribution of Angi capital stock to IAC stockholders in a transaction intended to qualify as tax-free for U.S. federal income tax purposes, the Compensation and Human Resources Committee of the IAC board of directors has the exclusive authority to determine the treatment of outstanding IAC equity awards. Such authority includes (but is not limited to) the ability to convert all or part of IAC equity awards outstanding immediately prior to the distribution into equity awards denominated in shares of our Class A Common Stock, which we would be obligated to assume and which would be dilutive to Angi stockholders.

Other Agreements. We sublease certain office space to IAC in Chicago and New York City and charged IAC approximately \$1.8 million of rent for the year ended December 31, 2020. At December 31, 2020, there were outstanding receivables of approximately \$0.1 million due from IAC pursuant to the related sublease agreements.

Relationships Involving Directors

Employment Agreement with Ms. Hicks Bowman. Pursuant to an employment agreement between the Company and Ms. Hicks Bowman dated as of May 1, 2017, Ms. Hicks Bowman is eligible to receive an annual base salary (for 2020 and currently, \$500,000), discretionary annual cash bonuses (Ms. Hicks Bowman received \$250,000 for her 2020 performance) and such other employee benefits (for 2020, Ms. Hicks Bowman received a 401(k) plan Company match in the amount of \$8,250) as may be determined by the Company from time to time.

Upon a termination of her employment without cause (as defined in her employment agreement) or her resignation for good reason (as defined in her employment agreement), subject to her execution and non-revocation of a release of claims in favor of the Company and compliance with the restrictive covenants set forth in her employment agreement: (i) the Company will continue to pay Ms. Hicks Bowman her annual base salary and provide continued health care coverage (through reimbursement on an after-tax basis of related premiums) for twelve (12) months following such termination or resignation, (ii) all unvested Angi equity awards granted to Ms. Hicks Bowman prior to the Combination will vest as of such date and (iii) any then vested Angi stock options will remain exercisable through the earlier of: (A) eighteen (18) months following such termination or resignation, and (B) the scheduled expiration date of such awards.

Pursuant to her employment agreement, Ms. Hicks Bowman is bound by covenants not to: (i) compete with Angi businesses during the term of her employment and for twelve (12) months thereafter and (ii) solicit Angi employees or business partners during the term of her employment and for eighteen (18) months thereafter. In addition, Ms. Hicks Bowman has agreed not to use or disclose any confidential information regarding Angi and/or its affiliates.

The employment agreement provides for an initial term of one year and provides for automatic renewals for successive one (1) year terms absent written notice from the Company or Ms. Hicks Bowman sixty (60) days prior to the expiration of the then-current term.

Employment Agreement with Mr. Smith. Pursuant to an employment agreement between the Company and Mr. Smith dated as of August 24, 2017, Mr. Smith received an annual base salary for 2020 of \$500,000 and 401(k) plan Company match in the

amount of \$8,250. Mr. Smith resigned from the Board and as Chief Operating Officer of the Company on December 18, 2020 and did not receive a discretionary annual cash bonuses for his 2020 performance. Mr. Smith received separation benefits, including the Company accelerated the vesting of all outstanding unvested Angi equity awards held by Mr. Smith (1,393,613 stock appreciation rights and 816,453 unvested shares of Angi RSUs) and extended the post-termination exercise period for all of his vested Company stock appreciation rights through June 29, 2022.

Employment Agreement with Mr. Ridenour. Pursuant to an employment agreement between the Company and Mr. Ridenour dated as of August 24, 2017, Mr. Ridenour received an annual base salary for 2020 of \$600,000 and 401(k) plan Company match in the amount of \$8,250. Mr. Ridenour resigned from the Board and as Chief Executive Officer of the Company on February 24, 2021 and prior to such resignation received a discretionary annual cash bonus of \$700,000 for his 2020 performance. In connection with Mr. Ridenour's resignation from the Company and in accordance with his employment agreement, all outstanding and unvested awards were forfeited.

ANNUAL REPORTS

Upon written request to the Corporate Secretary, Angi Inc., 3601 Walnut Street, Suite 700, Denver, Colorado 80205, we will provide without charge to each person solicited a printed copy of our 2020 Annual Report on Form 10-K, including the financial statements and financial statement schedule filed therewith. Copies are also available on our website, www.ir.angi.com. We will furnish requesting stockholders with any exhibit to our 2020 Annual Report on Form 10-K upon payment of a reasonable fee. By including the foregoing website address, the Company does not intend to and shall not be deemed to incorporate by reference any material contained therein.

PROPOSALS BY STOCKHOLDERS FOR PRESENTATION AT THE 2021 ANNUAL MEETING

Eligible stockholders who intend to have a proposal considered for inclusion in Angi's proxy materials for presentation at the 2022 Annual Meeting of Stockholders must submit the proposal to Angi at its corporate headquarters no later than December 28, 2021. Stockholder proposals submitted for inclusion in Angi's proxy materials must be made in accordance with the provisions of Rule 14a-8 of the Exchange Act. Eligible stockholders who intend to present a proposal or nomination at the 2021 Annual Meeting of Stockholders without inclusion of the proposal or nomination in Angi's proxy materials are required to provide notice of such proposal or nomination to Angi no later than March 23, 2022. If Angi does not receive notice of the proposal or nomination at its corporate headquarters prior to such date, such proposal or nomination will be considered untimely for purposes of Rules 14a-4 and 14a-5 of the Exchange Act and those Angi officers who have been designated as proxies will accordingly be authorized to exercise discretionary voting authority to vote for or against the proposal or nomination. Angi reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal or nomination that does not comply with these and other applicable requirements.

HOUSEHOLDING

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to send one Notice or one set of printed proxy materials, as applicable, to any household at which two or more stockholders reside if they appear to be members of the same family or have given their written consent (each stockholder continues to receive a separate proxy card). This process, which is commonly referred to as "householding," reduces the number of duplicate copies of materials stockholders receive and reduces printing and mailing costs. Only one Notice or one set of printed proxy materials, as applicable, will be sent to stockholders eligible for householding unless contrary instructions have been provided. Once you have received notice that your broker or Angi will be householding your materials, householding will continue until you are notified otherwise or you revoke your consent. You may request a separate Notice or set of printed proxy materials by sending a written request to Angi Investor Relations, c/o IAC/InterActiveCorp, 555 West 18th Street, New York, New York 10011, by calling 1.212.314.7400 or by e-mailing ir@angihomeservices.com. Upon request, we undertake to deliver such materials promptly.

If at any time: (i) you no longer wish to participate in householding and would prefer to receive a separate Notice or set of our printed proxy materials, as applicable, or (ii) you and another stockholder sharing the same address wish to participate in householding and prefer to receive one Notice or set of our printed proxy materials, as applicable, please notify your broker if you hold your shares in street name or Angi if you are a stockholder of record. You can notify us by sending a written request to Angi Investor Relations, c/o IAC/InterActiveCorp, 555 West 18th Street, New York, New York 10011, by calling 1.212.314.7400 or by e-mailing ir@angihomeservices.com.

AUDIT COMMITTEE CHARTER ANGI HOMESERVICES INC.

PURPOSE

The Audit Committee is appointed by the Board of Directors of ANGI Homeservices Inc. (the "Company") (the "Board") to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. In that regard, the Audit Committee assists the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the effectiveness of the Company's internal control over financial reporting, (3) the qualifications and independence of the independent registered public accounting firm (the "independent accounting firm"), (4) the performance of the Company's internal audit function and independent accounting firm, (5) the Company's risk assessment and risk management policies as they relate to financial and other risk exposures, and (6) the compliance by the Company with legal and regulatory requirements.

In fulfilling its purpose, the Audit Committee shall maintain free and open communication between the Committee, the independent accounting firm, the internal auditors and management of the Company.

COMMITTEE MEMBERSHIP

The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence and experience requirements of the marketplace rules of the NASDAQ stock market (the "Marketplace Rules") and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act"). All members of the Audit Committee shall be able to read and understand fundamental financial statements. No member of the Audit Committee shall have participated in the preparation of the financial statements of the Company in the past three years. These membership requirements shall be subject to exemptions and cure periods permitted by the Marketplace Rules and the Securities and Exchange Commission (the "SEC"), as in effect from time to time.

At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the SEC. The members of the Audit Committee shall be appointed and may be replaced by the Board.

MEETINGS

The Audit Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Audit Committee shall have the authority to meet periodically with management, the internal auditors and the independent accounting firm in separate executive sessions, and to have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem necessary or appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent accounting firm to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Written minutes of Committee meetings shall be maintained.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee shall have the sole authority to appoint, determine funding for, and oversee the independent accounting firm (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent accounting firm (including resolution of disagreements between management and the independent accounting firm regarding financial reporting and/or internal control related matters) for the purpose of preparing or issuing an audit report or related work. The independent accounting firm shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services, audit-related services, including internal control-related services, and permitted non-audit services to be performed for the Company by its independent accounting firm, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees

consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit, audit-related and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to conduct investigations into any matters within its scope of responsibility, to obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities, and to otherwise engage and determine funding for independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent accounting firm for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Audit Committee, as well as funding for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

In fulfilling its purpose and carrying out its responsibilities, the Audit Committee shall maintain flexibility in its policies and procedures in order to best address changing conditions and a variety of circumstances. Accordingly, the Audit Committee's activities shall not be limited by this Charter.

Subject to the foregoing, the Audit Committee shall, to the extent it deems necessary or appropriate:

1. Review and discuss with management and the independent accounting firm the annual audited financial statements, as well as disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent accounting firm the Company's earnings press releases and the results of the independent accounting firm's review of the quarterly financial statements.
3. Discuss with management and the independent accounting firm significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.
4. Review and discuss with management and the independent accounting firm any major issues as to the adequacy of the Company's internal controls, including any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls, any special steps adopted in light of these issues and the adequacy of disclosures about changes in internal control over financial reporting.
5. Review and discuss any material issues raised by or reports from the independent accounting firm, including those relating to:
 - (a) Critical accounting policies and practices to be used in preparing the Company's financial statements.
 - (b) Alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent accounting firm.
 - (c) Unadjusted differences and management letters.
6. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
7. Discuss with the independent accounting firm the matters required to be discussed by PCAOB Auditing Standard No. 16, "Communications with Audit Committees."
8. Periodically evaluate the qualifications and performance of the independent accounting firm and the senior members of the audit team, including a review of reports provided by the independent accounting firm relating to its internal quality-control procedures.

9. Obtain from the independent accounting firm a formal written statement delineating all relationships between the independent accounting firm and the Company. It is the responsibility of the Audit Committee to actively engage in a dialogue with the independent accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the accounting firm and for purposes of taking, or recommending that the full Board take, appropriate actions to oversee the independence of the outside accounting firm.

10. Meet with the independent accounting firm prior to the audit to discuss the scope, planning and staffing of the audit.

11. Review the proposed internal audit annual audit plan and any significant changes to such plan with management; review and discuss the progress and any significant results of executing such plan; and receive reports on the status of significant findings, recommendations and responses.

12. Obtain from the independent accounting firm assurance that Section 10A(b) of the Exchange Act has not been implicated.

13. Discuss with management, the Company's senior internal auditing executive and the independent accounting firm the Company's and its subsidiaries' compliance with applicable legal requirements and codes of conduct.

14. Review all related party transactions in accordance with the Audit Committee's formal, written policy.

15. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

16. Discuss with management and the independent accounting firm any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

17. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

18. Furnish the Audit Committee report required by the rules of the SEC to be included in the Company's annual proxy statement.

LIMITATION OF AUDIT COMMITTEE'S ROLE

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations or to determine that the Company's internal controls over financial reporting are effective. These are the responsibilities of management and the independent accounting firm. Additionally, the Audit Committee as well as the Board recognizes that members of the Company's management who are responsible for financial management, as well as the independent accounting firm, have more time, knowledge, and detailed information on the Company than do Committee members; consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any expert or special assurances with respect to the Company's financial statements or any professional certifications as to the independent accounting firm's work.

**EXECUTIVE COMPENSATION COMMITTEE CHARTER
ANGI INC.**

Purpose

The Executive Compensation Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Angi Inc. (the "Company") to discharge the Board's responsibilities relating to the compensation of the Company's Chief Executive Officer (the "CEO") and the Company's other "officers," as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (collectively, including the CEO, the "Executive Officers"). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company in which the Executive Officers are the exclusive participants and any other compensation plans, policies, and programs of the Company as they may affect the Executive Officers.

Committee Membership

The Committee shall consist of no fewer than two members. The members of the Committee shall meet the independence requirements of the NASDAQ Stock Market or other stock market or over-the-counter exchange on which the Company's shares of common stock are then listed (the "Applicable Exchange"). In addition, all Committee members shall qualify as "outside directors" (within the meaning of the Section 162(m) of the Internal Revenue Code of 1986, as amended (or any successor rule or statute)) and as "non-employee" directors within the meaning of Rule 16b-3 under the Exchange Act (or any successor rule or statute). These membership requirements shall be subject to exemptions and cure periods permitted by the rules of the Applicable Exchange and the U.S. Securities and Exchange Commission (the "SEC"), as in effect from time to time.

The members of the Committee shall be appointed by the Board. One member of the Committee shall be appointed as Committee Chairperson by the Board. Committee members may be replaced by the Board at any time, with or without cause.

Meetings

The Committee shall meet as often as necessary to carry out its responsibilities. The Committee Chairperson shall preside at each meeting. In the event the Committee Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting Chairperson of such meeting. The Committee shall keep minutes of all of its meetings.

Committee Responsibilities and Authority

In fulfilling its purpose and carrying out its responsibilities, the Committee shall maintain flexibility in its policies and procedures to best address changing conditions and a variety of circumstances. Accordingly, the Committee's activities shall not be limited by this Charter. Subject to the foregoing, to the extent it deems necessary or appropriate:

1. the Committee shall, at least annually, review and approve the annual base salaries and annual incentive opportunities of the Executive Officers. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation.
2. the Committee shall, periodically and as and when appropriate, review and approve the following as they affect the Executive Officers: (i) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (ii) any employment agreements and severance arrangements; (iii) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (iv) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
3. the Committee shall review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the SEC) with management and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.

4. the Committee shall produce the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations promulgated by the SEC.
5. the Committee shall monitor the Company's compliance with the requirements of the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.
6. the Committee shall oversee the Company's compliance with SEC rules and regulations regarding stockholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ Stock Market rules (or relevant rules of any other Applicable Exchange) that, with limited exceptions, stockholders approve equity compensation plans.
7. the Committee shall make regular reports to the Board.
8. the Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any advisor to assist it in the performance of its duties, but only after taking into consideration factors relevant to the advisor's independence from management specified in NASDAQ Stock Market Listing Rule 5605(d)(3) (or any comparable rule of the Applicable Exchange). The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any advisor retained by the Committee, and shall have sole authority to approve the advisor's fees and the other terms and conditions of the advisor's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.
9. the Committee may form and delegate authority and duties to subcommittees as it deems appropriate.
10. the Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

**COMPENSATION COMMITTEE CHARTER
ANGI INC.**

Purpose

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Angi Inc.(the “Company”) to discharge the Board's responsibilities relating to the compensation matters relating to the Company that are not otherwise discharged by the Company's Executive Compensation Committee.

Committee Membership

The Committee shall consist of no fewer than two members.

The members of the Committee shall be appointed by the Board. One member of the Committee shall be appointed as Committee Chairperson by the Board. Committee members may be replaced by the Board at any time, with or without cause.

Meetings

The Committee shall meet as often as necessary to carry out its responsibilities. The Committee Chairperson shall preside at each meeting. In the event the Committee Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting Chairperson of such meeting. The Committee shall keep minutes of all of its meetings.

Committee Responsibilities and Authority

In fulfilling its purpose and carrying out its responsibilities, the Committee shall maintain flexibility in its policies and procedures to best address changing conditions and a variety of circumstances. Accordingly, the Committee's activities shall not be limited by this Charter. Subject to the foregoing, to the extent it deems necessary or appropriate:

1. the Committee shall, periodically and as and when appropriate, review and approve the following as they affect the employees of the Company (other than the Company’s Chief Executive Officer and the Company's other "officers," as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended): (a) incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; and (b) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits.
2. the Committee shall review and discuss the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the U.S. Securities and Exchange Commission with management.
3. the Committee shall receive periodic reports on the Company's compensation programs as they affect all employees.
4. the Committee shall make regular reports to the Board.
5. the Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee as it deems appropriate.
6. the Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.



2020 Annual Report on Form 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2020
Or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 001-38220

ANGI
HOMESERVICES
ANGI HOMESERVICES INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

82-1204801
(I.R.S. Employer Identification No.)

3601 Walnut Street, Denver, CO 80205
(Address of registrant's principal executive offices)
(303) 963-7200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of exchange on which registered |
|---|----------------|--------------------------------------|
| Class A Common Stock, par value \$0.001 | ANGI | The Nasdaq Stock Market LLC |

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 29, 2021, the following shares of the Registrant's Common Stock were outstanding:

| | |
|--------------------------------|-------------|
| Class A Common Stock | 78,192,070 |
| Class B Common Stock | 421,861,990 |
| Class C Common Stock | — |
| Total outstanding Common Stock | 500,054,060 |

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of June 30, 2020 was \$891,291,134. For the purpose of the foregoing calculation only, all directors and executive officers of the Registrant are assumed to be affiliates of the Registrant.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's proxy statement for its 2021 Annual Meeting of Stockholders are incorporated by reference into Part III herein.

TABLE OF CONTENTS

| | <u>Page Number</u> |
|---|------------------------|
| <u>PART I</u> | |
| <u>Item 1. Business</u> | <u>3</u> |
| <u>Item 1A. Risk Factors</u> | <u>10</u> |
| <u>Item 1B. Unresolved Staff Comments</u> | <u>25</u> |
| <u>Item 2. Properties</u> | <u>25</u> |
| <u>Item 3. Legal Proceedings</u> | <u>25</u> |
| <u>Item 4. Mine Safety Disclosures</u> | <u>26</u> |
| <u>PART II</u> | |
| <u>Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | <u>26</u> |
| <u>Item 6. Selected Financial Data</u> | <u>27</u> |
| <u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>27</u> |
| <u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u> | <u>48</u> |
| <u>Item 8. Consolidated Financial Statements and Supplementary Data</u> | <u>49</u> |
| <u>Note 1—Organization</u> | <u>57</u> |
| <u>Note 2—Summary of Significant Accounting Policies</u> | <u>58</u> |
| <u>Note 3—Income Taxes</u> | <u>67</u> |
| <u>Note 4—Business Combinations</u> | <u>70</u> |
| <u>Note 5—Goodwill and Intangible Assets</u> | <u>71</u> |
| <u>Note 6—Financial Instruments and Fair Value Measurements</u> | <u>73</u> |
| <u>Note 7—Long-term Debt</u> | <u>75</u> |
| <u>Note 8—Shareholders' Equity</u> | <u>77</u> |
| <u>Note 9—Accumulated Other Comprehensive Income (Loss)</u> | <u>78</u> |
| <u>Note 10—Earnings (Loss) per Share</u> | <u>79</u> |
| <u>Note 11—Stock-based Compensation</u> | <u>79</u> |
| <u>Note 12—Segment Information</u> | <u>83</u> |
| <u>Note 13—Leases</u> | <u>87</u> |
| <u>Note 14—Commitments and Contingencies</u> | <u>89</u> |
| <u>Note 15—Related Party Transactions with IAC</u> | <u>90</u> |
| <u>Note 16—Benefit Plans</u> | <u>91</u> |
| <u>Note 17—Consolidated Financial Statement Details</u> | <u>92</u> |
| <u>Note 18—Quarterly Results (Unaudited)</u> | <u>94</u> |
| <u>Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u> | <u>95</u> |
| <u>Item 9A. Controls and Procedures</u> | <u>95</u> |
| <u>Item 9B. Other Information</u> | <u>97</u> |
| <u>PART III</u> | |
| <u>Item 10. Directors, Executive Officers and Corporate Governance</u> | <u>98</u> |
| <u>Item 11. Executive Compensation</u> | <u>98</u> |
| <u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> | <u>98</u> |
| <u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u> | <u>98</u> |
| <u>Item 14. Principal Accounting Fees and Services</u> | <u>98</u> |
| <u>PART IV</u> | |
| <u>Item 15. Exhibits, Financial Statement Schedules</u> | <u>98</u> |

PART I

Item 1. Business

OVERVIEW

Who We Are

ANGI Homeservices Inc. connects quality home service professionals across 500 different categories, from repairing and remodeling to cleaning and landscaping, with consumers. Over 240,000 domestic service professionals actively sought consumer matches, completed jobs or advertised work through ANGI Homeservices' platforms and consumers turned to at least one of our brands to find a professional for approximately 32 million projects during the year ended December 31, 2020. ANGI Homeservices has established category-transforming products with brands such as HomeAdvisor, Angie's List, and Handy.

The Company has two operating segments: (i) North America (United States and Canada), which primarily includes the operations of HomeAdvisor, Angie's List, Handy, and HomeStars, and (ii) Europe, which includes the operations of Travaux, MyHammer, MyBuilder, Werkspot and Instapro.

As used herein, "ANGI Homeservices," the "Company," "we," "our," "us" and similar terms refer to ANGI Homeservices Inc. and its subsidiaries (unless the context requires otherwise).

History

We have been incorporated in the State of Delaware since 2017 and operate under the name ANGI Homeservices Inc. We are a publicly traded holding company that was formed to facilitate the combination of IAC/InterActiveCorp's ("IAC") HomeAdvisor business and Angie's List, Inc. (the "Combination"), which was completed on September 29, 2017.

We acquired Handy Technologies, Inc. ("Handy"), a leading platform in the United States for connecting individuals looking for household services (primarily cleaning and handyman services) with top-quality, pre-screened independent service professionals, on October 19, 2018. Prior to its sale on December 31, 2018, we also operated Felix, a pay-per-call advertising service business, which was included in our North America segment. ANGI also owns and operates Fixd Repair, a home warranty and service company, mHelpDesk, a provider of cloud-based field service software for small to mid-size businesses, and CraftJack, a third-party lead generation service that connects home service professionals with consumers looking to complete home projects.

DESCRIPTION OF OUR BUSINESSES

Marketplace

Overview

The HomeAdvisor digital marketplace service ("HomeAdvisor") connects consumers with service professionals nationwide for home repair, maintenance and improvement projects. HomeAdvisor provides consumers with tools and resources to help them find local, pre-screened and customer-rated service professionals, as well as instantly book appointments online. HomeAdvisor also connects consumers with service professionals instantly by telephone, as well as offers several home services-related resources, such as cost guides for different types of home services projects. Handy connects consumers looking for household services (primarily cleaning and handyman services) with top-quality, pre-screened independent service professionals. Consumers request and pay for household services directly through the Handy platform and Handy fulfills the request through the use of independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. Together, we refer to the HomeAdvisor and Handy businesses in the United States as the "Marketplace." All Marketplace matching and pre-priced booking services and related tools and directories are provided to consumers free of charge.

As of December 31, 2020, the Marketplace had a network of approximately 208,000 transacting service professionals, each of whom paid for consumer matches and/or performed a job sourced or booked through HomeAdvisor and/or Handy. Collectively, this service professional network provided services in more than 500 categories, ranging from cleaning and installation services to simple home repairs and larger home remodeling projects, and 400 discrete geographic areas in the United States. The Marketplace generated approximately 32 million service requests during the year ended December 31, 2020. Service requests consist of fully completed domestic service requests submitted to HomeAdvisor and completed jobs sourced through the HomeAdvisor and Handy platforms.

Consumer Services

Consumers can submit a request to be matched with a Marketplace service professional through the HomeAdvisor and Handy platforms, as well as through certain paths on the Angie's List, Inc. ("Angie's List") platform and various third-party

affiliate platforms. Depending on the nature of the service request and the path through which it was submitted, consumers are generally matched with up to four HomeAdvisor service professionals, a Handy service professional or a combination of HomeAdvisor service professionals and service professionals from the Angie's List nationwide directory (as and if available for the given service request).

Matches made through HomeAdvisor platforms and paths and various third-party affiliate platforms are made by way of HomeAdvisor's proprietary algorithm, based on several factors (including the type of services desired, location and the number of service professionals available to fulfill the request). Matches made through Handy platforms and paths are based on the type of service desired, location and the date and time the consumer wants the service to be provided.

In all cases, service professionals may contact consumers with whom they have been matched directly and consumers can generally review profiles, ratings and reviews of presented service professionals and select the service professional whom they believe best meets their specific needs. Consumers are under no obligation to work with any service professional(s) referred by or found through any of our branded or third-party affiliate platforms.

For matches described above, in the case of HomeAdvisor service professionals, consumers are responsible for booking the service and paying the service professional directly either separately or via the HomeAdvisor Pro-Pay App. Our mobile payments platform on our app allows consumers to pay service professionals directly through our mobile app. In 2020, we expanded our mobile payment platform with the launch of a financing payment option, administered by a third party, to provide consumers a convenient, contactless alternative to pay for any home improvement job, no matter the project type or size. In the case of Handy service professionals, consumers request services and pay for such services directly through the Handy platform and then Handy fulfills the request with independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services.

In addition to the general matching services described above, HomeAdvisor also provides several on-demand services, including Instant Booking and Instant Connect. Also, in the case of certain tasks, HomeAdvisor provides a pre-priced booking service, pursuant to which consumers can request services through a HomeAdvisor platform and pay HomeAdvisor for the services directly. HomeAdvisor then fulfills the request with independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. Lastly, consumers can also access the online HomeAdvisor True Cost Guide, which provides project cost information for more than 400 project types nationwide, as well as a library of home services-related content consisting primarily of articles about home improvement, repair and maintenance, tools to assist consumers with the research, planning and management of their projects and general advice for working with service professionals.

In addition to the general matching services described above, in certain markets, consumers can also submit a request to book a specific Handy service professional for a given job. Also, consumers who purchase furniture, electronics, appliances and other home-related items from select third-party retail partners online (and in certain markets, in store) can simultaneously purchase assembly, installation and other related services to be fulfilled by Handy service professionals, which are then paid for directly through the applicable third-party retail partner platform.

Service Professional Services

HomeAdvisor service professionals pay fees for consumer matches and membership subscription fees for HomeAdvisor memberships, which are available for purchase through our sales force. The basic HomeAdvisor annual membership package includes membership in the HomeAdvisor network of service professionals, as well as access to consumer matches through HomeAdvisor platforms and a listing in the HomeAdvisor online directory and certain other affiliate directories. Membership also includes a business profile page on HomeAdvisor.com, a mobile application and access to various online tools designed to help service professionals more effectively market to, manage and connect with, consumers with whom they are matched. In addition to the commercial membership terms, in order to be admitted into the HomeAdvisor network, service professionals must satisfy certain criteria, including verification of any required state-level licensing and the owner or principal passing certain criminal background checks. Once in the network, the service professional must maintain at least a three-star customer rating. If a service professional in the HomeAdvisor network fails to meet any eligibility criteria during the term of its contract, refuses to participate in our complaint resolution process, or engages in what we determine to be prohibited behavior through any of our service channels, the service professional is subject to being removed from our network.

Service professionals on the Handy platform are provided with access to a pool of consumers seeking service professionals. Professionals must validate their home service experience as well as satisfy credential verification and a background check, either as an individual professional or as the owner or principal of the business. Service professionals must maintain an acceptable rating to remain on the Handy platform. Access to the Handy platform will be revoked for repeatedly receiving low customer satisfactions ratings.

Angie's List

Overview

Angie's List connects consumers with service professionals for local services through a nationwide online directory of service professionals in over 700 service categories, as well as provides consumers with valuable tools, services and content (including verified reviews of local service professionals), to help them research, shop and hire for local services. Consumers can access the Angie's List nationwide online directory and related basic tools and services free of charge, as well as via purchased membership packages. Angie's List also sells time-based website, mobile and call center advertising to service professionals.

Consumer Services

Through Angie's List, consumers can currently register and search for a service professional in the Angie's List nationwide online directory and/or be matched with a service professional. Consumers who register can access ratings and reviews and search for service professionals, as well as access certain promotions. Free registration is required in order to access the directory and related basic tools and services. Two premium membership packages are available for a fee, which include varying degrees of online and phone support, access to exclusive promotions and features and the award-winning Angie's List print magazine.

Consumers can rate service professionals listed in the Angie's List nationwide online directory on an "A" to "F" grading scale based on a variety of criteria, including overall experience, availability, price, quality, responsiveness, punctuality and professionalism and other criteria, depending on the type of service provided. Ratings on each applicable criterion are weighted across all reviews submitted for the service professional to produce such professional's grade on Angie's List. Consumers can also provide a detailed description of (and commentary regarding) their service experience. Ratings and reviews cannot be submitted anonymously and there are processes in place to prevent service professionals from reporting on themselves or their competitors, as well as to detect fraudulent or otherwise problematic reviews.

Service Professional Services

Angie's List provides service professionals with a variety of services and tools. Generally, service professionals with an overall member grade below a "B" are not eligible for certification. Service professionals must satisfy certain criteria for certification, including retaining the requisite member grade, and the owner passing certain criminal background checks and attesting to applicable licensure requirements.

Once eligibility criteria are satisfied, service professionals must purchase term-based advertising to obtain certification. As of December 31, 2020, we had approximately 39,000 certified service professionals under contract for advertising. If a certified service professional fails to meet any eligibility criteria during the term of his or her contract, refuses to participate in our complaint resolution process or engages in what we determine to be prohibited behavior through any of our service channels, we suspend any existing advertising and exclusive promotions and the related advertising contract is subject to termination.

Certified service professionals rotate among the first service professionals listed in directory search results for an applicable category (together with their company name, overall rating, number of reviews, certification badge and basic profile information), with non-certified service professionals appearing below certified service professionals in directory search results. Certified service professionals can also provide exclusive promotions to members. When consumers choose to be matched with a service professional, HomeAdvisor's proprietary algorithm will determine where a given service professional appears within related results.

Our International Businesses

We also operate several international businesses that connect consumers with home service professionals. These international businesses include: (i) Travaux, MyHammer and Werkspot, the leading home services marketplaces in France, Germany and the Netherlands, respectively, (ii) MyBuilder, HomeStars and Instapro, leading home services marketplaces in the United Kingdom, Canada and Italy, respectively, and (iii) the Austrian operations of MyHammer. We own controlling interests in MyHammer and MyBuilder and wholly-own HomeStars, Travaux, Werkspot and Instapro. The business models of our international businesses vary by jurisdiction and differ in certain respects from the HomeAdvisor and Handy business models.

Revenue

Our revenue is primarily derived from consumer connection revenue, which consists of fees paid by HomeAdvisor service professionals for consumer matches (regardless of whether the service professional ultimately provides the requested service) and revenue from completed jobs sourced through the HomeAdvisor and Handy platforms. Consumer connection revenue varies based upon several factors, including the service requested, product experience offered and geographic location of service.

Revenue is also derived from: (i) sales of time-based website, mobile and call center advertising to service professionals by Angie’s List, (ii) HomeAdvisor service professional membership subscription fees, (iii) membership subscription fees from consumers and (iv) service warranty subscription and other services revenue.

Marketing

We market our various products and services to consumers primarily through digital marketing (primarily paid search engine marketing, display advertising and third-party affiliate agreements) and traditional offline marketing (national television and radio campaigns), as well as through e-mail. Pursuant to third-party affiliate agreements, third parties agree to advertise and promote our products and services (and those of our service professionals) on their platforms. In exchange for these efforts, these third parties are paid a fixed fee when visitors from their platforms click through and submit a valid service request through our platforms, or when visitors submit a valid service request on the affiliate platform and the affiliate transmits the service request to us. We also market our products and services to consumers through relationships with select third-party retail partners and, to a lesser extent, through partnerships with other contextually related websites and direct mail.

We market HomeAdvisor matching services and membership subscriptions to service professionals primarily through our sales forces based in the Denver, Colorado area; Lenexa, Kansas; New York, New York; Indianapolis, Indiana; and Chicago, Illinois; as well as remotely based sales representatives. These products and services are also marketed, together with our Handy products and services and our pre-priced bookings and various directories, through paid search engine marketing, digital media advertising and direct relationships with trade associations and manufacturers. Term-based advertising and related products are marketed to service professionals primarily through our Indianapolis based sales force.

We have made, and expect to continue to make, substantial investments in digital and traditional offline marketing (with continued expansion into new and existing digital platforms) to consumers and service professionals to promote our products and services and drive visitors to our various platforms and service professionals.

Technology

Each of our brands and businesses develops its own technology to support its products and services, leveraging both open-source and vendor supported software technology. Each of our various brands and businesses has dedicated engineering teams responsible for software development and the creation of new features to support our products and services across a full range of devices (desktop, mobile web, native mobile applications and digital voice assistant platforms). Our engineering teams use an agile development process that allows us to deploy frequent iterative releases for product and service features.

Competition

The home services industry is highly competitive and fragmented, and in many important respects, local in nature. We compete with, among others: (i) search engines and online directories, (ii) home and/or local services-related platforms, (iii) providers of consumer ratings, reviews and referrals and (iv) various forms of traditional offline advertising (primarily local in nature), including radio, direct marketing campaigns, yellow pages, newspapers and other offline directories. We also compete with local and national retailers of home improvement products that offer or promote installation services. We believe our biggest competition comes from the traditional methods most people currently use to find service professionals, which are by word-of-mouth and through referrals.

We believe that our ability to compete successfully will depend primarily upon the following factors:

- the size, quality, diversity and stability of our network of service professionals and the breadth of our online directory listings;
- our ability to consistently generate service requests and pre-priced bookings through the Marketplace and leads through our online directories that convert into revenue for our service professionals in a cost-effective manner;
- our ability to increasingly engage with consumers directly through our platforms, including our various mobile applications (rather than through search engine marketing or via free search engine referrals);
- the functionality of our websites and mobile applications and the attractiveness of their features and our products and services generally to consumers and service professionals, as well as our continued ability to introduce new products and services that resonate with consumers and service professionals generally;
- our ability to continue to build and maintain awareness of, and trust in and loyalty to, our various brands, particularly our Angie’s List, HomeAdvisor and Handy brands; and
- the quality and consistency of our service professional pre-screening processes and ongoing quality control efforts, as well as the reliability, depth and timeliness of customer ratings and reviews.

Intellectual Property

We regard our intellectual property rights as critical to our success generally, with our trademarks, service marks and domain names being especially critical to the continued development and awareness of our brands and our marketing efforts.

We protect our intellectual property rights through a combination of trademarks, trade dress, domain name registrations, trade secrets and patent applications, as well as through contractual restrictions and reliance on federal, state and common law. We enter into confidentiality and proprietary rights agreements with employees, consultants, contractors and business partners, and employees and contractors are also subject to invention assignment provisions.

We have several registered trademarks in the United States (the most significant of which relate to our Angie’s List and HomeAdvisor brands), as well as other trademarks in Canada and Europe, and several pending trademark applications in the United States and certain other jurisdictions. We have also registered a variety of domestic and international domain names, the most significant of which relate to our HomeAdvisor and Angie’s List brands. In addition, we have one patent in the United States that expires in November 2035 and six patent applications pending in the United States.

Government Regulation

We are subject to laws and regulations that affect companies conducting business on the Internet generally and through mobile applications, including laws relating to the liability of providers of online services for their operations and the activities of their users. As a result, we could be subject to claims based on negligence, various torts and trademark and copyright infringement, among other actions.

In addition, because we receive, transmit, store and use a substantial amount of information received from or generated by consumers and service professionals, we are also impacted by laws and regulations governing privacy, the storage, sharing, use, processing, disclosure and protection of personal data and data breaches. See “Item 1A-Risk Factors-Risks Related to Our Business and Industry-The processing, storage, use and disclosure of personal data could give rise to liabilities and increased costs.”

We are particularly sensitive to laws and regulations that adversely impact the popularity or growth in use of the Internet and/or online products and services generally, restrict or otherwise unfavorably impact the ability or manner in which we provide our products and services, regulate the practices of third parties upon which we rely to provide our products and services and undermine open and neutrally administered Internet access. For example, in April 2019, the United Kingdom published proposed legislation that would create a new regulatory body responsible for establishing duties of care for Internet companies and for assessing related compliance. As proposed, failure to comply with the legislation could result in fines, blocking of services and personal liability for senior management. To the extent our businesses are required to implement new measures and/or make changes to our products and services to ensure compliance, our business, financial condition and results of operations could be adversely affected. Compliance with this legislation or similar or more stringent legislation in other jurisdictions could be costly, and the failure to comply could result in service interruptions and negative publicity, any or all of which could adversely affect our business, financial condition and results of operations. In addition, in December 2017, the U.S. Federal Communications Commission (the “FCC”) adopted an order reversing net neutrality protections in the United States, including the repeal of specific rules against blocking, throttling or “paid prioritization” of content or services by Internet service providers. To the extent Internet service providers take such actions, our business, financial condition and results of operations could be adversely affected. Similarly, there have been various legislative efforts to restrict the scope of the protections available to online platforms under Section 230 of the Communications Decency Act, and our current protections from liability for third-party content in the United States could decrease or change as a result. Any future adverse changes to Section 230 could result in additional compliance costs for us and/or exposure for additional liabilities.

We are also generally sensitive to the adoption of new tax laws. The European Commission and several European countries have recently adopted (or intend to adopt) proposals that would change various aspects of the current tax framework under which our European businesses are taxed, including proposals to change or impose new types of non-income taxes (including taxes based on a percentage of revenue). For example, France enacted a Digital Services Tax in 2019, which is applicable to revenues over specified thresholds generated by businesses that provide intermediary services (any digital interface that enables users to contact and interact with others) to, and/or publish advertising-based user data linked to, users residing in France. The proposal, which is applicable retroactively to revenues earned from and after January 1, 2019, would likely apply to our operations in France. The United Kingdom previously enacted a similar proposal, the Digital Services Tax, which is applicable to revenues of social media platforms, online marketplaces and search engines linked to users residing in the United Kingdom and earned from and after April 1, 2020, which applies to certain of our operations in United Kingdom. One or more of these or similar proposed tax laws could adversely affect our business, financial condition and results of operations.

As a provider of products and services with a membership-based element, we are also sensitive to the adoption of laws and regulations affecting the ability of our businesses to periodically charge for recurring membership or subscription

payments. For example, the European Union Payment Services directive, which became effective in 2018, could impact the ability of our businesses to process auto-renewal payments for, as well offer promotional or differentiated pricing to, users who reside in the European Union, and similar new (and proposed changes to similar existing) legislation or regulations, are being considered in many U.S. states. The adoption of any law that adversely affects revenue from recurring membership or subscription payments could adversely affect our business, financial condition and results of operations.

We are also subject to laws governing marketing and advertising activities conducted by/through telephone, e-mail, mobile devices and the Internet, including the Telephone Consumer Protection Act of 1991, the Telemarketing Sales Rule, the CAN-SPAM Act and similar state laws, as well as federal, state, and local laws and agency guidelines governing background screening.

Human Capital Management

As of December 31, 2020, we employ approximately 5,100 full-time employees worldwide, the substantial majority of which provided services to our brands and businesses located in the United States. We also retain consultants, independent contractors, and temporary and part-time workers.

Talent and Development

The development, attraction and retention of employees is critical to our success. We strive to provide an atmosphere that fosters teamwork and growth. We are investing in a more productive, engaged, diverse and inclusive workforce. To support the advancement of our employees, we offer training and development programs and encourage advancement from within. In 2020, we launched a Learning Management system for broader facilitation of training resources. We leverage both formal and informal programs to identify, foster, and retain top talent. We believe that our rich culture enables us to create, develop and fully leverage the strengths of our workforce to exceed consumer expectations and meet our growth objectives. We also place a high value on inclusion, engaging employees in our Diversity, Equity and Inclusion Council, or DEI, which is staffed by employees with diverse backgrounds, experiences or characteristics who share a common interest in professional development, improving corporate culture and delivering sustained business results. Recent DEI initiatives include unconscious bias training and a women in leadership program.

Total Rewards and Benefits

As part of our compensation philosophy, we believe that we must offer and maintain market competitive total rewards programs for our employees in order to attract and retain superior talent. These programs include base wages and incentives in support of our pay for performance culture, as well as health, welfare, and retirement benefits, vision, dental, life, prescription, and long-term disability insurance plans. We also provide employee paid supplemental life and accident insurance plans. To help employees cover medical expenses pre-tax, we offer employees a Flexible Spending Account. We also focus many programs on employee wellness and have implemented solutions including mental health support access, telemedicine, and fitness programs. We also offer our US-based full-time employees a 401(k) retirement plan with a Company match.

Community

We encourage our employees to become involved in their communities by providing full-time employees eight hours of paid-time off to volunteer in local community-based programs.

COVID Response

In response to the COVID-19 pandemic, we quickly implemented safety and health standards and protocols for our employees to ensure a safe work environment. Employees in our offices have been working remotely since March 2020. When our employees return to the office, we will adhere to the recommended protocols of the Centers for Disease Control or local regulations.

Ethics

Our employees are required to annually agree to comply with our Code of Business Conduct and Ethics and any deviations by our directors and executive officers are required to be approved by our Board. We also maintain an Ethics Hotline that is available to all of our employees to report (anonymously if desired) any matter of concern. Communications to the hotline (which is facilitated by an independent third party) are routed to appropriate functions (whether Human Resources, Legal or Finance) for investigation and resolution. In addition, any shareholder or other interested party may send communications to the Board of Directors, either individually or as a group, through a process that is outlined in the Investor Relations section of our website.

Additional Information

Company Website and Public Filings

We maintain a website at www.angihomeservices.com. Neither the information on this website, nor the information on the websites of any of our brands and businesses, is incorporated by reference into this annual report, or into any other filings with, or into any other information furnished or submitted to, the U.S. Securities and Exchange Commission (“SEC”).

We also make available, free of charge through our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (including related amendments) as soon as reasonably practicable after they have been electronically filed with (or furnished to) the SEC.

Code of Ethics

Our code of ethics applies to all of our employees (including our principal executive officer, principal financial officer and principal accounting officer) and directors and is posted on our website at <http://ir.angihomeservices.com> under the heading “Code of Ethics.” This code of ethics complies with Item 406 of SEC Regulation S-K and the rules of The Nasdaq Stock Market LLC. Any changes to this code of ethics that affect the provisions required by Item 406 of Regulation S-K (and any waivers of such provisions of the code of ethics for our executive officers, senior financial officers or directors) will also be disclosed on our website.

RELATIONSHIP WITH IAC

Equity Ownership and Vote

We have two classes of capital stock outstanding, Class A common stock and Class B common stock, with one vote and ten votes per share, respectively. Our shares of Class B common stock are convertible into shares of Class A common stock on a share for share basis. As of December 31, 2020, IAC owned 421,861,990 shares of Class B common stock, representing 100% of our outstanding Class B common stock, and did not own any shares of our Class A common stock. As of that date, IAC’s Class B common stock holdings represented approximately 84.3% of our total outstanding shares of capital stock and approximately 98.2% of the total combined voting power of our outstanding capital stock.

Intercompany Agreements

In connection with the Combination, we and IAC entered into certain agreements to govern our relationship following the Combination. These agreements include the following:

Contribution Agreement

Under the contribution agreement: (i) we agreed to assume all of the assets and liabilities related to the HomeAdvisor business and indemnify IAC against any losses arising out of any breach by us of the contribution agreement or any other transaction related agreement described below and (ii) IAC agreed to indemnify us against losses arising out of any breach by IAC of the contribution agreement or any other transaction related agreement described below.

Investor Rights Agreement

Under the investor rights agreement, IAC has certain registration, preemptive and governance rights related to us and the shares of our capital stock it holds. The investor rights agreement also provides certain governance rights for the benefit of stockholders other than IAC.

Services Agreement

The services agreement currently governs services that IAC has agreed to provide to us through September 29, 2021, with automatic renewal for successive one-year terms, subject to IAC’s continued ownership of a majority of the total combined voting power of our voting stock and any subsequent extension(s) or truncation(s) agreed to by us and IAC. Services currently provided to us by IAC pursuant this agreement include: (i) assistance with certain legal, M&A, human resources, finance, risk management, internal audit and treasury functions, health and welfare benefits, information security services and insurance and tax affairs, including assistance with certain public company and unclaimed property reporting obligations; (ii) accounting, controllership and payroll processing services; (iii) investor relations services and (iv) tax compliance services. The scope, nature and extent of services may be changed from time to time as we and IAC may agree.

Tax Sharing Agreement

The tax sharing agreement governs our and IAC’s rights, responsibilities and obligations with respect to tax liabilities and benefits, entitlements to refunds, preparation of tax returns, tax contests and other tax matters regarding U.S. federal, state, local and foreign income taxes. Under the tax sharing agreement, we are generally responsible and required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or its subsidiaries that includes us or

any of our subsidiaries (to the extent attributable to us or any of our subsidiaries, as determined under the tax sharing agreement) and (ii) all taxes imposed with respect to any consolidated, combined, unitary or separate tax returns of us or our subsidiaries.

Employee Matters Agreement

The employee matters agreement addresses certain compensation and benefit issues related to the allocation of liabilities associated with: (i) employment or termination of employment; (ii) employee benefit plans and (iii) equity awards. Under the employee matters agreement, our employees participate in IAC's U.S. health and welfare plans, 401(k) plan and flexible benefits plan and we reimburse IAC for the costs of such participation. In the event IAC no longer retains shares representing at least 80% of the aggregate voting power of shares entitled to vote in the election of our board of directors, we will no longer participate in IAC's employee benefit plans, but will establish our own employee benefit plans that will be substantially similar to the plans sponsored by IAC.

In addition, under the employee matters agreement, we are required to reimburse IAC for the cost of any IAC equity awards held by our current and former employees, with IAC electing to receive payment either in cash or shares of our Class B common stock. This agreement also provides that IAC may require stock appreciation rights granted prior the closing of the Combination and equity awards in our subsidiaries to be settled in either shares of our Class A common stock or IAC common stock. To the extent shares of IAC common stock are issued in settlement of these awards, we are obligated to reimburse IAC for the cost of those shares by issuing shares of our Class A common stock in the case of stock appreciation rights granted prior to the closing of the Combination and shares of our Class B common stock in the case of equity awards in our subsidiaries.

Lastly, pursuant to the employee matters agreement, in the event of a distribution of ANGI capital stock to IAC stockholders in a transaction intended to qualify as tax-free for U.S. federal income tax purposes, the Compensation Committee of the IAC board of directors has the exclusive authority to determine the treatment of outstanding IAC equity awards. Such authority includes (but is not limited to) the ability to convert all of part of IAC equity awards outstanding immediately prior to the distribution into equity awards denominated in shares of ANGI Class A Common Stock, which ANGI would be obligated to assume and which would be dilutive to ANGI's stockholders.

Item 1A. Risk Factors

Cautionary Statement Regarding Forward-Looking Information

This annual report on Form 10-K contains "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", "intends", "will continue", "may", "could" and "believes", among similar expressions, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: our future business, financial condition, results of operations and financial performance, our business strategy, trends in the home services industry and other similar matters. These forward-looking statements are based on the expectations and assumptions of our management about future events as of the date of this annual report, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others, the risk factors set forth below. Other unknown or unpredictable factors that could also adversely affect our business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this annual report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of our management as of the date of this annual report. We do not undertake to update these forward-looking statements.

Risk Factors

Risks Related to Our Business and Industry

Our brands and businesses operate in an especially competitive and evolving industry.

The home services industry is competitive, with a consistent and growing stream of new products, services and entrants. Some of our competitors may enjoy better competitive positions in certain geographical areas, with certain consumer and service professional demographics and/or in other key areas that we currently serve or may serve in the future. Generally, we compete with search engines, online marketplaces and social media platforms that have the ability to market their products and services online in a more prominent and cost-effective manner than we can, as well as better tailor their products and services to individual users. Any of these advantages could enable these competitors to offer products and services that are more appealing to consumers and service professionals than our products and services, respond more quickly and/or cost effectively than we do to evolving market opportunities and trends and/or display their own integrated or related home services products and services

in search results and elsewhere in a more prominent manner than our products and services, which could adversely affect our business, financial condition and results of operations.

In addition, since most home services products and services are offered to consumers for free, consumers can easily switch among home services offerings (or use multiple home services offerings simultaneously) at no cost to them. And while service professionals may incur additional or duplicative near-term costs, the costs for switching to a competing platform over the long term are generally not prohibitive. Low switching costs, coupled with the propensity of consumers to try new products and services generally, will most likely result in the continued emergence of new products and services, entrants and business models in the home services industry. Our inability to continue to innovate and compete effectively against new products, services and competitors could result in decreases in the size and level of engagement of our consumer and service professional bases, any of which could adversely affect our business, financial condition and results of operations.

Our success will depend, in substantial part, on the continued migration of the home services market online.

We believe that the digital penetration of the home services market remains low, with the vast majority of consumers continuing to search for, select and hire service professionals offline. While many consumers have historically been (and remain) averse to finding service professionals online, others have demonstrated a greater willingness to embrace the online shift. Service professionals must also continue to embrace the online shift, which will depend, in substantial part, on whether online products and services help them to better connect and engage with consumers relative to traditional offline efforts. The speed and ultimate outcome of the shift of the home services market online for consumers and service professionals is uncertain and may not occur as quickly as we expect, or at all. The failure or delay of a meaningful number of consumers and/or service professionals to migrate online and/or the return of a meaningful number of existing participants in the online home services market to offline solutions, could adversely affect our business, financial condition and results of operations.

Our brands and businesses are sensitive to general economic events or trends, particularly those that adversely impact consumer confidence and spending behavior.

We have historically been, and will continue to be, particularly sensitive to events and trends that result in consumers delaying or foregoing home services projects and/or service professionals being less likely to pay for consumer matches and Marketplace subscriptions. Any such event or trend (for example, a general economic downturn or sudden disruption in business conditions, consumer confidence, spending levels and access to credit) could result in decreases in Marketplace service requests, pre-priced bookings and directory searches. Any such decreases could result in turnover at the Marketplace and/or any of our directories, adversely impact the number and quality of service professionals at the Marketplace and our directories and/or adversely impact the reach of (and breath of services offered through) the Marketplace and our directories, any or all of which could adversely affect our business, financial condition and results of operations.

Lastly, we have historically been, and will continue to be, sensitive to events and trends that could result in decreased marketing and advertising expenditures by service professionals. Adverse economic conditions and trends could result in service professionals decreasing and/or delaying fees paid for consumer matches, pre-priced bookings, membership subscriptions and/or time-based advertising spend, any or all of which would result in decreased revenue and could adversely affect our business, financial condition and results of operations.

The expansion of our pre-priced booking services, while balancing the overall mix of our service request and directory services in our Marketplace, is critical to our business, financial condition and results of operations.

For our pre-priced booking services offering, we contract with a service professional to perform a specific task for a consumer at a contracted price. Compared to our Marketplace service requests, which match a service professional to a consumer opportunity, our pre-priced booking services contractually connect a service professional to a consumer's task. Pre-priced booking services potentially offer higher margin opportunities, but also involve greater financial risk because we bear the impact of cost overruns, which could result in increased costs and expenses. An increase in the percentage of pre-priced booking services may also reduce service professional's level of participation in our Marketplace service request and directory offering(s). As we expand our pre-priced booking services, we expect our mix of pre-priced booking services will be increasing over time.

An increase in the percentage of pre-priced booking services in our mix of offerings could increase the risk that we suffer losses if we underestimate the level of effort or costs required to perform the consumer's task. Our profits could be adversely affected if our costs exceed the assumptions we used in offering the contracted task. For example, we may miscalculate the costs, materials, or time needed to complete a task or we might be provided with inaccurate information by the consumer, which could result in us charging consumers too little for contracted tasks, which in turn would result in us having to absorb the actual, higher cost for contracted tasks or risk not being able to find service professionals to perform contracted tasks at the contracted rate. Our business, financial condition and results of operations could be adversely affected if our actual costs exceed the assumptions we used in offering the contracted task in our pre-priced booking service.

The global outbreak of COVID-19 and other similar outbreaks could adversely affect our business, financial condition and results of operations.

The coronavirus outbreak (“COVID-19”) has caused a widespread global health crisis, resulting in significant social disruption and has had (and is likely to continue to have) an adverse effect on economic conditions generally, as well as on consumer confidence and spending, all of which could have an adverse effect on our businesses, financial condition and results of operations. When COVID-19 first impacted North America and Europe in the early spring of 2020, we experienced a decline in demand for service requests, driven primarily by decreases in demand in certain categories of jobs (particularly discretionary indoor projects). Toward the end of the spring of 2020, we experienced a rebound in service requests, exceeding pre-COVID-19 growth levels, driven by increased demand from consumers who spent more time at home due to measures taken to reduce the spread of COVID-19. However, throughout 2020 many service professionals’ businesses have been adversely impacted by labor and material constraints and many service professionals have limited capacity to take on new business, which has negatively impacted our ability to monetize this increased level of service requests. Also, North America, which represents 95% of our revenue for twelve months ended December 31, 2020, experienced a significant resurgence of the COVID-19 virus with record levels of infections being reported during the fourth quarter of 2020 and continuing into the first quarter of 2021. Europe, which is the second largest market for the Company’s products and services, has also seen a dramatic resurgence in COVID-19. This resurgence and the measures designed to curb its spread could materially and adversely affect our business, financial condition and results of operations.

In addition, in response to the COVID-19 outbreak and government-imposed measures to control its spread, our ability to conduct ordinary course business activities has been (and may continue to be) impaired for an indefinite period of time. For example, we have taken several precautions that could adversely impact employee productivity, such as requiring employees to work remotely for the first time in the Company’s history, as well as imposing travel restrictions and temporarily closing office locations. While we have found that our employees (including call center and sales employees) have transitioned to working remotely with limited disruption to date, no assurances can be provided that their productivity and efficiency will remain at pre-pandemic levels, particularly if they are required to continue working remotely for an extended period of time. Also, working remotely may involve increased operational risks, such as increased risks of “phishing,” other cybersecurity attacks or the unauthorized dissemination of personally identifiable information or proprietary and confidential information. Lastly, moving employees back to the office may introduce distraction that could have a temporary negative impact on the Company’s productivity, and in turn, revenue. We may also experience increased operating costs as we gradually resume normal operations and enhance preventative measures, including with respect to real estate, compliance and insurance-related expenses. Moreover, we may also experience business disruption if the ordinary course operations of our contractors, vendors or business partners are adversely affected. Any of these measures or impairments could adversely affect our business, financial condition and results of operations.

The COVID-19 outbreak may also have the effect of heightening many of the other risks described in this “Risks Related to Our Business and Industry” section.

We must establish and maintain relationships with quality service professionals.

We must continue to attract, retain and grow the number of skilled and reliable service professionals who can provide services that consumers want in a timely manner across our various brands and businesses. If we do not offer innovative products and services that resonate with consumers and service professionals generally, as well provide service professionals with an attractive return on their marketing and advertising investments (quality matches and leads that convert into jobs), the number of service professionals affiliated with our various brands and businesses could decrease. Any such decrease would result in smaller and less diverse networks and directories of service professionals, and in turn, decreases in number of pre-priced bookings, service requests and directory searches, which could adversely affect our business, financial condition and results of operations.

The trustworthiness of our Marketplaces and the connections within our Marketplace are important to our success. Our success will depend, in substantial part, on our ability to maintain and/or enhance our various brands.

We own and operate two of the leading home services brands in the United States (Angie’s List and HomeAdvisor), as well as leading brands in several foreign jurisdictions. We believe that our success depends, in substantial part, on our continued ability to maintain and enhance our established brands, as well as build awareness of (and loyalty to) new and emerging brands. Events that could negatively impact our brands and brand-building efforts include (among others): product and service quality concerns, service professional quality concerns, consumer and service professional complaints and lawsuits, lack of awareness of our policies or confusion about how the policies are applied, a failure to respond to feedback from our service professionals and consumers, ineffective advertising, inappropriate and/or unlawful acts perpetrated by service professionals and consumers, actions or proceedings commenced by governmental or regulatory authorities, data protection and security breaches and related bad publicity. Any factors that negatively impact the Angie’s List and/or HomeAdvisor brand(s) could materially and adversely affect our business, financial condition and results of operations.

In addition, trust in the integrity and objective, unbiased nature of the ratings and reviews found across our various brands contributes significantly to public perception of these brands and their ability to attract consumers and service professionals. If consumer reviews are perceived as not authentic in general, the reputation and strength of the relevant brand could be materially and adversely affected. While we use, and will continue to use, filters (among other processes) to detect fraudulent reviews, the accuracy of consumer reviews cannot be guaranteed. If fraudulent or inaccurate reviews (positive or negative) increase and we are unable to effectively identify and remove such reviews, the overall quality of the ratings and reviews across our various brands could decrease and the reputation of affected brands might be harmed. This could deter consumers and service professionals from using our products and services, which in turn could adversely affect our business, financial condition and results of operations.

Our success depends, in part, on our ability to establish and maintain relationships with quality and trustworthy service professionals.

We must continue to attract, retain and grow the number of skilled and reliable service professionals who can provide services across our platforms. If we do not offer innovative products and services that resonate with consumers and service professionals generally, as well provide service professionals with an attractive return on their marketing and advertising investments, the number of service professionals affiliated with our platforms, would decrease. Any such decrease would result in smaller and less diverse networks and directories of service professionals, and in turn, decreases in service requests, pre-priced bookings and directory searches, which could adversely impact our business, financial condition and results of operations.

In addition to skill and reliability, consumers want to work with service professionals whom they can trust to work in their homes and with whom they can feel safe. While we maintain screening processes (which generally include certain, limited background checks) to try and prevent unsuitable service professionals from joining our platforms, these processes have limitations and, even with these safety measures, no assurances can be provided regarding the future behavior of any service provider on our platforms. Inappropriate and/or unlawful behavior of service professionals generally, (particularly any such behavior that compromises the trustworthiness of service providers and/or of the safety of consumers) could result in decreases in service requests, bad publicity and related damage to our reputation, brands and brand-building efforts and/or actions by governmental and regulatory authorities, criminal proceedings and/or litigation. The occurrence or any of these events could, in turn, adversely affect our business, financial condition and results of operations.

Marketing efforts designed to drive traffic to our brands and businesses may not be successful or cost-effective.

Attracting consumers and service professionals to our brands and businesses involves considerable expenditures for online and offline marketing. We have made, and expect to continue to make, significant marketing expenditures, primarily for digital marketing (primarily paid search engine marketing, display advertising and third-party affiliate agreements) and traditional offline marketing (national television and radio campaigns). These efforts may not be successful or cost-effective. Historically, we have had to increase marketing expenditures over time to attract and retain users and service professionals and sustain our growth.

Our ability to market our brands on any given property or channel is subject to the policies of the relevant third-party seller, publisher of advertising (including search engines and social media platforms with extraordinarily high levels of traffic and numbers of users) or marketing affiliate. As a result, we cannot assure you that these parties will not limit or prohibit us from purchasing certain types of advertising (including the purchase by ANGI Homeservices of advertising with preferential placement), advertising certain of our products and services and/or using one or more current or prospective marketing channels in the future. If a significant marketing channel took such an action generally, for a significant period of time and/or on a recurring basis, our business, financial condition and results of operations could be adversely affected. In addition, if we fail to comply with the policies of third-party sellers, publishers of advertising and/or marketing affiliates, our advertisements could be removed without notice and/or our accounts could be suspended or terminated, any of which could adversely affect our business, financial condition and results of operations.

In addition, our failure to respond to rapid and frequent changes in the pricing and operating dynamics of search engines, as well as changing policies and guidelines applicable to keyword advertising (which may unilaterally be updated by search engines without advance notice), could adversely affect our paid search engine marketing efforts (and free search engine traffic). Such changes could adversely affect paid listings (both their placement and pricing), as well as the ranking of our brands and businesses within search results, any or all of which could increase our marketing expenditures (particularly if free traffic is replaced with paid traffic). Any or all of these events could adversely affect our business, financial condition and results of operations.

Evolving consumer behavior (specifically, increased consumption of media through digital means) can also affect the availability of profitable marketing opportunities. To continue to reach and engage consumers and service professionals and grow in this environment, we will need to continue to identify and devote more of our overall marketing expenditures to newer

digital advertising channels (such as online video and other digital platforms), as well as target consumers and service professionals via these channels. Since newer advertising channels are undeveloped and unproven relative to traditional channels (such as television), it could be difficult to assess returns on marketing investments in newer channels, which could adversely affect our business, financial condition and results of operations.

Lastly, we also enter into various arrangements with third parties to drive visitors to our HomeAdvisor platforms. These arrangements are generally more cost-effective than traditional marketing efforts. If we are unable to renew existing (and enter into new) arrangements of this nature, sales and marketing costs as a percentage of revenue would increase over the long-term, which could adversely affect our business, financial condition and results of operations. In addition, the quality and convertibility of traffic and leads generated through third-party arrangements are dependent on many factors, most of which are outside our control. If the quality and/or convertibility of traffic and leads do not meet the expectations of our users and/or HomeAdvisor service professionals, they could leave the Marketplace and/or decrease their budgets for consumer matches or participation in pre-priced booking services, any or all of which could adversely affect our business, financial condition and results of operations.

We rely on Internet search engines to drive traffic to our various properties. Certain operators of search services offer products and services that compete directly with our products and services. If links to websites offering our products and services are not displayed prominently in search results, traffic to our properties could decline and our business could be adversely affected.

In addition to paid marketing, we rely heavily on Internet search engines, such as Google, to drive traffic to our properties through their unpaid search results. Although search results have allowed us to attract a large audience with low organic traffic acquisition costs in the past, if they fail to continue to drive sufficient traffic to our properties, we may need to increase our marketing spend to acquire additional traffic. We cannot assure you that the value we ultimately derive from any such additional traffic would exceed the cost of acquisition, and any increase in marketing expense may in turn harm our operating results.

The amount of traffic we attract from search engines is due in large part to how and where information from (and links to websites offering our products and services) are displayed on search engine results pages. The display, including rankings, of unpaid search results can be affected by a number of factors, many of which are not in our direct control, and may change frequently. Search engines have made changes in the past to their ranking algorithms, methodologies and design layouts that have reduced the prominence of links to websites offering our products and services, and negatively impacted traffic to such websites, and we expect that search engines will continue to make such changes from time to time in the future.

However, we may not know how (or otherwise be in a position) to influence actions of this nature taken by search engines. With respect to search results in particular, even when search engines announce the details of their methodologies, their parameters may change from time to time, be poorly defined or be inconsistently interpreted.

In addition, in some instances, search engines may change their displays or rankings in order to promote their own competing products or services, or the products or services of one or more of our competitors. Any such action could negatively impact the search rankings of links to websites offering our products and services, or the prominence with which such links appear in search results. Our success depends on the ability of our products and services to maintain a prominent position in search results, and in the event operators of search engines promote their own competing products in the future in a manner that has the effect of reducing the prominence or ranking of our products and services, our business, financial condition and results of operations could be adversely affected.

Our ability to communicate with consumers and service professionals via e-mail (or other sufficient means) is critical to our success.

Historically, one of our primary means of communicating with consumers and service professionals and keeping them engaged with our products and services has been via e-mail communication. Through e-mail, we provide consumers and service professionals with service request and pre-priced booking service updates, as well as present or suggest new products and services (among other things) and market our products and services in a cost-effective manner. As consumers increasingly communicate via mobile and other digital devices and messaging and social media apps, usage of e-mail (particularly among younger consumers) has declined and we expect this trend to continue. In addition, deliverability and other restrictions could limit or prevent our ability to send e-mails to consumers and service professionals. A continued and significant erosion in our ability to communicate with consumers and service professionals via e-mail could adversely impact the overall user experience, consumer and service professional engagement levels and conversion rates, which could adversely affect our business, financial condition and results of operations. We cannot assure you that any alternative means of communication (for example, push notifications and text messaging) will be as effective as e-mail has been historically.

Our success depends, in part, on our ability to access, collect and use personal data about consumers.

We depend on search engines, digital app stores and social media platforms, in particular, those operated by Google, Apple and Facebook, to market, distribute and monetize our products and services. Consumers engage with these platforms directly, and as a result, these platforms may receive personal data about consumers that we would otherwise receive if we transacted with them directly. Certain of these platforms have restricted our access to personal data about users of our products and services obtained through their platforms. If these platforms limit or increasingly limit, eliminate or otherwise interfere with our ability to access, collect and use personal data about users of our products and services that they have collected, our ability to identify and communicate with a meaningful portion of our user base may be adversely impacted. If so, our customer relationship management efforts, our ability to identify, target and reach new segments of our user base and the population generally and the efficiency of our paid marketing efforts could be adversely affected. We cannot assure you that search engines, digital app stores and social media platforms upon which we rely will not limit or increasingly limit, eliminate or otherwise interfere with our ability to access, collect and use personal data about users of our products and services that they have collected. To the extent that any or all of them do so, our business, financial condition and results of operations could be adversely affected.

Our success depends, in part, on our ability to continue to develop and monetize versions of our products and services for mobile and other digital devices.

As consumers increasingly access our products and services through mobile and other digital devices (including through digital voice assistants), we will need to continue to devote significant time and resources to ensure that our products and services are accessible across these platforms (and multiple platforms generally). If we do not keep pace with evolving online, market and industry trends (including the introduction of new and enhanced digital devices and changes in the preferences and needs of consumers and service professionals generally), offer new and/or enhanced products and services in response to such trends that resonate with consumers and service professionals, monetize products and services for mobile and other digital devices as effectively as our traditional products and services and/or maintain related systems, technology and infrastructure in an efficient and cost-effective manner, our business, financial condition and results of operations could be adversely affected.

In addition, the success of our mobile and other digital products and services depends on their interoperability with various third-party operating systems, technology, infrastructure and standards, over which we have no control. Any changes to any of these things that compromise the quality or functionality of our mobile and other digital products and services could adversely affect their usage levels and/or our ability to attract consumers and service professionals, which could adversely affect our business, financial condition and results of operations.

There may be adverse tax, legal and other consequences if the contractor classification or employment status of the service professionals who use our platform is challenged.

We are particularly sensitive to the adoption of worker classification laws, specifically, laws that could effectively require us to change our classification of certain of our service professionals from independent contractors to employees, as well as changes to state and local laws or judicial decisions related to the definition and/or classification of independent contractors. For example, California recently passed a worker classification statute (AB 5), which effectively narrowed the definition of an independent contractor by requiring hiring entities to use a stricter test to determine a given worker's classification. In addition, AB 5 places the burden of proof for classifying workers as independent contractors on the hiring entity and provides enforcement powers to the state and certain cities. In addition, AB 5 has been the subject of widespread national discussion and it is possible that other jurisdictions, including New York and New Jersey, may enact similar laws. Since we currently treat service professionals who provide services through our business as independent contractors for all purposes, we do not withhold federal, state and local income or other employment related taxes, make federal or state unemployment tax or Federal Insurance Contributions Act payments or provide workers' compensation insurance with respect to these individuals. If we are required as the result of new laws to reclassify these individuals as employees, we could be exposed to various liabilities and additional costs, including exposure (for prior and future periods) under federal, state and local tax laws, and workers' compensation, unemployment benefits, labor, and employment laws, as well as potential liability for penalties and interest, any or all of which could adversely affect our business, financial condition and results of operations. We are involved in various legal proceedings and investigations challenging the classification of these individuals as independent contractors, and may become involved in other proceedings and investigations in the future.

We may not be able to protect our systems, technology and infrastructure from cyberattacks and cyberattacks experienced by third parties may adversely affect us.

We are regularly under attack by perpetrators of malicious technology-related events, such as the use of botnets, malware or other destructive or disruptive software, distributed denial of service attacks, phishing, attempts to misappropriate user information and account login credentials and other similar malicious activities. The incidence of events of this nature (or any combination thereof) is on the rise worldwide. We continuously develop and maintain systems designed to detect and prevent events of this nature from impacting our systems, technology, infrastructure, products, services and users. We have invested

(and continue to invest) heavily in these efforts and related personnel and training and deploy data minimization strategies (where appropriate), these efforts are costly and require ongoing monitoring and updating as technologies change and efforts to overcome preventative security measures become more sophisticated. Despite these efforts, some of our systems have experienced past security incidents, none of which had a material adverse effect on our business, financial condition and results of operations, and we could experience significant events of this nature in the future.

Any event of this nature that we experience could damage our systems, technology and infrastructure and/or those of our users, prevent us from providing our products and services, compromise the integrity of our products and services, damage our reputation, erode our brands and/or be costly to remedy, as well as subject us to investigations by regulatory authorities, fines and/or litigation that could result in liability to third parties. Even if we do not experience such events firsthand, the impact of any such events experienced by third parties could have a similar effect. For example, although we did not experience any material impacts from the SolarWinds Orion cybersecurity breach that was widely publicized in December 2020, we cannot assure you that we will not experience future events involving third party service providers that may be material. We may not have adequate insurance coverage to compensate for losses resulting from any of these events. If we (or any third-party with whom we do business or otherwise rely upon) experience(s) an event of this nature, our business, financial condition and results of operations could be adversely affected.

If personal, confidential or sensitive user information that we maintain and store is breached or otherwise accessed by unauthorized persons, it may be costly to mitigate and our reputation could be harmed.

We receive, process, store and transmit a significant amount of personal, confidential or sensitive user information and, in certain cases, enable users to share their personal information with each other. While we continuously develop and maintain systems designed to protect the security, integrity and confidentiality of this information, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information. When such events occur, we may not be able to remedy them, we may be required by law to notify regulators and impacted individuals and it may be costly to mitigate the impact of such events and to develop and implement protections to prevent future events of this nature from occurring. When breaches of security (ours or that of any third-party we engage to store information) occur, we could face governmental enforcement actions, significant fines, litigation (including consumer class actions) and the reputation of our brands and business could be harmed, which could adversely affect our business, financial condition and results of operations. In addition, if any of the search engines, digital app store or social media platform through which we market, distribute and monetize our products and services were to experience a breach, third parties could gain unauthorized access to personal data about our users and subscribers, which could indirectly harm the reputation of our brands and businesses and in turn, adversely affect our business, financial condition and results of operations. See also “The processing, storage, use and disclosure of personal data could give rise to liabilities and increased costs.”

The processing, storage, use and disclosure of personal data could give rise to liabilities and increased costs.

We receive, transmit and store a large volume of personal information in connection with the provision of our products and services. The manner in which we share, store, use, disclose and protect this information is determined by the respective privacy and data security policies of our various businesses, as well as federal, state and foreign laws and regulations and evolving industry standards and practices, which are changing, and in some cases, inconsistent and conflicting and subject to differing interpretations. In addition, new laws, regulations, standards and practices of this nature are proposed and adopted from time to time.

For example, a comprehensive European Union privacy and data protection reform, the General Data Protection Regulation (the “GDPR”), became effective in May 2018. The GDPR, which applies to companies that are organized in the European Union or otherwise provide services to (or monitor) consumers who reside in the European Union, imposes significant penalties (monetary and otherwise) for non-compliance, as well as provides a private right of action for individual claimants. The GDPR will continue to be interpreted by European Union Data protection regulators, which may require that we make changes to our business practices and could generate additional risks and liabilities. The European Union is also considering an update to its Privacy and Electronic Communications Directive to impose stricter rules regarding the use of cookies.

Also, the exit from the European Union by the United Kingdom could result in the application of new and conflicting data privacy and protection laws and standards to our operations in the United Kingdom and our handling of personal data of users located in the United Kingdom. At the same time, many jurisdictions abroad in which we do business have already or are currently considering adopting privacy and data protection laws and regulations.

Moreover, multiple legislative proposals concerning privacy and the protection of user information are being considered by the U.S. Congress and various state legislatures (including those in Illinois, New York, Virginia and Washington). Other U.S. state legislatures have already enacted privacy legislation, one of the strictest and most comprehensive of which is the California Consumer Privacy Act of 2018, which became effective January 1, 2020 (the “CCPA”). The CCPA provides new data privacy rights for California consumers, including the right to know what personal information is being collected about them and how it is being used, as well as significant rights over the use of their personal information (including the right to have

such information deleted and the right to object to the sale of such information) and new operational requirements for businesses (primarily providing consumers with enhanced privacy-related disclosures). The CCPA restricts the ability of our businesses to use personal California user and subscriber information in connection with our various products, services and operations, which could adversely affect our business, financial condition and results of operations. The CCPA also provides consumers with a private right of action for security breaches, as well as provides for statutory damages of up to \$750 per violation, with the California Attorney General maintaining authority to enforce the CCPA and seek civil penalties for intentional violations of the CCPA of up to \$7,500 per violation. In addition, California Privacy Rights Act (“CPRA”) was passed in November 2020 and will take effect on January 1, 2023, which could further restrict the ability of our businesses to use personal California user and subscriber information in connection with our various products, services and operations and/or impose additional operational requirements on our businesses, which could adversely affect our business, financial condition and results of operations. Lastly, the Federal Trade Commission has also increased its focus on privacy and data security practices, as evidenced by the first-of-its-kind, \$5 billion dollar fine against a social media platform for privacy violations.

While we believe that we comply with applicable privacy and data protection policies, laws and regulations and industry standards and practices in all material respects, we could still be subject to claims of non-compliance that we may not be able to successfully defend and/or significant fines and penalties. Moreover, any non-compliance or perceived non-compliance by us (or any third-party we engage to store or process information) or any compromise of security that results in unauthorized access to (or use or transmission of) personal information could result in a variety of claims against us, including governmental enforcement actions, significant fines, litigation (including consumer class actions), claims of breach of contract and indemnity by third parties and adverse publicity. When such events occur, our reputation could be harmed and the competitive positions of our various brands and businesses could be diminished, which could adversely affect our business, financial condition and results of operations. Additionally, to the extent multiple U.S. state-level (or European Union member-state level) laws are introduced with inconsistent or conflicting standards and there is no federal or European Union regulation to preempt such laws, compliance could be even more difficult to achieve and our potential exposure to the risks discussed above could increase.

Lastly, ongoing compliance with existing (and compliance with future) privacy and data protection laws worldwide could be costly. The devotion of significant costs to compliance (versus the development of products and services) could result in delays in the development of new products and services, us ceasing to provide problematic products and services in existing jurisdictions and us being prevented from introducing products and services in new and existing jurisdictions, which could adversely affect our business, financial condition and results of operations.

Credit card data security breaches or fraud could adversely affect our business, financial condition and results of operations.

We accept payments (including recurring payments) from service professionals and consumers, primarily through credit and debit card transactions. The ability to access payment information on a real-time basis without having to proactively reach out to service professionals and consumers to process payments is critical to our success.

When third parties (including credit card processing companies, as well as any business that offers products and services online or offline) experience a data security breach involving credit card information, affected cardholders will often cancel their credit cards. The more sizable a given affected third-party’s customer base, the greater the number of accounts impacted and the more likely it will be that our service professionals and consumers would be impacted by such a breach. If such a breach were to impact our service professionals and consumers were affected, we would need to contact affected service professionals and consumers to obtain new payment information. It is likely that we would not be able to reach all affected service professionals and consumers, and even if we could, new payment information for some may not be obtained and pending payments may not be processed, which could adversely affect our business, financial condition and results of operations.

Even if our service professionals and consumers are not directly impacted by a given data security breach, they may lose confidence in the ability of providers of online products and services to protect their personal information generally. As a result, they may stop using their credit cards online and choose alternative payment methods that are not as convenient for us or restrict our ability to process payments without significant effort, which could adversely affect our business, financial condition and results of operations.

Our success depends, in part, on the integrity, quality, efficiency and scalability of our systems, technology and infrastructure, and those of third parties.

We rely on our systems, technology and infrastructure to perform well on a consistent basis. From time to time in the past we have experienced (and in the future we may experience) occasional interruptions that make some or all of this framework and related information unavailable or that prevent us from providing products and services; any such interruption could arise for any number of reasons. We also rely on third-party data center service providers and cloud-based, hosted web service providers, as well as third-party computer systems and a variety of communications systems and service providers in

connection with the provision of our products and services generally, as well as to facilitate and process certain payment and other transactions with users. We have no control over any of these third parties or their operations.

The framework described above could be damaged or interrupted at any time due to fire, power loss, telecommunications failure, natural disasters, acts of war or terrorism, acts of God and other similar events or disruptions. Any event of this nature could prevent us from providing our products and services at all (or result in the provision of our products and services on a delayed or intermittent basis) and/or result in the loss of critical data. While we and the third parties upon whom we rely have certain backup systems in place for certain aspects of our respective frameworks, none of our frameworks are fully redundant and disaster recovery planning is not sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate us for losses from a major interruption. When such damages, interruptions or outages occur, our reputation could be harmed and the competitive positions of our various brands and businesses could be diminished, any or all of which could adversely affect our business, financial condition and results of operations.

We also continually work to expand and enhance the efficiency and scalability of our framework to improve the consumer and service professional experience, accommodate substantial increases in the number of visitors to our various platforms, ensure acceptable load times for our various products and services and keep up with changes in technology and user preferences. If we do not do so in a timely and cost-effective manner, the user experience and demand across our brands and businesses could be adversely affected, which could adversely affect our business, financial condition and results of operations.

We may experience risks related to acquisitions.

We have made numerous acquisitions in the past and we continue to seek to identify potential acquisition candidates to expand our business generally in the future. If we do not identify suitable acquisition candidates or complete acquisitions on satisfactory pricing or other terms, our growth could be adversely affected. Even if we complete what we believe to be suitable acquisitions, we may experience related operational and financial risks. As a result, to the extent that we continue to grow through acquisitions, we will need to:

- properly value prospective acquisitions, especially those with limited operating histories;
- successfully integrate the operations, as well as the various functions and systems, of acquired businesses with our existing operations, functions and systems;
- successfully identify and realize potential synergies among acquired and existing business;
- retain or hire senior management and other key personnel at acquired businesses; and
- successfully manage acquisition-related strain on our management, operations and financial resources.

We may not be successful in addressing these challenges or any other problems encountered in connection with historical and future acquisitions. In addition, the anticipated benefits of one or more acquisitions may not be realized. Also, future acquisitions could result in increased operating losses, dilutive issuances of equity securities and/or the assumption of contingent liabilities. Lastly, the value of goodwill and other intangible assets acquired could be impacted by one or more continuing unfavorable events and/or trends, which could result in significant impairment charges. The occurrence of any these events could have an adverse effects on our business, financial condition and results of operations.

We face additional risks in connection with our international operations.

We currently operate businesses under various regional brands in Canada, France, Germany, Austria, the United Kingdom, the Netherlands and Italy and intend to seek to expand our international presence, both through acquisitions and organic growth.

Operating abroad, particularly in jurisdictions where we have limited experience, exposes us to additional risks, including:

- operational and compliance challenges caused by distance, language barriers and cultural differences;
- difficulties in staffing and managing international operations;
- differing levels (or lack) of social and technological acceptance of online services generally, as well as online home services offerings specifically;
- slow or lagging growth in the commercial use and acceptance of the Internet;
- foreign currency fluctuations;
- restrictions on the transfer of funds among countries and back to the United States and related repatriation costs;
- differing and potentially adverse tax laws;
- compliance challenges;
- competitive environments that favor local businesses;

- limitations on the level of intellectual property protection; and
- trade sanctions, political unrest, terrorism, war and epidemics or the threat of any of these events.

The occurrence of any or all of the events described above could adversely affect our international operations, and in turn, our business, financial condition and results of operations.

We may fail to adequately protect our intellectual property rights or may be accused of infringing the intellectual property rights of third parties.

We rely heavily upon trademarks, trade dress and related domain names and logos to market our brands and businesses and to build and maintain brand loyalty and recognition, as well as upon trade secrets and patents.

We rely on a combination of laws and contractual restrictions on access to and use of proprietary information with employees, customers, suppliers, affiliates and others to establish and protect our and their various intellectual property rights. For examples, we have generally registered and continue to apply to register and renew, or secure by contract where appropriate, trademarks and service marks as they are developed and used, and reserve, register and renew domain names as we deem appropriate. We also generally seek to apply for patents or for similar statutory protections as and if we deem appropriate, based on then current facts and circumstances, and will continue to do so in the future. No assurances can be given that these efforts will result in adequate trademark and service mark protection, adequate domain name rights and protections, the issuance of a patent or adequate patent protection against competitors and similar technologies. Third parties could also create new products or methods that achieve similar results without infringing upon patents we own.

Despite these measures, challenges to our intellectual property rights could still arise, third parties could copy or otherwise obtain and use the intellectual property without authorization and/or laws regarding the enforceability of existing intellectual property rights could change in an adverse manner. The occurrence of any of these events could result in the erosion of our various brands and limitations on our ability to control marketing online using our various domain names, as well as impede our ability to effectively compete against competitors with similar technologies, any of which could adversely affect our business, financial condition and results of operations.

We depend on our key personnel.

Our future success depends upon our ability to identify, hire, develop, motivate and retain highly skilled, diverse individuals, particularly in the case of senior and executive management. Competition for well-qualified employees across our various businesses is intense and we must attract new (and retain existing) employees to compete effectively. While we have established programs, we may not be able to continue to attract new (and retain existing) key and other employees in the future, especially in the technical fields of engineering and product. In addition, if we do not ensure the effective transfer of knowledge and smooth transitions (particularly in the case of senior and executive management) across our various businesses, our business, financial condition and results of operations, could be adversely affected.

Launch of consumer financing payment operation could be interrupted as a result of conditions outside of our control.

Our ability to launch a new consumer financing option for our consumers could be negatively affected by conditions outside our control. If capital market conditions have a material negative change, there is a risk that our business partner that administers the consumer financing program may not be able to fulfill its obligations under that agreement. In addition, the tightening of credit markets may restrict the ability and willingness of consumers to make book services in our Marketplace.

Failure to obtain and maintain required licenses or to comply with applicable regulations could adversely affect our business, financial condition and results of operations.

We may be required under certain state and local government regulations to obtain and maintain licenses to perform pre-priced booking services in our Marketplace. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. In some jurisdictions, the loss of a license for cause may lead to the loss of licenses in other jurisdictions and could make it more difficult to obtain additional licenses. Although we do not anticipate any material difficulties occurring in the future, the failure to receive or retain a license, or any other required permit, in a particular location, or to continue to qualify for, or renew licenses, could negatively impact our business. We may also spend significant amounts of money and effort to obtain licenses and continued compliance with applicable regulations. If we fail to comply with such licensing and permit regulations, we may be subject to various sanctions and/or penalties and fines or may be required to cease operations in such location until we achieve compliance, which could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Relationship with IAC

IAC controls our company and will have the ability to control the direction of our business.

As of January 31, 2021, IAC owned all of our outstanding Class B common stock, representing approximately 84.3% of our total outstanding shares of capital stock and approximately 98.2% of the total combined voting power of our outstanding capital stock. For so long as IAC owns shares of our capital stock that represent a majority of the combined voting power of our outstanding capital stock, it will be able to control any corporate action that requires a stockholder vote, regardless of the vote of any other stockholder (subject to certain limited exceptions for certain class votes). As a result, IAC has (and we expect will continue to have) the ability to control significant corporate activities, including:

- the election of our board of directors (subject to certain provisions of the investor rights agreement between us and IAC) and, through our board of directors, decision-making with respect to our business direction and policies, including the appointment and removal of our officers;
- acquisitions or dispositions of businesses or assets, mergers or other business combinations;
- issuances of shares of our Class A common stock, Class B common stock and Class C common stock and our capital structure generally;
- corporate opportunities that may be suitable for us and IAC, subject to the corporate opportunity provisions in our amended and restated certificate of incorporation (as described below);
- stock repurchases;
- our financing activities, including the issuance of debt securities and/or the incurrence of other indebtedness generally;
- the payment of one-time or recurring dividends; and
- the number of shares available for issuance under our equity incentive plans.

This voting control will limit the ability of other stockholders to influence corporate matters and, as a result, we may take actions that stockholders other than IAC do not view as beneficial. This voting control may also discourage transactions involving a change of control of our company, including transactions in which holders of shares of our Class A common stock might otherwise receive a premium for their shares.

Even if IAC owns shares of our capital stock representing less than a majority of the total combined voting power of our outstanding capital stock, so long as IAC owns shares representing a significant percentage of our total combined voting power, IAC will have the ability to substantially influence these significant corporate activities.

In addition, pursuant to the investor rights agreement between us and IAC, IAC has the right to maintain its level of ownership in us to the extent we issue additional shares of our capital stock in the future and, pursuant to the employee matters agreement between us and IAC, IAC may receive payment for certain compensation expenses through the receipt of additional shares of our capital stock. For a more complete summary of our various agreements with IAC, see “Note 15-Related Party Transactions with IAC” to the consolidated financial statements included in “Item 8-Consolidated Financial Statements and Supplementary Data.”

Until such time as IAC no longer controls or has the ability to substantially influence us, we will continue to face the risks described in this “Risk Factors” section relating to IAC’s control of us and the potential conflicts of interest between us and IAC.

Our amended and restated certificate of incorporation could prevent us from benefiting from certain corporate opportunities.

Our amended and restated certificate of incorporation has a “corporate opportunity” provision that requires us to renounce any interests or expectancy in corporate opportunities for both us and IAC. This provision also includes a disclaimer that states that we recognize that: (i) any of our directors or officers who are also officers, directors, employees or other affiliates of IAC or its affiliates (except that we and our subsidiaries are not considered affiliates of IAC or its affiliates for purposes of this provision) and (ii) IAC itself, will have no duty to offer or communicate information regarding such corporate opportunities to us. Generally, neither IAC nor any of our officers or directors who are also officers or directors of IAC or its affiliates will be liable to us or any of our stockholders for breach of any fiduciary duty by reason of the fact that any such person pursues or acquires any corporate opportunity for the account of IAC or any of its affiliates, directs or transfers such corporate opportunity to IAC or any of its affiliates or does not communicate information regarding such corporate opportunity to us. This corporate opportunity provision may exacerbate conflicts of interest between us and IAC because the provision effectively permits any of our directors or officers who also serves as a director or officer of IAC to choose to direct a corporate opportunity to IAC instead of us.

IAC’s interests may conflict with our interests and the interests of our other stockholders. Conflicts of interest between us and IAC could be resolved in a manner unfavorable to us and our other stockholders.

Various conflicts of interest between us and IAC could arise. As of the date of this report, five of our eleven directors are current directors or executive officers of IAC. Ownership interests of these individuals and IAC in our capital stock and ownership interests of our directors and officers in IAC capital stock, or service by an individual as either a director and/or officer of both companies, could create or appear to create potential conflicts of interest when such individuals are faced with decisions relating to us. These decisions could include:

- corporate opportunities;
- the impact that operating or capital decisions (including the incurrence of indebtedness) relating to our business may have on IAC’s consolidated financial statements and/or current or future indebtedness (including related covenants);
- business combinations involving us;
- our dividend and stock repurchase policies;
- management stock ownership; and
- the intercompany agreements and services between us and IAC.

Potential conflicts of interest could also arise if we decide to enter into new commercial arrangements with IAC in the future or in connection with IAC’s desire to enter into new commercial arrangements with third parties. Additionally, IAC may be constrained by the terms of agreements relating to its indebtedness from taking actions, or permitting us to take actions, that may be in our best interest.

Furthermore, disputes may arise between us and IAC relating to our past and ongoing relationships, and these potential conflicts of interest may make it more difficult for us to favorably resolve such disputes, including those related to:

- tax, employee benefit, indemnification and other matters arising from the Combination;
- the nature, quality and pricing of services IAC agrees to provide to us;
- sales or other disposals by IAC of all or a portion of its ownership interest in us; and
- business combinations involving us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated third-party. While we are controlled by IAC, we may not have the leverage to negotiate amendments to our various agreements with IAC (if required) on terms as favorable to us as those we would negotiate with an unaffiliated third-party.

We rely on exemptions from certain NASDAQ corporate governance requirements that provide protection to stockholders of other companies.

Because IAC owns more than 50% of the combined voting power of our outstanding capital stock, we are a “controlled company” under the Marketplace Rules of The Nasdaq Stock Market, LLC (the “Marketplace Rules”). As a “controlled company,” we are exempt from compliance with certain Marketplace Rules related to corporate governance, including the following requirements:

- that a majority of our board of directors consists of “independent directors” (as defined in the Marketplace Rules); and
- that we have a nominating/governance committee composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

Accordingly, for so long as we are a “controlled company” and avail ourselves of these exemptions, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Marketplace Rules.

IAC’s desire to maintain flexibility with respect to its ability to distribute the shares of our capital stock it holds on a tax-free basis to its stockholders, and its desire to preserve the ability to maintain tax consolidation for U.S. federal income tax purposes, may prevent us from pursuing opportunities to raise capital, acquire other businesses or provide equity incentives to our employees, or otherwise impact our ability to manage our capital structure.

Under current laws, IAC must retain beneficial ownership of at least 80% of our combined voting power and 80% of each class of our non-voting capital stock (if any is outstanding) in order to effect a tax-free distribution of our shares held by IAC to its stockholders. IAC has advised us that it does not have any present intention or plans to undertake such a tax-free distribution. However, IAC does currently intend to use its majority voting interest to retain its ability to engage in such a

transaction. In addition, IAC must maintain ownership of at least 80% of our outstanding capital stock in order to maintain tax consolidation with us for U.S. federal income tax purposes. IAC has advised us that it currently intends to take such actions, or cause the Company to take such actions, as may be necessary in order to preserve tax consolidation. Each of these intentions may cause IAC not to support transactions that we wish to pursue that involve issuing shares of our capital stock, including for capital-raising purposes, as consideration for an acquisition or as equity incentives to our employees, or otherwise impact our overall capital management strategy. Our inability to pursue such transactions, or any reduced flexibility in the management of our capital structure, may adversely affect our business, financial condition and results of operations.

Our agreements with IAC will require us to indemnify IAC for certain tax liabilities and may limit our ability to engage in desirable strategic or capital-raising transactions.

Pursuant to our tax sharing agreement with IAC, we generally will be responsible and will be required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or its subsidiaries that includes us or any of our subsidiaries to the extent attributable to us or any of our subsidiaries (excluding certain taxes attributable to Angie's List and its subsidiaries for taxable periods (or portions thereof) ending on or before the completion of the Combination), as determined under the tax sharing agreement, and (ii) all taxes imposed with respect to any consolidated, combined, unitary or separate tax returns of ours or any of our subsidiaries. To the extent IAC fails to pay taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or one of its subsidiaries that includes us or any of our subsidiaries, the relevant taxing authority could seek to collect such taxes (including taxes for which IAC is responsible under the tax sharing agreement) from us or our subsidiaries.

IAC does not have a present plan or intention to undertake a tax-free spin-off of its interest in us. Under the tax sharing agreement, we generally will be responsible for any taxes and related amounts imposed on IAC or us (or our respective subsidiaries) that arise from the failure of a future spin-off of IAC's retained interest in us to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 368(a)(1)(D) and/or Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent that the failure to so qualify is attributable to: (i) a breach of the relevant representations and covenants made by us in the tax sharing agreement (or any representation letter provided in support of any tax opinion or ruling obtained by IAC with respect to the U.S. federal income tax treatment of such spin-off), (ii) an acquisition of our equity securities or assets or (iii) any other action or inaction by us after any such spin-off.

To preserve the tax-free treatment of any potential future spin-off by IAC of its interest in us, the tax sharing agreement restricts us and our subsidiaries, for the two-year period following any such spin-off (except in specific circumstances), from: (i) entering into any transaction pursuant to which shares of our capital stock would be acquired above a certain threshold, (ii) merging, consolidating or liquidating, (iii) selling or transferring assets above certain thresholds, (iv) redeeming or repurchasing stock (with certain exceptions), (v) altering the voting rights of our capital stock, (vi) actions and inactions that are inconsistent with representations or covenants in any tax opinion or private letter ruling document or (vii) ceasing to engage in any active trade or business as defined in the Code. The indemnity obligations and other limitations under the tax sharing agreement could have an adverse effect on our business, financial condition and results of operations.

Future sales or distributions of shares of our capital stock by IAC could depress the price of our Class A common stock.

IAC has the right to sell or distribute to its stockholders all or a portion of the shares of our capital stock that it holds. Although as of the date of this report IAC has advised us that it does not have any present intention or plans to undertake such a sale or distribution, sales by IAC in the public market or distributions to its stockholders of substantial amounts of our capital stock (shares of Class B common stock or Class A common stock) could depress the price of our Class A common stock. In addition, IAC has the right, subject to certain conditions, to require us to file registration statements covering the sale of the shares of our capital stock it holds or to include such shares in other registration statements that we may file. If IAC exercises these registration rights and sells all or a portion of the shares of our capital stock it holds, the price of our Class A common stock could decline.

The services that IAC provides to us may not be sufficient to meet our needs.

We expect IAC to continue to provide us with corporate and shared services related to corporate functions, such as executive oversight, risk management, information technology, accounting, audit, legal, investor relations, tax, treasury and other services in exchange for the fees specified in the services agreement between us and IAC. Since the services agreement automatically renews for one (1) year periods for as long as IAC holds a majority of the outstanding shares of our common stock, we may not be able to modify these services in a manner desirable to us as a standalone public company. Although we intend to replace portions of the services currently provided by IAC, we may not be able to perform these services ourselves and/or find appropriate third parties to do so at a reasonable cost (or at costs at or below those charged by IAC), which could adversely affect our business, financial condition and results of operations.

Risks Related to Our Indebtedness

Our current and future indebtedness could affect our ability to operate our business, which could have a material adverse effect on our financial condition and results of operations.

As of December 31, 2020, we had total debt outstanding of approximately \$500.0 million related our senior notes, \$220.0 million under our term loan agreement, and borrowing availability of \$250.0 million under our revolving credit facility. The indebtedness outstanding under our term loan agreement is (and indebtedness under our revolving credit facility will be) guaranteed by our wholly owned material domestic subsidiaries and secured by substantially all of our assets and those of our guarantors, subject to certain exceptions. Our term loan agreement and revolving credit facility contain several covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- create liens on certain assets;
- incur additional indebtedness;
- make certain investments and acquisitions;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- sell certain assets;
- pay dividends on (or make distributions in respect of) our capital stock or make restricted payments or stock repurchases;
- enter into certain transactions with our affiliates; and
- place restrictions on distributions from subsidiaries.

Any of these restrictions could limit our ability to plan for or react to market conditions and could otherwise restrict how we operate our business. Any failure to comply with these covenants could result in a default under the term loan agreement, which if not waived, could cause our lenders to foreclose on the assets we pledged to secure our term loan indebtedness and force us into bankruptcy or liquidation. In addition, a default under our term loan agreement could trigger a cross default under other current or future agreements (including our revolving credit facility).

In addition to the restrictions that limit our flexibility in operating our business, the terms of our indebtedness could:

- limit our ability to obtain additional financing to fund working capital needs, acquisitions, capital expenditures, other debt service requirements or for other purposes;
- limit our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service our indebtedness;
- limit our ability to compete with other companies who are not as highly leveraged;
- restrict us from making strategic acquisitions, developing properties or exploiting business opportunities; and
- limit our ability to react to changing general economic conditions and market conditions in our industry.

Subject to certain restrictions, we and our subsidiaries may incur additional unsecured and secured indebtedness. If additional indebtedness incurred in compliance with these restrictions is significant, the risks described above could increase.

We may not be able to generate sufficient cash to service all of our indebtedness.

Our ability to satisfy our debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and
- our future ability to borrow under our revolving credit facility, the availability of which will depend on, among other things, our ability to comply with the covenants governing our indebtedness.

We may not be able to generate sufficient cash flow from our operations and/or borrow under our revolving credit facility in amounts sufficient to meet our scheduled debt obligations. If so, we could be forced to reduce or delay capital expenditures, sell assets or seek additional capital in a manner that complies with the terms (including certain restrictions and limitations) of our current indebtedness. If these efforts do not generate sufficient funds to meet our scheduled debt obligations, we would need to seek additional financing and/or negotiate with our lenders to restructure or refinance our indebtedness. Our ability to do so would depend on the condition of the capital markets and our financial condition at such time. Any such financing, restructuring or refinancing could be on less favorable terms than those governing our current indebtedness and would need to comply with the terms (including certain restrictions and limitations) of our existing indebtedness.

Our variable rate indebtedness subjects us to interest rate risk.

As of December 31, 2020, we have \$220.0 million of indebtedness outstanding under our term loan, which bears interest at variable rates. Indebtedness under our term loan is (and any indebtedness under our revolving credit facility will be) at variable interest rates, which exposes us to interest rate risk. For details regarding interest rates applicable to the indebtedness outstanding under our term loan as of December 31, 2020, see “Item 7A-Quantitative and Qualitative Disclosures About Market Risk.”

Risks Related to Ownership of Our Class A Common Stock

The multiclass structure of our capital stock has the effect of concentrating voting control with IAC and limiting the ability of holders of our Class A common stock to influence corporate matters.

Each share of our Class B common stock has ten votes per share and each share of our Class A common stock has one vote per share. As of January 31, 2021, IAC owned all of the shares of our outstanding Class B common stock, representing economic and voting interests in us of approximately 84.4% and 98.2%, respectively. Due to the ten-to-one voting ratio between our Class B common stock and Class A common stock, IAC (and any future holders of our Class B common stock, collectively) will continue to control a substantial majority of the combined voting power of our capital stock. This concentrated control will significantly limit the ability of holders of our Class A common stock to influence matters submitted to our stockholders for approval.

The difference in the voting rights of our Class B common stock and Class A common stock may harm the value and liquidity of our Class A common stock.

This difference in voting rights between our Class B common stock and Class A common stock could harm the value of our Class A common stock to the extent that any investor or potential future purchaser of our Class A common stock ascribes value to the right of the holders of our Class B common stock to ten votes per share. The existence of two classes of common stock with different voting rights could result in less liquidity for our Class A common stock than if there were only one class of common stock, which could adversely affect the price of our Class A common stock.

We do not expect to pay any cash dividends in the foreseeable future.

We have never declared or paid cash dividends and we currently have no plans to pay cash dividends on our Class A common stock and/or Class B common stock. Instead, we currently anticipate that all of our future earnings will be retained to support our operations and finance the growth and development of our business. Any future determination relating to our dividend policy will be made by our board of directors and will depend on a number of factors, including:

- our historic and projected financial condition, liquidity and results of operations;
- our capital levels and needs;
- tax considerations;
- any acquisitions that we may consider;
- statutory and regulatory prohibitions and other limitations;
- the terms of any credit agreement or other borrowing arrangements that restrict our ability to pay cash dividends, including our term loan agreement and revolving credit facility;
- general economic conditions; and
- other factors deemed relevant by our board of directors.

We are not obligated to pay dividends on our Class A common stock or Class B common stock. Consequently, investors may need to rely on sales on their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

The Delaware General Corporation Law and certain provisions in our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a change of control of our company and/or changes in our management.

The Delaware General Corporation Law (the “DGCL”) and our amended and restated certificate of incorporation and bylaws contain provisions that could discourage, delay or prevent a change in control of our Company and/or changes in our management that our stockholders may deem advantageous, including provisions that: (i) authorize the issuance of “blank check” preferred stock, which our board of directors could issue to discourage a takeover attempt; (ii) limit the ability of our stockholders to call special meetings of stockholders; and (iii) provide that our board of directors is expressly authorized to make, alter or repeal our bylaws.

Any provision of the DGCL or our amended and restated certificate of incorporation and bylaws that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a related premium for their Class A common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

The choice of forum provision in our amended and restated bylaws could limit the ability of our stockholders to obtain the judicial forum of their choice for certain disputes.

Our amended and restated bylaws provide that unless we consent in writing to the selection of an alternative forum, a state court within the State of Delaware (or, if no state court located within Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for all of the following actions: (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim for (or based on breach of) fiduciary duty owed by any of our current or former directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim against us or any of our current or former directors, officers or other employees pursuant to the DGCL, our certificate of incorporation or our bylaws, (iv) any action asserting a claim relating to or involving us that is governed by the internal affairs doctrine or (v) any action asserting an “internal corporate claim” (as defined under the DGCL). This choice of forum provision may limit the ability of our stockholders to bring claims in a judicial forum that they find favorable for disputes with us or our current or former directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find our choice of forum provision to be inapplicable or unenforceable in an action, we could incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

Our Class A common stock is currently ineligible for inclusion in certain stock market indices which may adversely affect the trading market for our Class A common stock.

Policies adopted by certain operators of U.S. stock market indices exclude equity securities of companies with multiple classes of outstanding publicly traded equity securities and/or companies with outstanding classes of publicly traded equity securities that have no voting rights (or “low” voting rights relative to another outstanding class of equity securities) from their stock indices and similar policies may be implemented by other operators of stock market indices in the future. Given the multiclass structure of our capital stock and IAC’s control over us, our Class A common stock is not currently eligible for inclusion in the S&P Composite 1500 (and its three component indices) and any indices managed by FTSE Russell and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in our stock. Exclusion from these stock market indices (and any others in the future) could make our Class A common stock less attractive which could adversely affect the market price of our Class A common stock.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We believe that the facilities for our management and operations are generally adequate for our current and near-term future needs. Our facilities, most of which are leased in the United States and abroad, consist of executive and administrative offices, sales offices and data centers. We do not anticipate any future problems renewing or obtaining suitable leases for us or any of our businesses. We currently lease approximately 152,000 square feet of office for our corporate headquarters, HomeAdvisor business and administrative and sales force personnel in Denver, Colorado.

Item 3. Legal Proceedings

Overview

In the ordinary course of business, the Company and its subsidiaries are (or may become) parties to claims, suits, regulatory and government investigations, and other proceedings involving property, personal injury, intellectual property, privacy, tax, labor and employment, competition, commercial disputes, consumer protection and other claims, as well as stockholder derivative actions, class action lawsuits and other matters. Such claims, suits, regulatory and government investigations, and other proceedings could result in fines, civil or criminal penalties, or other adverse consequences. The amounts that may be recovered in such matters may be subject to insurance coverage. Although the results of legal proceedings and claims cannot be predicted with certainty, neither the Company nor any of its subsidiaries is currently a party to any legal proceedings the outcome of which, we believe, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition or results of operations. However, the outcome of such matters is inherently unpredictable and subject to significant uncertainties.

The litigation matter described below involves issues or claims that may be of particular interest to our stockholders, regardless of whether this matter may be material to our financial position or operations based upon the standard set forth in the rules of the Securities and Exchange Commission.

Service Professional Class Action Litigation against HomeAdvisor

In July 2016, a putative class action, *Airquip, Inc. et al. v. HomeAdvisor, Inc. et al.*, No. 1:16-cv-1849, was filed in the U.S. District Court for the District of Colorado. The complaint, as amended in November 2016, alleges that our HomeAdvisor business engages in certain deceptive practices affecting the service professionals who join its network, including charging them for substandard customer leads and failing to disclose certain charges. The complaint seeks certification of a nationwide class consisting of all HomeAdvisor service professionals since October 2012, asserts claims for fraud, breach of implied contract, unjust enrichment and violation of the federal RICO statute and the Colorado Consumer Protection Act (“CCPA”), and seeks injunctive relief and damages in an unspecified amount. In December 2016, HomeAdvisor filed a motion to dismiss the RICO and CCPA claims. In September 2017, the court issued an order granting the motion and dismissing those claims. In October 2017, HomeAdvisor filed an answer denying the material allegations of the remaining claims in the complaint. In May 2018, the plaintiffs filed a motion for leave to file a second amended complaint that would add nine new named plaintiffs, five new defendants (including ANGI Homeservices), and 55 new claims, most of them for various alleged violations of the laws of nine separate states. In June 2018, HomeAdvisor opposed the motion on grounds including that it was filed more than one year after the court’s deadline to amend pleadings.

In July 2018, the plaintiffs’ counsel filed a separate putative class action in the U.S. District Court for the District of Colorado, *Costello et al. v. HomeAdvisor, Inc. et al.*, No. 1:18-cv-1802, on behalf of the same nine proposed new plaintiffs in the *Airquip* case, naming as defendants HomeAdvisor, ANGI Homeservices and IAC (as well as an unrelated company), and asserting 45 claims largely duplicative of those asserted in the proposed second amended complaint in the *Airquip* case. In November 2018, the judge presiding over the *Airquip* case issued an order consolidating the two cases to proceed before him under the caption *In re HomeAdvisor, Inc. Litigation*.

In January 2019, the plaintiffs renewed their motion for leave to file a consolidated second amended complaint, naming as defendants, in addition to HomeAdvisor, ANGI Homeservices and IAC, CraftJack, Inc. (a wholly-owned subsidiary of the Company and thus, an entity affiliated with HomeAdvisor) and two unrelated entities. In February 2019, the defendants opposed the motion on various grounds. In September 2019, the court issued an order granting the plaintiffs’ motion. In October and December 2019, the four defendants affiliated with HomeAdvisor filed motions to dismiss certain claims in the amended complaint. On September 29, 2020, the court issued an order granting in part and denying in part the defendants’ motions to dismiss. Discovery in the case is well underway and the issue of class certification remains to be litigated.

The Company believes that the allegations in this lawsuit are without merit and will continue to defend vigorously against them.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for Registrant’s Common Equity and Related Stockholder Matters

Our Class A common stock is quoted on The Nasdaq Global Select Market (“NASDAQ”) under the ticker symbol “ANGI.” There is no established public trading market for our Class B common stock.

As of January 29, 2021, there were 30 holders of record of our Class A common stock. Because the substantial majority of the outstanding shares of our Class A common stock are held by brokers and other institutions on behalf of shareholders, we are not able to estimate the total number of beneficial shareholders represented by these record holders. As of January 29, 2021, there was one holder of record and beneficial shareholder of our Class B common stock.

Dividends

We do not currently expect that any cash or other dividends will be paid to holders of our Class A or Class B common stock in the near future. Any future cash dividend or other dividend declarations are subject to the determination of the Company’s Board of Directors.

Unregistered Sales of Equity Securities

There were no unregistered sales of our capital stock during the quarter ended December 31, 2020.

Issuer Purchases of Equity Securities

The following table sets forth purchases by the Company of its Class A common stock during the quarter ended December 31, 2020:

| <u>Period</u> | (a) Total Number of Shares Purchased | (b) Average Price Paid Per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾ | (d) Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs ⁽²⁾ |
|---------------|---|--|---|---|
| October 2020 | — | \$ — | — | 20,053,530 |
| November 2020 | — | \$ — | — | 20,053,530 |
| December 2020 | 781,969 | \$ 11.86 | 781,969 | 19,271,561 |
| Total | <u>781,969</u> | <u>\$ 11.86</u> | <u>781,969</u> | <u>19,271,561</u> |

(1) Reflects repurchases made pursuant to the share repurchase authorizations previously announced in March 2020 and February 2019.

(2) Represents the total number of shares of Class A common stock that remained available for repurchase as of December 31, 2020 pursuant to the March 2020 and February 2019 share repurchase authorizations. The Company may repurchase shares pursuant to this share repurchase authorization over an indefinite period of time in the open market and in privately negotiated transactions, depending on those factors Company management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

From January 1, 2021 through February 4, 2021, the Company repurchased an additional approximately 0.4 million shares at an average price of \$11.85 per share. As of February 4, 2021, there were approximately 18.9 million shares remaining in the March 2020 and February 2019 share repurchase authorizations.

Item 6. Selected Financial Data

Not required.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT OVERVIEW

ANGI Homeservices Inc. (“ANGI Homeservices,” the “Company,” “ANGI,” “we,” “our,” or “us”) connects quality home service professionals across 500 different categories, from repairing and remodeling to cleaning and landscaping, with consumers. Over 240,000 domestic service professionals actively sought consumer matches, completed jobs or advertised work through ANGI Homeservices’ platforms and consumers turned to at least one of our brands to find a professional for approximately 32 million projects during the year ended December 31, 2020. We have established category-transforming products with brands such as HomeAdvisor, Angie’s List, and Handy.

The HomeAdvisor digital marketplace service connects consumers with service professionals nationwide for home repair, maintenance and improvement projects. HomeAdvisor provides consumers with tools and resources to help them find local, pre-screened and customer-rated service professionals, as well as instantly book appointments with those professionals online or connect with them by telephone. On October 19, 2018, the Company acquired Handy Technologies, Inc. (“Handy”), a leading platform for connecting individuals looking for household services (primarily cleaning and handyman services) with top-quality, pre-screened independent service professionals. We refer to the HomeAdvisor and Handy businesses in the United States as the (“Marketplace”). The Company also owns and operates Angie’s List, Inc. (“Angie’s List”), which connects consumers with service professionals for local services through a nationwide online directory of service professionals in over 700 service categories and provides consumers with valuable tools, services and content, including verified reviews, to help them research, shop and hire for local services. We also own and operate Fixd Repair, mHelpDesk, and CraftJack.

The Company has two operating segments: (i) North America (United States and Canada), which includes HomeAdvisor, Angie’s List, Handy, Fixd Repair, mHelpDesk, HomeStars, and CraftJack and (ii) Europe, which includes Travaux, MyHammer, MyBuilder, Werkspot and Instapro.

In the U.S., the Company markets its services to consumers through search engine marketing, television advertising and affiliate agreements with third parties. The Company also markets its services to consumers through email, digital display advertisements, partnerships with other contextually related websites and, to a lesser extent, through relationships with certain retailers, direct mail and radio advertising. The Company markets subscription packages and time-based advertising to service professionals primarily through its sales force, as well as through search engine marketing, digital media advertising and direct relationships with trade associations and manufacturers. We have made, and expect to continue to make, substantial investments in digital and traditional advertising (with continued expansion into new and existing digital platforms) to consumers and service professionals to promote our products and services and to drive traffic to our various platforms and service professionals.

Defined Terms and Operating Metrics:

Unless otherwise indicated or as the context otherwise requires certain terms used in this annual report, which include the principal operating metrics we use in managing our business, as defined below:

- **Marketplace Revenue** primarily includes revenue from the HomeAdvisor and Handy domestic marketplaces, including consumer connection revenue for consumer matches, revenue from pre-priced jobs sourced through the HomeAdvisor and Handy platforms and service professional membership subscription revenue. It excludes revenue from Angie’s List and HomeStars. Effective January 1, 2020, Fixd Repair has been moved to Marketplace from Advertising and Other and prior year amounts have been reclassified to conform to the current year presentation.
- **Advertising and Other Revenue** 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.
- **Marketplace Service Requests** are fully completed and submitted domestic customer service requests to HomeAdvisor and includes pre-priced jobs sourced through the HomeAdvisor and Handy platforms.
- **Marketplace Monetized Transactions** are fully completed and submitted domestic customer service requests to HomeAdvisor that were matched to and paid for by a service professional and includes pre-priced jobs sourced through the HomeAdvisor and Handy platforms in the period.
- **Marketplace Transacting Service Professionals (“Marketplace Transacting SPs”)** are the number of HomeAdvisor and Handy domestic service professionals that paid for consumer matches or performed a job sourced through the HomeAdvisor and Handy platforms during the most recent quarter.
- **Advertising Service Professionals (“Advertising SPs”)** are the total number of Angie’s List service professionals under contract for advertising at the end of the period.
- **Senior Notes** - On August 20, 2020, ANGI Group, LLC (“ANGI Group”), a direct wholly-owned subsidiary of the Company, issued \$500.0 million of its 3.875% Senior Notes due August 15, 2028, with interest payable February 15 and August 15 of each year, commencing February 15, 2021.
- **ANGI Group Term Loan** - due November 5, 2023. Pursuant to the joinder agreement entered into on August 12, 2020, ANGI Group became the successor borrower under the ANGI Group Term Loan and ANGI Homeservices Inc.’s obligations thereunder were terminated. The outstanding balance of the ANGI Group Term Loan as of December 31, 2020 is \$220.0 million and quarterly principal payments are required through maturity. In December 2020, ANGI Group prepaid its required quarterly principal payments for the year ending December 31, 2021 in the aggregate amount of \$13.8 million. At December 31, 2020 and 2019, the ANGI Group Term Loan bore interest at LIBOR plus 2.00% and 1.50%, respectively. The interest rate was 2.16% and 3.25% at December 31, 2020 and 2019, respectively.
- **ANGI Group Revolving Facility** - The ANGI Group \$250.0 million revolving credit facility expires on November 5, 2023. Pursuant to the joinder agreement entered into on August 12, 2020, ANGI Group became the successor borrower under the ANGI Group Revolving Facility and ANGI Homeservices Inc.’s obligations thereunder were

terminated. At December 31, 2020 and 2019, there were no outstanding borrowings under the ANGI Group Revolving Facility. The ANGI Group Revolving Facility and ANGI Group Term Loan are collectively referred to as the ANGI Group Credit Agreement.

Components of Results of Operations

Sources of Revenue

Marketplace Revenue is primarily derived from (i) consumer connection revenue, which comprises fees paid by HomeAdvisor service professionals for consumer matches (regardless of whether the service professional ultimately provides the requested service) and revenue from completed jobs sourced through the HomeAdvisor and Handy platforms, and (ii) HomeAdvisor service professional membership subscription fees. Consumer connection revenue varies based upon several factors, including the service requested, product experience offered and geographic location of service. Advertising and Other Revenue is primarily derived from (i) sales of time-based website, mobile and call center advertising to service professionals and (ii) membership subscription fees from consumers.

Prior to January 1, 2020, Handy recorded revenue on a net basis. Effective January 1, 2020, we modified the Handy terms and conditions so that Handy, rather than the service professional, has the contractual relationship with the consumer to deliver the service and Handy, rather than the consumer, has the contractual relationship with the service professional. Consumers request services and pay for such services directly through the Handy platform and then Handy fulfills the request with independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. This change in contractual terms requires gross revenue accounting treatment effective January 1, 2020. Also, in the case of certain tasks, HomeAdvisor provides a pre-priced product offering, pursuant to which consumers can request services through a HomeAdvisor platform and pay HomeAdvisor for the services directly. HomeAdvisor then fulfills the request with independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. Revenue from HomeAdvisor’s pre-priced product offering is also recorded on a gross basis effective January 1, 2020. The change to gross revenue reporting for Handy and HomeAdvisor’s pre-priced product offering, effective January 1, 2020, resulted in an increase in revenue of \$73.8 million during the year ended December 31, 2020.

Operating Costs and Expenses:

- **Cost of revenue** - consists primarily of payments made to independent service professionals who perform work contracted under pre-priced arrangements through the HomeAdvisor and Handy platforms, credit card processing fees, compensation expense and other employee-related costs for service work performed, and hosting fees.
- **Selling and marketing expense** - consists primarily of advertising expenditures, which include online marketing, including fees paid to search engines, offline marketing, which is primarily television advertising, and partner-related payments to those who direct traffic to our brands, compensation expense (including stock-based compensation expense) and other employee-related costs for our sales force and marketing personnel, and facilities costs.
- **General and administrative expense** - consists primarily of compensation expense (including stock-based compensation expense) and other employee-related costs for personnel engaged in executive management, finance, legal, tax, human resources and customer service functions, fees for professional services (including transaction-related costs related to acquisitions), provision for credit losses, software license and maintenance costs and facilities costs. Our customer service function includes personnel who provide support to our service professionals and consumers.
- **Product development expense** - consists primarily of compensation expense (including stock-based compensation expense) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology, software license and maintenance costs and facilities costs.

Non-GAAP Financial Measure

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”) is a non-GAAP financial measure. See “[Principles of Financial Reporting](#)” for the definition of Adjusted EBITDA and a reconciliation of net earnings attributable to ANGI Homeservices Inc. shareholders to operating (loss) income to consolidated Adjusted EBITDA for the years ended December 31, 2020 and 2019.

The following discussion should be read in conjunction with [Item 8. Consolidated Financial Statements and Supplementary Data](#). For a discussion regarding our financial condition and results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 27, 2020.

COVID-19 Update

The impact on the Company from the COVID-19 outbreak, which has been declared a “pandemic” by the World Health Organization, has been varied. The extent to which developments related to the COVID-19 outbreak and measures designed to curb its spread continue to impact the Company’s business, financial condition and results of operations will depend on future developments, all of which are highly uncertain and many of which are beyond the Company’s control, including the speed of contagion, the development and implementation of effective preventative measures and possible treatments, the scope of governmental and other restrictions on travel, discretionary services (including those provided by certain of our service professionals) and other activity, and public reactions to these developments. For example, these developments and measures have resulted in rapid and adverse changes to the operating environment in which we do business, as well as significant uncertainty concerning the near and long term economic ramifications of the COVID-19 outbreak, which have adversely impacted our ability to forecast our results and respond in a timely and effective manner to trends related to the COVID-19 outbreak. The longer the global outbreak and measures designed to curb the spread of the virus continue to adversely affect levels of consumer confidence, discretionary spending and the willingness of consumers to interact with other consumers, vendors and service providers face-to-face (and in turn, adversely affect demand for the Company’s various products and services), the greater the adverse impact is likely to be on the Company’s business, financial condition and results of operations and the more limited will be the Company’s ability to try and make up for delayed or lost revenues.

When COVID-19 first impacted North America and Europe in the spring of 2020, the Company experienced a decline in demand for service requests, driven primarily by decreases in demand in certain categories of jobs (particularly discretionary indoor projects). Toward the end of the spring of 2020, the Company experienced a rebound in service requests, exceeding pre-COVID-19 growth levels, driven by increased demand from homeowners who spent more time at home due to measures taken to reduce the spread of COVID-19. The Company continued to experience strong demand for home services in the second half of 2020. However, many service professionals’ businesses have been adversely impacted by labor and material constraints and many service professionals have limited capacity to take on new business, which has negatively impacted the Company’s ability to monetize this increased level of service requests.

In addition, North America, which represents 95% of the Company’s revenue for the year ended December 31, 2020, experienced a significant resurgence of the COVID-19 virus with record levels of infections being reported during the fourth quarter of 2020 and continuing into the first quarter of 2021. Europe, which is the second largest market for the Company’s products and services, has also seen a dramatic resurgence in COVID-19. This resurgence and the measures designed to curb its spread could materially and adversely affect our business, financial condition and results of operations.

Results of Operations for the Years Ended December 31, 2020 and 2019

Revenue

| | Years Ended December 31, | | | |
|--|--------------------------|------------|----------|--------------|
| | 2020 | \$ Change | % Change | 2019 |
| (Amounts in thousands) | | | | |
| Revenue: | | | | |
| Marketplace: | | | | |
| Consumer connection revenue | \$ 1,054,660 | \$ 141,127 | 15% | \$ 913,533 |
| Service professional membership subscription revenue | 50,975 | (12,897) | (20)% | 63,872 |
| Other revenue | 25,685 | 10,422 | 68% | 15,263 |
| Total Marketplace Revenue | 1,131,320 | 138,652 | 14% | 992,668 |
| Advertising and Other Revenue | 264,108 | 6,884 | 3% | 257,224 |
| North America | 1,395,428 | 145,536 | 12% | 1,249,892 |
| Europe | 72,497 | (3,816) | (5)% | 76,313 |
| Total Revenue | \$ 1,467,925 | \$ 141,720 | 11% | \$ 1,326,205 |

Percentage of Total Revenue:

| | | |
|---------------|------|------|
| North America | 95% | 94% |
| Europe | 5% | 6% |
| Total Revenue | 100% | 100% |

| | Years Ended December 31, | | | |
|------------------------------------|--------------------------|--------|----------|--------|
| | 2020 | Change | % Change | 2019 |
| (Amounts in thousands) | | | | |
| Operating metrics: | | | | |
| Marketplace Service Requests | 32,412 | 5,036 | 18 % | 27,376 |
| Marketplace Monetized Transactions | 16,672 | 604 | 4 % | 16,068 |
| Marketplace Transacting SPs | 208 | 22 | 12 % | 186 |
| Advertising SPs | 39 | 2 | 5 % | 37 |

North America revenue increased \$145.5 million, or 12%, driven by an increase in Marketplace Revenue of \$138.7 million or 14%, in addition to an increase of \$6.9 million, or 3%, in Advertising and Other Revenue. The increase in Marketplace Revenue was primarily due to an increase in consumer connection revenue of \$141.1 million, or 15%, which was driven by an 18% increase in Marketplace Service Requests to 32.4 million resulting in a 4% increase in Marketplace Monetized Transactions up to 16.7 million, and an increase in revenue of \$73.8 million from the change to gross revenue reporting for Handy and HomeAdvisor’s pre-priced product offering, effective January 1, 2020.

Europe revenue decreased \$3.8 million, or 5%, due primarily to lower monetization from transitioning the business in France to a common European technology platform with the businesses in the Netherlands and Italy, which began in early February 2020, partially offset by the favorable impact of the weakening of the U.S. dollar relative to the Euro and British Pound.

Cost of revenue

| | Years Ended December 31, | | | |
|--|--------------------------|------------|----------|-----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Cost of revenue (exclusive of depreciation shown separately below) | \$ 173,281 | \$ 126,788 | NM | \$ 46,493 |
| As a percentage of revenue | 12% | | | 4% |

NM = Not meaningful

North America cost of revenue increased \$126.8 million, due primarily to the change from net to gross revenue reporting for Handy and HomeAdvisor's pre-priced product offering effective January 1, 2020, as well as growth of the pre-priced product offering itself.

Selling and marketing expense

| | Years Ended December 31, | | | |
|-------------------------------|--------------------------|-----------|----------|------------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Selling and marketing expense | \$ 762,590 | \$ 29,367 | 4% | \$ 733,223 |
| As a percentage of revenue | 52% | | | 55% |

North America selling and marketing expense increased \$34.2 million, or 5%, driven by increases of \$23.1 million in compensation expense, \$7.1 million in outsourced personnel and consulting costs, \$6.1 million in advertising expense and \$1.5 million software license and maintenance costs, partially offset by a decrease of \$3.8 million in travel related expenses resulting from the impact of COVID-19. The increase in compensation expense was due primarily to increased commission expense. The increase in outsourced personnel and consulting costs was due primarily to various sales initiatives at Handy. Advertising expense increased due primarily to an increase in online marketing costs as the proportion of service requests from Google paid traffic increased. The Company continues to benefit from the search engine marketing strategy that was implemented in the second half of 2019, which focuses on the lifetime profitability rather than the cost of each service request. This increase in online marketing was partially offset by a decrease in television spend resulting from cost cutting initiatives due to the impact of COVID-19.

Europe selling and marketing expense decreased \$4.8 million, or 11%, driven by decreases in advertising expense of \$2.8 million and compensation expense of \$1.5 million. The decrease in advertising expense is due, in part, to mitigating the negative impact of COVID-19 on revenue. The decrease in compensation expense is due primarily to a reduction in sales force headcount associated with the platform migration in France, partially offset by severance cost associated with headcount reductions in France.

General and administrative expense

| | Years Ended December 31, | | | |
|------------------------------------|--------------------------|-----------|----------|------------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| General and administrative expense | \$ 374,096 | \$ 25,849 | 7% | \$ 348,247 |
| As a percentage of revenue | 25% | | | 26% |

North America general and administrative expense increased \$25.1 million, or 8%, due primarily to increases of \$13.9 million in the provision for credit losses due to higher Marketplace Revenue, the impact from COVID-19 on expected credit losses and anticipated losses from Advertising service professionals, \$13.9 million in compensation expense and \$5.0 million in professional fees, partially offset by decreases of \$3.1 million in travel related expenses resulting from the impact of COVID-19 and \$2.4 million in software license and maintenance costs. The increase in compensation expense is due primarily to an increase of \$17.2 million in stock-based compensation expense, partially offset by a decrease of \$6.0 million in salary expense resulting from reduced headcount. The increase in stock-based compensation expense is due primarily to the issuance of new equity awards since 2019, a modification charge of \$14.1 million related to the departure of the president and chief operating officer of the Company in December 2020, and the reversal of \$7.3 million in cumulative expense in 2019 related to certain performance-based awards that did not vest. The increase in professional fees is due primarily to an increase in legal fees and

outsourced personnel costs. The increase in outsourced personnel costs is due primarily to an increase in call volume related to our customer service function.

Europe general and administrative expense increased \$0.7 million, or 3%, due primarily to an increase of \$1.2 million in compensation expense resulting from severance costs associated with headcount reductions in France and an increase of \$0.1 million in the provision for credit losses due, in part, from the impact of COVID-19 on expected credit losses, partially offset by a \$0.6 million in travel related expenses resulting from the impact of COVID-19.

Product development expense

| | Years Ended December 31, | | | |
|-----------------------------|--------------------------|-----------|----------|-----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Product development expense | \$ 68,803 | \$ 4,603 | 7% | \$ 64,200 |
| As a percentage of revenue | 5% | | | 5% |

North America product development expense increased \$4.0 million, or 7%, due primarily to increases in compensation expense of \$3.0 million and software license and maintenance costs of \$0.9 million.

Europe product development expense increased \$0.6 million, or 6%, due primarily to an increase of \$0.8 million in compensation expense due primarily to increased headcount.

Depreciation

| | Years Ended December 31, | | | |
|----------------------------|--------------------------|-----------|----------|-----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Depreciation | \$ 52,621 | \$ 12,706 | 32% | \$ 39,915 |
| As a percentage of revenue | 4% | | | 3% |

North America depreciation increased \$11.0 million, or 29%, due primarily to continued growth, including the development of capitalized software to support our products and services, partially offset by a decrease in leasehold improvements.

Europe depreciation increased \$1.7 million, or 69%, due primarily to continued growth, including the development of capitalized software to support products and services.

Operating (loss) income

| | Years Ended December 31, | | | |
|----------------------------|--------------------------|-------------|----------|-----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| North America | \$ 4,811 | \$ (44,156) | (90)% | \$ 48,967 |
| Europe | \$ (11,179) | (857) | (8)% | (10,322) |
| Total | \$ (6,368) | \$ (45,013) | NM | \$ 38,645 |
| As a percentage of revenue | —% | | | 3% |

North America operating income decreased \$44.2 million, due to the decrease in Adjusted EBITDA of \$29.3 million, described below, and increases of \$15.3 million in stock-based compensation expense and \$11.0 million in depreciation, partially offset by a decrease of \$11.5 million in amortization of intangibles. The increase in stock-based compensation expense was due primarily to the issuance of new equity awards since 2019 and the factors described above in the general and administrative expense discussion. The increase in depreciation was due primarily to the development of capitalized software to support our products and services, partially offset by a decrease in leasehold improvements. The decrease in amortization of intangibles was due primarily to lower expense as certain intangible assets became fully amortized in 2019 and 2020.

Europe operating loss increased \$0.9 million or 8%, due to an increase in Adjusted EBITDA loss of \$0.2 million, described below, and decreases of \$1.1 million in amortization of intangibles and \$0.1 million in stock-based compensation expense.

At December 31, 2020, there is \$77.2 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.2 years.

Adjusted EBITDA

| | Years Ended December 31, | | | |
|----------------------------|--------------------------|-------------|----------|------------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| North America | \$ 178,854 | \$ (29,338) | (14)% | \$ 208,192 |
| Europe | (6,050) | (155) | (3)% | (5,895) |
| Total | \$ 172,804 | \$ (29,493) | (15)% | \$ 202,297 |
| As a percentage of revenue | 12% | | | 15% |

For a reconciliation of net earnings attributable to ANGI Homeservices Inc. shareholders to operating (loss) income to consolidated Adjusted EBITDA, see “[Principles of Financial Reporting](#).” For a reconciliation of operating (loss) income to Adjusted EBITDA for the Company’s reportable segments, see “[Note 12—Segment Information](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”

North America Adjusted EBITDA decreased \$29.3 million, or 14%, to \$178.9 million, despite higher revenue, due primarily to an increase of \$126.9 million in cost of revenue and \$13.9 million in the provision for credit losses due primarily to the factors described above in the general and administrative expense discussion.

Europe Adjusted EBITDA loss increased \$0.2 million, or 3%, to \$6.1 million due primarily to the decrease of \$3.8 million in revenue and an increase in the provision for credit losses of \$0.1 million, partially offset by decreases in advertising expense of \$2.8 million and travel related expenses resulting from the impact of COVID-19 of \$1.0 million.

Interest expense

Interest expense relates to interest on the Senior Notes and Term Loan and commitment fees on the undrawn Revolving Facility.

For a detailed description of long-term debt, net see “[Note 7—Long-term Debt](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”

| | Years Ended December 31, | | | |
|------------------|--------------------------|-----------|----------|-----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Interest expense | \$ 14,178 | \$ 2,685 | 23% | \$ 11,493 |

Interest expense increased primarily due to the issuance of the Senior Notes in August 2020, partially offset by a decrease in interest expense on the Term Loan due primarily to lower interest rates and the decrease in the average outstanding balance of the Term Loan compared to the prior year period.

Other income, net

| | Years Ended December 31, | | | |
|-------------------|--------------------------|------------|----------|----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Other income, net | \$ 1,218 | \$ (5,276) | (81)% | \$ 6,494 |

Other income, net in 2020 principally includes interest income of \$1.7 million, partially offset by a \$0.2 million mark-to-market charge for an indemnification claim related to the Handy acquisition that was settled in ANGI shares held in escrow.

Other income, net in 2019 principally included interest income of \$8.0 million and net foreign currency exchange gains of \$0.6 million, partially offset by a \$1.8 million mark-to-market charge for an indemnification claim related to the Handy acquisition that was settled in ANGI shares held in escrow in 2020.

Income tax benefit

| | Years Ended December 31, | | | |
|---------------------------|--------------------------|-----------|----------|----------|
| | 2020 | \$ Change | % Change | 2019 |
| | (Dollars in thousands) | | | |
| Income tax benefit | \$ 15,168 | \$ 13,500 | NM | \$ 1,668 |
| Effective income tax rate | NM | | | NM |

For further details of income tax matters, see “[Note 3—Income Taxes](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”

In 2020, the income tax benefit was due primarily to a reduction to deferred taxes due to the true-up of the state tax rate of an indefinite-lived intangible asset, a change in judgement about the valuation allowance at the beginning of the year, and excess tax benefits generated by the exercise and vesting of stock-based awards.

In 2019, the income tax benefit, despite pre-tax income, was due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

PRINCIPLES OF FINANCIAL REPORTING

We report Adjusted EBITDA as a supplemental measure to U.S. generally accepted accounting principles (“GAAP”). This measure is one of 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. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. We endeavor to compensate for the limitations of the non-GAAP measure presented by providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measure, which we discuss below.

Definition of Non-GAAP Measure

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 amortization of intangible assets and impairments of goodwill and intangible assets, if applicable. 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 these expenses.

The following table reconciles net (loss) earnings attributable to ANGI Homeservices Inc. shareholders to operating (loss) income to consolidated Adjusted EBITDA:

| | Years Ended December 31, | |
|--|--------------------------|-------------------|
| | 2020 | 2019 |
| | (In thousands) | |
| Net (loss) earnings attributable to ANGI Homeservices Inc. shareholders | \$ (6,283) | \$ 34,829 |
| Add back: | | |
| Net earnings attributable to noncontrolling interests | 2,123 | 485 |
| Income tax benefit | (15,168) | (1,668) |
| Other income, net | (1,218) | (6,494) |
| Interest expense | 14,178 | 11,493 |
| Operating (loss) income | (6,368) | 38,645 |
| Add back: | | |
| Stock-based compensation expense | 83,649 | 68,255 |
| Depreciation | 52,621 | 39,915 |
| Amortization of intangibles | 42,902 | 55,482 |
| Adjusted EBITDA | \$ 172,804 | \$ 202,297 |

For a reconciliation of operating (loss) income to Adjusted EBITDA for the Company’s reportable segments, see “[Note 12—Segment Information](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”

Non-Cash Expenses That Are Excluded From Our Non-GAAP Measure

Stock-based compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of stock appreciation rights, restricted stock units (“RSUs”), stock options, performance-based RSUs (“PSUs”) and market-based awards. These expenses are not paid in cash and we view the economic costs 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. PSUs and market-based awards are included only to the extent the applicable performance condition(s) have been met (assuming the end of the reporting period is the end of the contingency period). The Company is currently settling all stock-based awards on a net basis and remits the required tax-withholding amounts from its current funds.

Depreciation is a non-cash expense relating to our capitalized software, leasehold improvements 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 service professional relationships, technology, memberships, customer lists and user base, and trade names, 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 impairments of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Position

| | December 31, | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| (In thousands) | | |
| Cash and cash equivalents and marketable debt securities: | | |
| United States | \$ 793,679 | \$ 377,648 |
| All other countries | 19,026 | 12,917 |
| Total cash and cash equivalents | 812,705 | 390,565 |
| Marketable securities (United States) | 49,995 | — |
| Total cash and cash equivalents and marketable debt securities | \$ 862,700 | \$ 390,565 |
| Long-term debt: | | |
| Senior Notes | \$ 500,000 | \$ — |
| Term Loan | \$ 220,000 | \$ 247,500 |
| Total long-term debt | 720,000 | 247,500 |
| Less: current portion of Term Loan | — | 13,750 |
| Less: unamortized debt issuance costs | 7,723 | 1,804 |
| Total long-term debt, net | \$ 712,277 | \$ 231,946 |

The Company's international cash can be repatriated without significant tax consequences.

Cash Flow Information

In summary, the Company's cash flows are as follows:

| | Years Ended December 31, | |
|---------------------------------|--------------------------|------------|
| | 2020 | 2019 |
| (In thousands) | | |
| Net cash provided by (used in): | | |
| Operating activities | \$ 188,419 | \$ 214,161 |
| Investing activities | (103,954) | (40,633) |
| Financing activities | 337,053 | (121,532) |

Net cash provided by operating activities consists of earnings adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation expense, provision for credit losses, amortization of intangibles, deferred income taxes, depreciation, and (gain) loss from the sale of a business.

2020

Adjustments to earnings consist primarily of \$83.6 million of stock-based compensation expense, \$78.2 million of provision for credit losses, \$52.6 million of depreciation, and \$42.9 million of amortization of intangibles. The decrease from changes in working capital consists primarily of an increase in accounts receivable of \$79.8 million, partially offset by an increase in accounts payable and other liabilities of \$17.2 million, and a decrease in other assets of \$6.0 million. The increase in accounts receivable is primarily due to revenue growth in North America. The increase in accounts payable and other liabilities is due primarily to an increase in accrued advertising and related payables, and accrued compensation costs due, in part, to the deferral of payroll tax payments under the Coronavirus Aid, Relief, and Economic Security Act.

Net cash used in investing activities includes purchases of marketable debt securities of \$100.0 million, capital expenditures of \$52.5 million, primarily related to investments in the development of capitalized software to support the Company's products and services, \$2.3 million related to the acquisition of a business, partially offset by \$50.0 million of proceeds from maturities of marketable debt securities, and \$0.7 million of net proceeds received in 2020 related to the December 31, 2018 sale of Felix.

Net cash provided by financing activities includes \$500.0 million of proceeds from the issuance of the ANGI Group Senior Notes and a \$3.1 million distribution from IAC pursuant to the tax sharing agreement, net of \$63.7 million for the repurchase of 8.5 million of ANGI common stock, on a settlement date basis, at an average price of \$7.47 per share, \$64.1 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled, \$27.5 million of principal payments on the Term Loan, including prepayment of the \$13.8 million of principal payments that were otherwise due in 2021, \$6.5 million of debt issuance costs, and \$4.3 million for the purchase of redeemable noncontrolling interests.

2019

Adjustments to earnings consist primarily of \$68.3 million of stock-based compensation expense, \$64.3 million of bad debt expense, \$55.5 million of amortization of intangibles, and \$39.9 million of depreciation. The decrease from changes in working capital consists primarily of an increase in accounts receivable of \$79.0 million and an increase in accounts payable and other liabilities of \$13.6 million, and a decrease in other assets of \$13.4 million. The increase in accounts receivable is primarily due to revenue growth in North America. The increase in accounts payable and other liabilities is primarily due to an increase in accrued advertising and related payables. The decrease in other assets is due, in part, to a receipt of tenant improvement allowances.

Net cash used in investing activities includes capital expenditures of \$68.8 million, primarily related to investments in the development of capitalized software to support the Company's products and services and leasehold improvements, \$20.3 million of cash principally related to the acquisition of Fixd Repair, partially offset by \$25.0 million of proceeds from maturities of marketable debt securities, and \$23.6 million of net proceeds received in 2019 related to the December 31, 2018 sale of Felix.

Net cash used in financing activities includes \$56.9 million for the repurchase of 7.2 million of ANGI common stock, on a settlement date basis, at an average price of \$7.90 per share, \$35.3 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled, \$13.8 million of principal payments on the Term Loan, and an \$11.4 million distribution to IAC pursuant to the tax sharing agreement.

Liquidity and Capital Resources

Financing Transactions During the Year Ended December 31, 2020

On August 20, 2020, ANGI Group issued \$500.0 million of its Senior Notes due August 15, 2028, with interest payable February 15 and August 15 of each year, commencing February 15, 2021. The proceeds from the offering are being used for general corporate purposes, which may include potential future acquisitions and return of capital.

On August 12, 2020, ANGI Group entered into a joinder agreement with the Company, the other subsidiaries of the Company that are party to the credit agreement, and each of the other loan parties to the credit agreement, pursuant to which ANGI Group became the successor borrower under the credit agreement ("ANGI Group Credit Agreement") and ANGI Homeservices Inc.'s obligations thereunder were terminated. The ANGI Group Credit Agreement governs the ANGI Group Term Loan and ANGI Group Revolving Facility. In addition, on August 12, 2020, the definition of "Permitted Unsecured Ratio Debt" in the credit agreement was amended to remove the requirement that guarantees of certain indebtedness of the borrower be subordinated to the guarantees under the ANGI Group Credit Agreement.

The \$250.0 million ANGI Group Revolving Facility expires on November 5, 2023. At December 31, 2020 and 2019, there were no outstanding borrowings under the Revolving Facility. The annual commitment fee on undrawn funds is and is based on ANGI Group's consolidated net leverage ratio most recently reported and was 35 basis points and 25 basis points at December 31, 2020 and 2019, respectively. Borrowings under the Revolving Facility bear interest, at ANGI Group's option, at either a base rate or LIBOR, in each case plus an applicable margin, which is determined based on ANGI Group's consolidated net leverage ratio.

Share Repurchase Authorizations and Activity

On March 9, 2020 and February 6, 2019, the Board of Directors of ANGI Homeservices authorized the Company to repurchase up to 20 million and 15 million shares of its common stock, respectively. During the year ended December 31, 2020, the Company repurchased 8.4 million shares, on a trade date basis, of its common stock at an average price of \$7.45 per share, or \$62.6 million in aggregate. From January 1, 2021 through February 4, 2021, the Company repurchased an additional 0.4 million shares at an average price of \$11.85 per share, or \$4.9 million in aggregate. The Company had 18.9 million shares remaining in its share repurchase authorization as of February 4, 2021. The Company may purchase shares over an indefinite

period of time on the open market and in privately negotiated transaction, depending on those factors ANGI management deems relevant at any particular time, without limitation, market conditions, share price and future outlook.

Outstanding Stock-based Awards

The Company may settle equity awards on a gross or a net basis upon factors deemed relevant at the time. In connection with the Combination, previously issued stock appreciation rights related to the common stock of HomeAdvisor (US) were converted into ANGI stock appreciation rights that are settleable, at the Company's option, on a net basis with ANGI remitting withholding taxes on behalf of the employee or on a gross basis with the Company issuing a sufficient number of Class A shares to cover the withholding taxes. In addition, at IAC's option, these awards can be settled in either Class A shares of ANGI or shares of IAC common stock. If settled in IAC common stock, ANGI reimburses IAC in either cash or through the issuance of Class A shares to IAC. The Company currently settles all equity awards on a net basis.

Pursuant to the employee matters agreement, in the event of a distribution of ANGI capital stock to IAC stockholders in a transaction intended to qualify as tax-free for U.S. federal income tax purposes, the Compensation Committee of the IAC Board of Directors has the exclusive authority to determine the treatment of outstanding IAC equity awards. Such authority includes (but is not limited to) the ability to convert all or part of IAC equity awards outstanding immediately prior to the distribution into equity awards denominated in shares of ANGI Class A Common Stock, which ANGI would be obligated to assume and which would be dilutive to ANGI's stockholders.

The following table summarizes the aggregate intrinsic value of all awards outstanding as of January 29, 2021; assuming these awards were net settled on that date, the withholding taxes that would be paid by the Company on behalf of employees upon exercise or vesting that would be payable (assuming these equity awards are net settled with a 50% tax rate), and the shares that would have been issued are as follows:

| | Aggregate intrinsic value of awards outstanding | Estimated withholding taxes payable | Estimated shares to be issued |
|--|---|---|----------------------------------|
| | (In thousands) | | (Shares in thousands) |
| ANGI | | | |
| ANGI stock appreciation rights | \$ 92,126 | \$ 46,063 | 3,295 |
| Other ANGI equity awards ^{(a)(b)} | 162,112 | 81,056 | 5,798 |
| Total ANGI outstanding employee stock-based awards | <u>\$ 254,238</u> | <u>\$ 127,119</u> | <u>9,093</u> |

(a) The number of shares ultimately needed to settle these awards and the cash withholding tax obligation may vary significantly as a result of the determination of the fair value of the relevant subsidiary. In addition, the number of shares required to settle these awards will be impacted by movement in the stock price of ANGI.

(b) Includes stock options, RSUs and subsidiary denominated equity.

For a detailed description of employee stock-based awards, see "Note 11—Stock-based Compensation" to the financial statements included in "Item 8. Consolidated Financial Statements and Supplementary Data."

Capital and Other Expenditures

The Company's 2021 capital expenditures are expected to be higher than 2020 capital expenditures of \$52.5 million by approximately 40% to 45%, due primarily to the development of capitalized software to support products and services. The Company's liquidity could be negatively affected by a decrease in demand for our products and services due to COVID-19 or other factors. As described in the "COVID-19 Update" section above, to date, the COVID-19 outbreak and measures designed to curb its spread have had an impact on the Company's business. The longer the global outbreak and measures designed to curb the spread of the virus have adverse impacts on economic conditions generally, the greater the adverse impact is likely to be on the Company's business, financial condition and results of operations. The Company believes it has ample access to capital to navigate current and coming economic pressures.

The Company's indebtedness could limit its ability to: (i) obtain additional financing to fund working capital needs, acquisitions, capital expenditures or debt service or other requirements; and (ii) use operating cash flow to make certain acquisitions or investments, in the event a default has occurred or, in certain circumstances, if ANGI Group's leverage ratio

exceeds the ratios set forth in the Term Loan. There were no such limitations at December 31, 2020. The Company's ability to obtain additional financing may also be impacted by any disruptions in the financial markets caused by COVID-19 or otherwise.

The Company believes its existing cash, cash equivalents, marketable debt securities, available borrowings under the Revolving Facility and expected positive cash flows generated from operations will be sufficient to fund its normal operating requirements, including capital expenditures, debt service, the payment of withholding taxes paid on behalf of employees for net-settled stock-based awards, and investing and other commitments, for the foreseeable future.

At December 31, 2020, IAC held all Class B shares of ANGI which represent 84.3% of the economic interest and 98.2% of the voting interest of ANGI. As a result, IAC has the ability to control ANGI's financing activities, including the issuance of additional debt and equity securities by ANGI or any of its subsidiaries, or the incurrence of other indebtedness generally. While ANGI is expected to have the ability to access debt and equity markets if needed, such transactions may require the approval of IAC due to its control of the majority of the outstanding voting power of ANGI's capital stock and its representation on the ANGI board of directors. Additional financing may not be available on terms favorable to the Company or at all.

**CONTRACTUAL OBLIGATIONS
AS OF DECEMBER 31, 2020**

| Contractual Obligations ^(a) | Payments Due by Period | | | | |
|--|------------------------|------------|-----------|-------------------|--------------|
| | Less Than 1 Year | 1-3 Years | 3-5 Years | More Than 5 Years | Total |
| | (in thousands) | | | | |
| Long-term debt ^(b) | \$ 23,656 | \$ 267,414 | \$ 38,750 | \$ 558,125 | \$ 887,945 |
| Operating leases ^(c) | 22,421 | 42,037 | 39,187 | 43,376 | 147,021 |
| Purchase obligations ^(d) | 12,916 | 22 | — | — | 12,938 |
| Total contractual obligations | \$ 58,993 | \$ 309,473 | \$ 77,937 | \$ 601,501 | \$ 1,047,904 |

- (a) The Company has excluded \$5.3 million in unrecognized tax benefits and related interest from the table above as we are unable to make a reasonably reliable estimate of the period in which these liabilities might be paid. For additional information on income taxes, see “[Note 3—Income Taxes](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”
- (b) Long-term debt at December 31, 2020 consists of \$500.0 million of Senior Notes, which bear interest at a fixed rate of 3.875% and \$220.0 million of the Term Loan, which bears interest at a variable rate. The Term Loan bore interest at LIBOR plus 2.00%, or 2.16%, at December 31, 2020. The amount of interest ultimately paid on the variable rate debt may differ based on changes in interest rates. For additional information on long-term debt, see “[Note 7—Long-term Debt](#)” to the financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”
- (c) The Company leases office space, data center facilities and equipment used in connection with operations under various operating leases, the majority of which contain escalation clauses. Operating lease obligations include legally binding minimum lease payments for leases signed but not yet commenced. The Company is also committed to pay a portion of the related operating expenses under certain lease agreements. These operating expenses are not included in the table above. For additional information on operating leases, see “[Note 13—Leases](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”
- (d) The purchase obligations primarily consist of payments for advertising commitments and the Company’s allocable share of a three year cloud computing arrangement between IAC and a third party provider. For additional information on purchase obligations, see “[Note 14—Commitments and Contingencies](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#).”

Off-Balance Sheet Arrangements

See the commitments section of “[Note 14—Commitments and Contingencies](#)” to the consolidated financial statements included in “[Item 8. Consolidated Financial Statements and Supplementary Data](#)” for additional information on our off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following disclosure is provided to supplement the descriptions of ANGI Homeservices’ accounting policies contained in “[Note 2—Summary of Significant Accounting Policies](#)” to the consolidated financial statements included “[Item 8. Consolidated Financial Statements and Supplementary Data](#)” in regard to significant areas of judgment. Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments and assumptions impact the reported amount of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. Because of the size of the financial statement elements to which they relate, some of our accounting policies and estimates have a more significant impact on our financial statements than others. What follows is a discussion of some of our more significant accounting policies and estimates.

Credit Loss and Revenue Reserves

The Company makes judgments as to its ability to collect outstanding receivables and provides reserves when it has determined that all or a portion of the receivable will not be collected. The Company maintains a credit loss reserve to provide for the estimated amount of accounts receivable that will not be collected. The credit loss reserve is based upon a number of factors, including the length of time accounts receivable are past due, the Company’s previous loss history and the specific customer’s ability to pay its obligation to the Company. The term between the Company’s issuance of an invoice and payment due date is not significant. The Company also maintains reserves for potential revenue adjustments. The amounts of these reserves are based primarily upon historical experience. The carrying value of the credit loss and revenue reserves is \$27.8 million and \$20.3 million at December 31, 2020 and 2019, respectively. The provision for credit losses was \$78.2 million and \$64.3 million for the years ended December 31, 2020 and 2019, respectively.

Business Combinations

Acquisitions, which are generally referred to in GAAP as business combinations, are an important part of the Company’s growth strategy. The Company invested \$2.7 million and \$20.3 million in acquisitions for the years ended December 31, 2020 and 2019, respectively. The purchase price of each acquisition is attributed to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, including identifiable intangible assets that either arise from a contractual or legal right or are separable from goodwill.

Management makes two critical determinations at the time of an acquisition, the reporting unit that will benefit from the acquisition and to which goodwill will be assigned and the allocation of the purchase price of the business to the assets acquired and the liabilities assumed based upon their fair values. The reporting unit determination is important beyond the initial allocation of purchase price because future impairment assessments of goodwill, as described below, are performed at the reporting unit level. At October 1, 2020, the Company has two reporting units: North America and Europe. Historically, when the Company’s acquisitions have been complementary to these reporting units the goodwill has been assigned to either the North America or Europe reporting unit.

The allocation of purchase price to the assets acquired and liabilities assumed based upon their fair values is complex because of the judgments involved in determining these values. The determination of purchase price and the fair value of monetary assets acquired and liabilities assumed is typically the least complex aspect of the Company’s accounting for business combinations due to management’s experience and the inherently lower level of complexity. Due to the higher degree of complexity associated with the valuation of intangible assets, the Company usually obtains the assistance of outside valuation experts in the allocation of purchase price to the identifiable intangible assets acquired, which can be both definite-lived, such as acquired technology, customer and contractor relationships, or indefinite lived, such as acquired trade names and trademarks. While outside valuation experts may be used, management has ultimate responsibility for the valuation methods, models and inputs used and the resulting purchase price allocation. The excess purchase price over the net tangible and identifiable intangible assets is recorded as goodwill and is assigned to the reporting unit that is expected to benefit from the business combination as of the acquisition date.

Recoverability of Goodwill and Indefinite-Lived Intangible Assets

The carrying value of goodwill is \$891.8 million and \$884.0 million at December 31, 2020 and 2019, respectively. Indefinite-lived intangible assets, which consist of the Company’s acquired trade names and trademarks, have a carrying value of \$171.9 million and \$171.6 million at December 31, 2020 and 2019, respectively.

Goodwill and indefinite-lived intangible assets are assessed annually for impairment as of October 1, or more frequently if an event occurs or circumstances change that would indicate that it is more likely than not that the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset has declined below its carrying value. In performing its annual goodwill impairment assessment, the Company has the option under GAAP to qualitatively assess whether it is more likely than not that the fair value of a reporting unit is less than its carrying value; if the conclusion of the qualitative assessment is that there are no indicators of impairment, the Company does not perform a quantitative test, which would require a valuation of the reporting unit, as of October 1. GAAP provides a not all-inclusive set of examples of macroeconomic, industry, market and company specific factors for entities to consider in performing the qualitative assessment described above; management considers the factors it deems relevant in making its more likely than not assessments. While the Company also has the option under GAAP to qualitatively assess whether it is more likely than not that the fair values of its indefinite-lived intangible assets are less than their carrying values, the Company's policy is to quantitatively determine the fair value of each of its indefinite-lived intangible assets annually as of October 1, in part, because the level of effort required to perform the quantitative and qualitative assessments is essentially equivalent.

If the conclusion of our qualitative assessment is that there are indicators of impairment and a quantitative test is required, the annual or interim quantitative test of the recovery of goodwill involves a comparison of the estimated fair value of the Company's reporting unit that is being tested to its carrying value. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its estimated fair value, a goodwill impairment equal to the excess is recorded.

The Company's annual assessment of the recovery of goodwill begins with management's reassessment of its operating segments and reporting units. A reporting unit is an operating segment or one level below an operating segment, which is referred to as a component. This reassessment of reporting units is also made each time the Company changes its operating segments. If the goodwill of a reporting unit is allocated to newly formed reporting units, the allocation is usually made to each reporting unit based upon their relative fair values.

For the Company's annual goodwill test at October 1, 2020, a qualitative assessment of the North America and Europe reporting units' goodwill was performed and the Company concluded it was more likely than not that the fair value of these reporting units was in excess of their respective carrying values. In the aggregate, ANGI Homeservices' October 1, 2020 market capitalization of \$5.5 billion exceeded its carrying value by approximately \$4.3 billion. The primary factor that the Company considered in its qualitative assessment for its Europe reporting unit were valuations performed during 2020 that indicated a fair value in excess of the carrying value. The fair value based on the valuation that was most proximate to, but not as of, October 1, 2020 exceeded the carrying value of the Europe reporting unit by \$131.4 million. The primary factor that the Company considered in its qualitative assessment for its North America reporting unit was the significant excess of the estimated fair value of the North America reporting unit over its carrying value. The fair value of the North America reporting unit was estimated by subtracting the fair value of the Europe reporting unit, based on the valuation described above, from the October 1, 2020 market capitalization of the Company; the estimated fair value of the North America reporting unit exceeded its carrying value by approximately \$4.1 billion.

The fair value of the Company's Europe reporting unit is determined using both an income approach based on discounted cash flows ("DCF") and a market approach when it tests goodwill for impairment, either on an interim basis or annual basis as of October 1 each year. Determining fair value using a DCF analysis requires the exercise of significant judgment with respect to several items, including the amount and timing of expected future cash flows and appropriate discount rates. The expected cash flows used in the DCF analyses are based on the Company's most recent forecast and budget and, for years beyond the budget, the Company's estimates, which are based, in part, on forecasted growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows of the respective reporting units. Assumptions used in the DCF analyses, including the discount rate, are assessed based on the reporting units' current results and forecasted future performance, as well as macroeconomic and industry specific factors. The discount rate used in determining the fair value of the Company's Europe reporting unit was 15% in both 2020 and 2019. Determining fair value using a market 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 fair value of a reporting unit. To determine a peer group of companies for our respective reporting units, we considered companies relevant in terms of consumer use, monetization model, margin and growth characteristics, and brand strength operating in their respective sectors.

The Company determines the fair value of indefinite-lived intangible assets using an avoided royalty DCF valuation analysis. Significant judgments inherent in this analysis include the selection of appropriate royalty and discount rates and estimating the amount and timing of expected future cash flows. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows generated by the respective intangible assets. The royalty rates used

in the DCF analyses are based upon an estimate of the royalty rates that a market participant would pay to license the Company's trade names and trademarks. The future cash flows are based on the Company's most recent forecast and budget and, for years beyond the budget, the Company's estimates, which are based, in part, on forecasted growth rates. Assumptions used in the avoided royalty DCF analyses, including the discount rate and royalty rate, are assessed annually based on the actual and projected cash flows related to the asset, as well as macroeconomic and industry specific factors. The discount rates used in the Company's annual indefinite-lived impairment assessment ranged from 11.5% to 15.0% in 2020 and 11.5% to 27.5% in 2019, and the royalty rates used ranged from 2.0% to 5.5% in 2020 and 1.5% to 5.5% in 2019.

The 2020 and 2019 annual assessments of goodwill and indefinite-lived intangible assets identified no impairments.

Recoverability and Estimated Useful Lives of Long-Lived Assets

We review the carrying value of all long-lived assets, comprising of leased right-of-use assets ("ROU assets"), capitalized software, leasehold improvements and equipment and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is deemed not to be recoverable, an impairment loss is recorded equal to the amount by which the carrying value of the long-lived asset exceeds its fair value. In addition, the Company reviews the useful lives of its long-lived assets whenever events or changes in circumstances indicate that these lives may be changed. The carrying value of these long-lived assets is \$234.2 million and \$284.7 million at December 31, 2020 and 2019, respectively.

Income Taxes

The Company is included within IAC's tax group for purposes of federal and consolidated state income tax return filings. In all periods presented, the income tax provision and/or benefit has been computed for the Company on an as if standalone, separate return basis and payments to and refunds from IAC for the Company's share of IAC's consolidated federal and state tax return liabilities/receivables calculated on this basis have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows. The tax sharing agreement between the Company and IAC governs the parties' respective rights, responsibilities and obligations with respect to tax matters, including responsibility for taxes attributable to the Company, entitlement to refunds, allocation of tax attributes and other matters and, therefore, ultimately governs the amount payable to or receivable from IAC with respect to income taxes. Any differences between taxes currently payable to or receivable from IAC under the tax sharing agreement and the current tax provision computed on an if standalone, separate return basis for GAAP are reflected as adjustments to additional paid-in capital in the consolidated statement of shareholders' equity and financing activities within the consolidated statement of cash flows. The portion of the December 31, 2020 deferred tax assets that will be payable to IAC pursuant to the tax sharing agreement, upon realization, is \$88.0 million.

The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided if it is determined that it is more likely than not that the deferred tax asset will not be realized. At December 31, 2020 and 2019, the balance of the Company's net deferred tax asset is \$84.4 million and \$69.1 million, respectively.

The Company evaluates and accounts for uncertain tax positions using a two-step approach. Recognition (step one) occurs when the Company concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Measurement (step two) determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. De-recognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. This measurement step is inherently difficult and requires subjective estimations of such amounts to determine the probability of various possible outcomes. At December 31, 2020 and 2019, the Company has unrecognized tax benefits, including interest, of \$5.3 million and \$4.1 million, respectively. We consider many factors when evaluating and estimating our tax positions and unrecognized tax benefits, which may require periodic adjustment and which may not accurately anticipate actual outcomes. Although management currently believes changes to unrecognized tax benefits from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

The ultimate amount of deferred income tax assets realized and the amounts paid for deferred income tax liabilities and unrecognized tax benefits may vary from our estimates due to future changes in income tax law, state income tax apportionment

or the outcome of any review of our tax returns by the various tax authorities, as well as actual operating results of the Company that vary significantly from anticipated results.

Stock-Based Compensation

The stock-based compensation expense reflected in our statements of operations includes expense related to the Company's stock options, stock appreciation rights, RSU awards, including those that are linked to the achievement of the Company's stock price, known as market-based awards ("MSUs") and those that are linked to the achievement of a performance target, known as performance-based awards ("PSUs"), equity instruments denominated in shares of subsidiaries, and IAC denominated stock options.

The Company recorded stock-based compensation expense of \$83.6 million and \$68.3 million for the years ended December 31, 2020 and 2019, respectively. Included in stock-based compensation expense in the years ended December 31, 2020 and 2019 is \$22.2 million and \$32.6 million, respectively, related to the modification of previously issued HomeAdvisor equity awards and Angie's List equity awards, both of which were converted into ANGI Homeservices' equity awards when the businesses combined on September 29, 2017. These modified awards continue to vest through the first quarter of 2021. Additionally, in connection with the departure of the president and chief operating officer of the Company in December 2020, the Company recognized \$14.1 million of expense related to the acceleration of vesting of his unvested stock appreciation rights and RSUs and the extension of the post-termination exercise period for his vested and exercisable stock appreciation rights.

Stock-based compensation at the Company is complex due to our desire to attract, retain, inspire and reward outstanding entrepreneurs and managers at each of our companies, including recently acquired companies, by allowing them to benefit directly from the value they help to create. We accomplish these objectives, in part, by issuing equity awards denominated in the equity of our subsidiaries as well as in ANGI. We further refine this approach by tailoring certain equity awards to the applicable circumstances. For example, we issue certain equity awards for which vesting is linked to the achievement of a performance target such as revenue or profits; these awards are referred to as performance-based awards. In other cases, we link the vesting of equity awards to the achievement of a value target for a subsidiary or ANGI's stock price, as applicable; these awards are referred to as market-based awards. The nature and variety of these types of equity-based awards creates complexity in our determination of stock-based compensation expense.

In addition, acquisitions are an important part of the Company's growth strategy. These transactions may result in the modification of equity awards which creates additional complexity and additional stock-based compensation expense. Also, our internal reorganizations can also lead to modifications of equity awards and result in additional complexity and stock-based compensation expense.

Finally, the means by which we settle our equity-based awards also introduces complexity into our financial reporting. We provide a path to liquidity by settling the subsidiary denominated awards in IAC or ANGI shares. In addition, certain former HomeAdvisor (US) awards can be settled in IAC or ANGI awards at IAC's election. These features increase the complexity of our earnings per share calculations.

There were no stock options or stock appreciation rights granted by the Company for the years ended December 31, 2020, 2019 or 2018. The Company estimates the fair value of modified stock appreciation rights and stock options, including equity instruments denominated in shares of subsidiaries, using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions, the most significant of which include expected term, expected volatility of the underlying shares, risk-free interest rates and the expected dividend yield. In addition, the recognition of stock-based compensation expense is impacted by our estimated forfeiture rates, which are based, in part, on historical forfeiture rates. For stock appreciation rights and stock options, including equity instruments denominated in shares of subsidiaries, the grant date fair value of the award is recognized as an expense on a straight-line basis, net of estimated forfeitures, over the requisite service period, which is the vesting period of the award. The Company also issues RSUs, PSUs and MSUs. For RSUs, the value of the instrument is measured at the grant date as the fair value of the underlying ANGI Homeservices common stock and expensed as stock-based compensation expense over the vesting term. For PSUs, the value of the instrument is measured at the grant date as the fair value of the underlying ANGI Homeservices common stock and expensed as stock-based compensation over the vesting term when the performance targets are considered probable of being achieved. For MSUs, a lattice model is used to estimate the value of the awards.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see "[Note 2—Summary of Significant Accounting Policies](#)" to the consolidated financial statements included in "[Item 8. Consolidated Financial Statements and Supplementary Data](#)."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt, including current maturities.

At December 31, 2020, the principal amount of the Company's outstanding debt totals \$720.0 million, \$500.0 million of which is the ANGI Group Senior Notes, which bears interest at a fixed rate, and \$220.0 million of which is the ANGI Group Term Loan, which bears interest at a variable rate. If market rates decline, the Company runs the risk that the related required payments of the ANGI Group Senior Notes will exceed those based on market rates. A 100-basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the fixed-rate debt by \$32.3 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including an immediate increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. At December 31, 2020, the outstanding balance of the ANGI Group Term Loan of \$220.0 million bore interest at LIBOR plus 2.00%, or 2.16%. If LIBOR were to increase or decrease by 100 basis points, then the annual interest expense on the ANGI Group Term Loan would increase or decrease by \$2.2 million.

Foreign Currency Exchange Risk

The Company has operations in certain foreign markets, primarily in various jurisdictions within the European Union and the United Kingdom. The Company has exposure to foreign currency exchange risk related to its foreign subsidiaries that transact business in a functional currency other than the U.S. dollar. As a result, as foreign currency exchange rates fluctuate, the translation of the statement of operations of the Company's international businesses into U.S. dollars affects year-over-year comparability of operating results.

In addition, certain of the Company's U.S. operations have customers in international markets. International revenue, which is measured based upon where the customer is located, accounted for 6%, 7%, and 7% for the years ended December 31, 2020, 2019 and 2018, respectively.

The company is also exposed to foreign currency transaction gains and losses to the extent it or its subsidiaries conduct transactions in and/or have assets and/or liabilities that are denominated in a currency other than the entity's functional currency. The Company recorded foreign exchange gains and (losses) of \$(0.1) million, \$0.6 million, and \$(0.2) million for the year ended December 31, 2020, 2019 and 2018, respectively.

The Company's exposure to foreign currency exchange gains or losses have not been material to the Company, therefore, the Company has not hedged any foreign currency exposures. Any growth and expansion of our international operations increases our exposure to foreign exchange rate fluctuations. Significant foreign exchange rate fluctuations, in the case of one currency or collectively with other currencies, could have a significant impact on our future results of operations.

Item 8. Consolidated Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of ANGI Homeservices Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of ANGI Homeservices Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 16, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

December 31,

2020 2019
(In thousands, except par value amounts)

Stock-Based Compensation

Description of the Matter During the year ended December 31, 2020, the Company recorded stock-based compensation expense of \$83.6 million. As discussed in Note 11 to the consolidated financial statements, the Company issues various types of equity awards, including stock options, restricted stock units, performance-based stock units, market-based awards and equity instruments denominated in the shares of certain subsidiaries.

Auditing the Company's accounting for stock-based compensation required complex auditor judgment due to the number and the variety of the types of equity awards, the prevalence of modifications, the subjectivity of assumptions used to value stock-based awards, the use of market-based vesting conditions and the existence of awards denominated in the shares of certain subsidiaries.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over stock-based compensation. For example, we tested controls over the Company's process to assess the completeness of its share-based awards and for measuring and recording stock-based compensation, including management's review of the underlying calculations, the significant assumptions used in valuing certain awards and related valuation reports prepared by its specialists.

To test stock-based compensation expense, we performed audit procedures that included, among others, assessing the completeness of the awards granted and evaluating the methodologies used to estimate the fair value of the awards granted and the significant assumptions described above. Our procedures also included, evaluating the key terms and conditions of awards granted to assess the accounting treatment for a sample of awards, testing the clerical accuracy of the calculation of the expense recorded and assessing the Company's accounting for award modifications. Additionally, for certain awards issued by the Company, we involved our internal valuation specialists to assess the valuation methodologies and assumptions used in estimating the fair value of the awards.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

New York, New York
February 16, 2021

| ASSETS | 2020 | 2019 |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 812,705 | \$ 390,565 |
| Marketable debt securities | 49,995 | — |
| Accounts receivable, net of reserves of \$27,839 and \$20,293, respectively | 43,148 | 41,669 |
| Other current assets | 71,958 | 67,759 |
| Total current assets | 977,806 | 499,993 |
| Capitalized software, leasehold improvements and equipment, net of amortization and depreciation | 108,842 | 103,361 |
| Goodwill | 891,797 | 883,960 |
| Intangible assets, net of amortization | 209,717 | 251,725 |
| Other non-current assets | 180,020 | 182,572 |
| TOTAL ASSETS | \$ 2,368,182 | \$ 1,921,611 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES: | | |
| Current portion of long-term debt | \$ — | \$ 13,750 |
| Accounts payable | 30,805 | 25,987 |
| Deferred revenue | 54,654 | 58,220 |
| Accrued expenses and other current liabilities | 148,219 | 116,997 |
| Total current liabilities | 233,678 | 214,954 |
| Long-term debt, net | 712,277 | 231,946 |
| Deferred income taxes | 1,296 | 3,441 |
| Other long-term liabilities | 111,710 | 121,055 |
| Redeemable noncontrolling interests | 26,364 | 26,663 |
| Commitments and contingencies | | |
| SHAREHOLDERS' EQUITY: | | |
| Class A common stock, \$0.001 par value; authorized 2,000,000 shares, issued 94,238 and 87,007 shares, respectively, and outstanding 78,333 and 79,681, respectively | 94 | 87 |
| Class B convertible common stock, \$0.001 par value; authorized 1,500,000 shares; 421,862 and 421,570 shares issued and outstanding | 422 | 422 |
| Class C common stock, \$0.001 par value; authorized 1,500,000 shares; no shares issued and outstanding | — | — |
| Additional paid-in capital | 1,379,469 | 1,357,075 |
| Retained earnings | 9,749 | 16,032 |
| Accumulated other comprehensive income (loss) | 4,637 | (1,379) |
| Treasury stock, 15,905 and 7,326, respectively | (122,081) | (57,949) |
| Total ANGI Homeservices Inc. shareholders' equity | 1,272,290 | 1,314,288 |
| Noncontrolling interests | 10,567 | 9,264 |
| Total shareholders' equity | 1,282,857 | 1,323,552 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 2,368,182 | \$ 1,921,611 |

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

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

| | Years Ended December 31, | | |
|--|---------------------------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands, except per share data) | | |
| Revenue | \$ 1,467,925 | \$ 1,326,205 | \$ 1,132,241 |
| Operating costs and expenses: | | | |
| Cost of revenue (exclusive of depreciation shown separately below) | 173,281 | 46,493 | 55,739 |
| Selling and marketing expense | 762,590 | 733,223 | 541,469 |
| General and administrative expense | 374,096 | 348,247 | 323,462 |
| Product development expense | 68,803 | 64,200 | 61,143 |
| Depreciation | 52,621 | 39,915 | 24,310 |
| Amortization of intangibles | 42,902 | 55,482 | 62,212 |
| Total operating costs and expenses | 1,474,293 | 1,287,560 | 1,068,335 |
| Operating (loss) income | (6,368) | 38,645 | 63,906 |
| Interest expense | (14,178) | (11,493) | (11,623) |
| Other income, net | 1,218 | 6,494 | 17,741 |
| (Loss) earnings before income taxes | (19,328) | 33,646 | 70,024 |
| Income tax benefit | 15,168 | 1,668 | 7,483 |
| Net (loss) earnings | (4,160) | 35,314 | 77,507 |
| Net earnings attributable to noncontrolling interests | (2,123) | (485) | (189) |
| Net (loss) earnings attributable to ANGI Homeservices Inc. shareholders | \$ (6,283) | \$ 34,829 | \$ 77,318 |

Per share information attributable to ANGI Homeservices Inc. shareholders:

| | | | |
|-----------------------------------|-----------|---------|---------|
| Basic (loss) earnings per share | \$ (0.01) | \$ 0.07 | \$ 0.16 |
| Diluted (loss) earnings per share | \$ (0.01) | \$ 0.07 | \$ 0.15 |

Stock-based compensation expense by function:

| | | | |
|--|-----------|-----------|-----------|
| Selling and marketing expense | \$ 4,662 | \$ 3,717 | \$ 3,368 |
| General and administrative expense | 73,846 | 56,475 | 84,028 |
| Product development expense | 5,141 | 8,063 | 9,682 |
| Total stock-based compensation expense | \$ 83,649 | \$ 68,255 | \$ 97,078 |

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

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS

| | Years Ended December 31, | | |
|--|--------------------------|-----------|-----------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Net (loss) earnings | \$ (4,160) | \$ 35,314 | \$ 77,507 |
| Other comprehensive income (loss): | | | |
| Change in foreign currency translation adjustment | 6,827 | 399 | (4,862) |
| Change in unrealized gains and losses on available-for-sale debt securities | — | (3) | 3 |
| Total other comprehensive income (loss) | 6,827 | 396 | (4,859) |
| Comprehensive income | 2,667 | 35,710 | 72,648 |
| Components of comprehensive (income) loss attributable to noncontrolling interests: | | | |
| Net earnings attributable to noncontrolling interests | (2,123) | (485) | (189) |
| Change in foreign currency translation adjustment attributable to noncontrolling interests | (811) | 86 | 766 |
| Comprehensive (income) loss attributable to noncontrolling interests | (2,934) | (399) | 577 |
| Comprehensive (loss) income attributable to ANGI Homeservices Inc. shareholders | \$ (267) | \$ 35,311 | \$ 73,225 |

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

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Years Ended December 31, 2020, 2019 and 2018

| | ANGI Homeservices Inc. Shareholders' Equity | | | | | | | | | | | | | |
|--|---|--------|--|--------|---|--------|----------------------------------|--|--|-------------------|--|-----------------------------|----------------------------------|--------------|
| | Class A Common Stock \$0.001 Par Value | | Class B Convertible Common Stock \$0.001 Par Value | | Class C Common Stock \$0.001 Par Value | | Additional Paid-in Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total ANGI Homeservices Inc. Shareholders' Equity | Noncontrolling Interests | Total Shareholders' Equity | |
| | \$ | Shares | \$ | Shares | \$ | Shares | | | | | | | | |
| | (In thousands) | | | | | | | | | | | | | |
| Balance as of December 31, 2017 | \$ 21,300 | \$ 63 | 62,818 | \$ 415 | 415,186 | \$ — | — | \$ 1,112,400 | \$ (121,764) | \$ 2,232 | \$ — | \$ 993,346 | \$ 9,748 | \$ 1,003,094 |
| Cumulative effect of adoption of ASU No. 2014-09 | — | — | — | — | — | — | — | — | 25,649 | — | — | 25,649 | — | 25,649 |
| Net (loss) earnings | (146) | — | — | — | — | — | — | — | 77,318 | — | — | 77,318 | 335 | 77,653 |
| Other comprehensive loss | (582) | — | — | — | — | — | — | — | — | (4,093) | — | (4,093) | (184) | (4,277) |
| Stock-based compensation expense | 1,138 | — | — | — | — | — | — | 95,940 | — | — | — | 95,940 | — | 95,940 |
| Issuance of common stock pursuant to stock-based awards, net of withholding taxes | — | 9 | 9,111 | — | — | — | (25,100) | — | — | — | — | (25,091) | — | (25,091) |
| Issuance of common stock to IAC pursuant to the employee matters agreement | — | — | — | 1 | 856 | — | (1) | — | — | — | — | — | — | — |
| Issuance of common stock to IAC pursuant to the post-closing adjustment provision of the Angie's List merger agreement | — | — | — | 5 | 5,076 | — | (5) | — | — | — | — | — | — | — |
| Issuance of common stock to the equity holders of Handy Technologies, Inc. pursuant to the merger agreement | — | 9 | 8,586 | — | — | — | 165,788 | — | — | — | — | 165,797 | — | 165,797 |
| Distribution to IAC pursuant to the tax sharing agreement | — | — | — | — | — | — | (12,100) | — | — | — | — | (12,100) | — | (12,100) |
| Purchase of noncontrolling interests | (4,825) | — | — | — | — | — | — | — | — | — | — | — | (1,236) | (1,236) |
| Adjustment of redeemable noncontrolling interests to fair value | 1,244 | — | — | — | — | — | (1,244) | — | — | — | — | (1,244) | — | (1,244) |
| Other | 34 | — | — | — | — | — | (2,581) | — | — | — | — | (2,581) | 383 | (2,198) |
| Balance as of December 31, 2018 | \$ 18,163 | \$ 81 | 80,515 | \$ 421 | 421,118 | \$ — | — | \$ 1,333,097 | \$ (18,797) | \$ (1,861) | \$ — | \$ 1,312,941 | \$ 9,046 | \$ 1,321,987 |
| Net earnings | 142 | — | — | — | — | — | — | — | 34,829 | — | — | 34,829 | 343 | 35,172 |
| Other comprehensive income (loss) | 39 | — | — | — | — | — | — | — | — | 482 | — | 482 | (125) | 357 |
| Stock-based compensation expense | 148 | — | — | — | — | — | 65,815 | — | — | — | — | 65,815 | — | 65,815 |
| Issuance of common stock pursuant to stock-based awards, net of withholding taxes | — | 6 | 6,492 | — | — | — | (32,963) | — | — | — | — | (32,957) | — | (32,957) |
| Issuance of common stock to IAC pursuant to the employee matters agreement | — | — | — | 1 | 452 | — | (1,766) | — | — | — | — | (1,765) | — | (1,765) |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | — | (57,949) | — | (57,949) | — | (57,949) |
| Adjustment pursuant to the tax sharing agreement | — | — | — | — | — | — | 1,151 | — | — | — | — | 1,151 | — | 1,151 |
| Purchase of redeemable noncontrolling interests | (71) | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Adjustment of redeemable noncontrolling interests to fair value | 8,242 | — | — | — | — | — | (8,242) | — | — | — | — | (8,242) | — | (8,242) |
| Other | — | — | — | — | — | — | (17) | — | — | — | — | (17) | — | (17) |
| Balance as of December 31, 2019 | \$ 26,663 | \$ 87 | 87,007 | \$ 422 | 421,570 | \$ — | — | \$ 1,357,075 | \$ 16,032 | \$ (1,379) | \$ (57,949) | \$ 1,314,288 | \$ 9,264 | \$ 1,323,552 |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (Continued)
Years Ended December 31, 2020, 2019 and 2018

| | ANGI Homeservices Inc. Shareholders' Equity | | | | | | | | | | | | | |
|---|---|--------|--|--------|---|--------|----------------------------------|--|--|-------------------|--|-----------------------------|----------------------------------|--------------|
| | Class A Common Stock \$0.001 Par Value | | Class B Convertible Common Stock \$0.001 Par Value | | Class C Common Stock \$0.001 Par Value | | Additional Paid-in Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total ANGI Homeservices Inc. Shareholders' Equity | Noncontrolling Interests | Total Shareholders' Equity | |
| | \$ | Shares | \$ | Shares | \$ | Shares | | | | | | | | |
| | (In thousands) | | | | | | | | | | | | | |
| Net earnings | 767 | — | — | — | — | — | — | — | (6,283) | — | — | (6,283) | 1,356 | (4,927) |
| Other comprehensive income | 439 | — | — | — | — | — | — | — | — | 6,016 | — | 6,016 | 372 | 6,388 |
| Stock-based compensation expense | 15 | — | — | — | — | — | 85,267 | — | — | — | — | 85,267 | — | 85,267 |
| Issuance of common stock pursuant to stock-based awards, net of withholding taxes | — | 7 | 7,231 | — | — | — | (62,704) | — | — | — | — | (62,697) | — | (62,697) |
| Issuance of common stock to IAC pursuant to the employee matters agreement | — | — | — | — | 292 | — | (1,445) | — | — | — | — | (1,445) | — | (1,445) |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | — | (64,132) | — | (64,132) | — | (64,132) |
| Adjustment pursuant to the tax sharing agreement | — | — | — | — | — | — | 3,613 | — | — | — | — | 3,613 | — | 3,613 |
| Purchase of redeemable noncontrolling interests | (3,165) | — | — | — | — | — | — | — | — | — | — | — | (1,115) | (1,115) |
| Adjustment of redeemable noncontrolling interests to fair value | 1,645 | — | — | — | — | — | (1,645) | — | — | — | — | (1,645) | — | (1,645) |
| Purchase of noncontrolling interests | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | (692) | — | — | — | — | (692) | 690 | (2) |
| Balance as of December 31, 2020 | \$ 26,364 | \$ 94 | 94,238 | \$ 422 | 421,862 | \$ — | — | \$ 1,379,469 | \$ 9,749 | \$ 4,637 | \$ (122,081) | \$ 1,272,290 | \$ 10,567 | \$ 1,282,857 |

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

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

| | Years Ended December 31, | | |
|--|--------------------------|-------------------|-------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Cash flows from operating activities: | | | |
| Net (loss) earnings | \$ (4,160) | \$ 35,314 | \$ 77,507 |
| Adjustments to reconcile net (loss) earnings to net cash provided by operating activities: | | | |
| Stock-based compensation expense | 83,649 | 68,255 | 97,078 |
| Amortization of intangibles | 42,902 | 55,482 | 62,212 |
| Provision for credit losses | 78,229 | 64,278 | 47,242 |
| Depreciation | 52,621 | 39,915 | 24,310 |
| Deferred income taxes | (15,278) | (3,250) | (8,368) |
| Loss (gain) from the sale of a business | 273 | 218 | (13,237) |
| Revenue reserves | 10,251 | 5,934 | 221 |
| Other adjustments, net | 1,598 | 2,053 | (740) |
| Changes in assets and liabilities, net of effects of acquisitions and dispositions: | | | |
| Accounts receivable | (79,830) | (78,954) | (47,686) |
| Other assets | 5,987 | 13,382 | (12,959) |
| Accounts payable and other liabilities | 17,206 | 13,627 | (576) |
| Income taxes payable and receivable | (1,243) | 1,650 | 725 |
| Deferred revenue | (3,786) | (3,743) | (2,029) |
| Net cash provided by operating activities | 188,419 | 214,161 | 223,700 |
| Cash flows from investing activities: | | | |
| Acquisitions, net of cash acquired | (2,264) | (20,341) | 3,669 |
| Capital expenditures | (52,488) | (68,804) | (46,976) |
| Purchases of marketable debt securities | (99,977) | — | (59,671) |
| Proceeds from maturities of marketable debt securities | 50,000 | 25,000 | 35,000 |
| Net proceeds from the sale of a business | 731 | 23,615 | — |
| Proceeds from sale of fixed assets | 20 | — | 10,412 |
| Other, net | 24 | (103) | (25) |
| Net cash used in investing activities | (103,954) | (40,633) | (57,591) |
| Cash flows from financing activities: | | | |
| Proceeds from the issuance of Senior Notes | 500,000 | — | — |
| Principal payments on Term Loan | (27,500) | (13,750) | (13,750) |
| Debt issuance costs | (6,484) | — | (2,168) |
| Principal payments on related party debt | — | (1,008) | (1,904) |
| Purchase of treasury stock | (63,674) | (56,905) | — |
| Proceeds from the exercise of stock options | — | 573 | 4,693 |
| Withholding taxes paid on behalf of employees on net settled stock-based awards | (64,079) | (35,284) | (29,844) |
| Distribution from (to) IAC pursuant to tax sharing agreement | 3,071 | (11,355) | — |
| Purchase of noncontrolling interests | (4,281) | (71) | (6,061) |
| Other, net | — | (3,732) | 13 |
| Net cash provided (used in) by financing activities | 337,053 | (121,532) | (49,021) |
| Total cash provided | 421,518 | 51,996 | 117,088 |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 565 | 661 | 212 |
| Net increase in cash and cash equivalents and restricted cash | 422,083 | 52,657 | 117,300 |
| Cash and cash equivalents and restricted cash at beginning of period | 391,478 | 338,821 | 221,521 |
| Cash and cash equivalents and restricted cash at end of period | \$ 813,561 | \$ 391,478 | \$ 338,821 |

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

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

ANGI Homeservices Inc. connects quality home service professionals across 500 different categories, from repairing and remodeling to cleaning and landscaping, with consumers. Over 240,000 domestic service professionals actively sought consumer matches, completed jobs or advertised work through ANGI Homeservices' platforms and consumers turned to at least one of our brands to find a professional for approximately 32 million projects during the year ended December 31, 2020. The Company has established category-transforming products with brands such as HomeAdvisor, Angie's List, and Handy.

The HomeAdvisor digital marketplace service ("HomeAdvisor") connects consumers with service professionals nationwide for home repair, maintenance and improvement projects. HomeAdvisor provides consumers with tools and resources to help them find local, pre-screened and customer-rated service professionals, as well as instantly book appointments online or connect them by telephone. Handy Technologies, Inc. ("Handy"), is a leading platform for connecting individuals looking for household services (primarily cleaning and handyman services) with top-quality, pre-screened independent service professionals. Together, the Company refers to the HomeAdvisor and Handy businesses in the United States as the "Marketplace". The Company also owns and operates Angie's List, which connects consumers with service professionals for local services through a nationwide online directory of service professionals in over 700 service categories, as well as provides consumers with valuable tools, services and content, including verified reviews of local service professionals, to help them research, shop and hire for local services. In addition to its market-leading U.S. operations, ANGI Homeservices owns leading home services online marketplaces in France (Travaux), Germany (MyHammer), Netherlands (Werkspot), United Kingdom (MyBuilder), Canada (HomeStars) and Italy (Instapro), as well as operations in Austria (MyHammer).

The Company has two operating segments: (i) North America (United States and Canada), which includes HomeAdvisor, Angie's List, Handy, HomeStars, and Felix, for periods prior to its sale on December 31, 2018, and (ii) Europe, which includes Travaux, MyHammer, MyBuilder, Werkspot and Instapro.

As used herein, "ANGI Homeservices," the "Company," "ANGI," "we," "our" or "us" and similar terms refer to ANGI Homeservices Inc. and its subsidiaries (unless the context requires otherwise).

At December 31, 2020, IAC owned 84.3% and 98.2% of the economic interest and voting interest, respectively, of ANGI Homeservices.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”). The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest. All intercompany transactions and balances between and among the Company and its subsidiaries have been eliminated. All intercompany transactions between (i) ANGI Homeservices and (ii) IAC and its subsidiaries, with the exception of a promissory note payable to a foreign subsidiary of IAC, are considered to be effectively settled for cash at the time the transaction is recorded. See “[Note 15—Related Party Transactions with IAC](#)” for additional information on transactions between ANGI Homeservices and IAC.

In the opinion of management, the assumptions underlying the historical consolidated financial statements, including the basis on which the expenses have been allocated from IAC, are reasonable. However, the allocations may not reflect all of the expenses that ANGI Homeservices may have incurred as a standalone public company for the periods presented.

COVID-19 Update

The impact on the Company from the COVID-19 outbreak, which has been declared a “pandemic” by the World Health Organization, has been varied. The extent to which developments related to the COVID-19 outbreak and measures designed to curb its spread continue to impact the Company’s business, financial condition and results of operations will depend on future developments, all of which are highly uncertain and many of which are beyond the Company’s control, including the speed of contagion, the development and implementation of effective preventative measures and possible treatments, the scope of governmental and other restrictions on travel, discretionary services (including those provided by certain of our service professionals) and other activity, and public reactions to these developments. For example, these developments and measures have resulted in rapid and adverse changes to the operating environment in which we do business, as well as significant uncertainty concerning the near and long term economic ramifications of the COVID-19 outbreak, which have adversely impacted our ability to forecast our results and respond in a timely and effective manner to trends related to the COVID-19 outbreak. The longer the global outbreak and measures designed to curb the spread of the virus continue to adversely affect levels of consumer confidence, discretionary spending and the willingness of consumers to interact with other consumers, vendors and service providers face-to-face (and in turn, adversely affect demand for the Company’s various products and services), the greater the adverse impact is likely to be on the Company’s business, financial condition and results of operations and the more limited will be the Company’s ability to try and make up for delayed or lost revenues.

When COVID-19 first impacted North America and Europe in the early spring of 2020, the Company experienced a decline in demand for service requests, driven primarily by decreases in demand in certain categories of jobs (particularly discretionary indoor projects). Toward the end of the spring of 2020, the Company experienced a rebound in service requests, exceeding pre-COVID-19 growth levels, driven by increased demand from homeowners who spent more time at home due to measures taken to reduce the spread of COVID-19. The Company continued to experience strong demand for home services in the last half of 2020. However, many service professionals’ businesses have been adversely impacted by labor and material constraints and many service professionals have limited capacity to take on new business, which has negatively impacted the Company’s ability to monetize this increased level of service requests.

In addition, North America, which represents 95% of the Company’s revenue for the year ended December 31, 2020, experienced a significant resurgence of the COVID-19 virus with record levels of infections being reported during the fourth quarter of 2020 and continuing into the first quarter of 2021. Europe, which is the second largest market for the Company’s products and services, has also seen a dramatic resurgence in COVID-19. This resurgence and the measures designed to curb its spread could materially and adversely affect our business, financial condition and results of operations.

Accounting Estimates

Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments and assumptions impact the reported

amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

On an ongoing basis, the Company evaluates its estimates and judgments, including those related to: the fair values of cash equivalents and marketable debt securities; the carrying value of accounts receivable, including the determination of the credit loss reserve; the determination of revenue reserves; the carrying value of right-of-use assets (“ROU assets”); the useful lives and recoverability of definite-lived intangible assets and capitalized software, leasehold improvements and equipment; the recoverability of goodwill and indefinite-lived intangible assets; unrecognized tax benefits; the valuation allowance for deferred income tax assets; and the fair value of and forfeiture rates for stock-based awards, among others. The Company bases its estimates and judgments on historical experience, its forecasts and budgets and other factors that the Company considers relevant.

Revenue Recognition

The Company adopted the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, effective January 1, 2018 using the modified retrospective transition method for open contracts as of the date of initial application. The effect of the adoption of ASU No. 2014-09 was that commissions paid to employees pursuant to certain sales incentive programs, which represent the incremental direct costs of obtaining a service professional contract, are now capitalized and amortized over the estimated life of a service professional (also referred to as the estimated customer relationship period). The cumulative effect of the adoption of ASU No. 2014-09 was the establishment of a current and non-current asset for capitalized sales commissions of \$29.7 million and \$4.2 million, respectively, and a related deferred tax liability of \$8.3 million, resulting in a net increase to retained earnings of \$25.6 million on January 1, 2018.

The Company’s disaggregated revenue disclosures are presented in “[Note 12—Segment Information](#).”

The Company accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised services or goods is transferred to our customers and in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or goods.

Revenue is primarily derived from consumer connection revenue, which comprises fees paid by HomeAdvisor service professionals for consumer matches (regardless of whether the service professional ultimately provides the requested service) and revenue from completed jobs sourced through the HomeAdvisor and Handy platforms. Consumer connection revenue varies based upon several factors, including the service requested, product experience offered and geographic location of service. Consumer connection revenue is generally billed one week following a consumer match, with payment due upon receipt of invoice or collected when a consumer schedules a job through the HomeAdvisor and Handy platforms. The Company maintains revenue reserves for potential credits issued to HomeAdvisor services providers and for services provided by Handy service professionals to consumers.

Revenue is also derived from (i) sales of time-based website, mobile and call center advertising to service professionals, (ii) HomeAdvisor service professional membership subscription fees, (iii) membership subscription fees from consumers and (iv) service warranty subscription and other services. Angie’s List service professionals generally pay for advertisements in advance on a monthly or annual basis at the option of the service professional, with the average advertising contract term being approximately one year. Angie’s List website, mobile and call center advertising revenue is recognized ratably over the contract term. Revenue from the sale of advertising in the *Angie’s List Magazine* is recognized in the period in which the publication is distributed. Service professional membership subscription revenue is initially deferred and is recognized using the straight-line method over the applicable subscription period, which is typically one year. Angie’s List prepaid consumer membership subscription fees are recognized as revenue using the straight-line method over the term of the applicable subscription period, which is typically one year.

Prior to January 1, 2020, Handy recorded revenue on a net basis. Effective January 1, 2020, the Company modified the Handy terms and conditions so that Handy, rather than the service professional, has the contractual relationship with the consumer to deliver the service and Handy, rather than the consumer, has the contractual relationship with the service

professional. Consumers request services and pay for such services directly through the Handy platform and then Handy fulfills the request with independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. This change in contractual terms requires gross revenue accounting treatment effective January 1, 2020. Also, in the case of certain tasks, HomeAdvisor provides a pre-priced product offering, pursuant to which consumers can request services through a HomeAdvisor platform and pay HomeAdvisor for the services directly. HomeAdvisor then fulfills the request with independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. Revenue from HomeAdvisor's pre-priced product offering is also recorded on a gross basis effective January 1, 2020. The change to gross revenue reporting for Handy and HomeAdvisor's pre-priced product offering, effective January 1, 2020, resulted in an increase in revenue of \$73.8 million during the year ended December 31, 2020.

Transaction Price

The objective of determining the transaction price is to estimate the amount of consideration the Company is due in exchange for its services or goods, including amounts that are variable. The Company determines the total transaction price, including an estimate of any variable consideration, at contract inception and reassesses this estimate each reporting period.

The Company excludes from the measurement of transaction price all taxes assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers. Accordingly, such tax amounts are not included as a component of net revenue or cost of revenue.

For contracts that have an original duration of one year or less, the Company uses the practical expedient available under ASU No. 2014-09, applicable to such contracts and does not consider the time value of money.

Arrangements with Multiple Performance Obligations

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers, which are directly observable or based on an estimate if not directly observable.

Assets Recognized from the Costs to Obtain a Contract with a Customer

The Company has determined that certain costs, primarily commissions paid to employees pursuant to certain sales incentive programs, meet the requirements to be capitalized as a cost of obtaining a contract. Capitalized sales commissions are amortized over the estimated customer relationship period. The Company calculates the estimated customer relationship period as the average customer life, which is based on historical data. When customer renewals are expected and the renewal commission is not commensurate with the initial commission, the average customer life includes renewal periods. For sales incentive programs where the customer relationship period is one year or less, the Company has elected the practical expedient to expense the costs as incurred.

During the years ended December 31, 2020, 2019 and 2018 the Company recognized expense of \$64.8 million, \$56.8 million, and \$50.0 million, respectively, related to the amortization of these costs. The current contract assets are \$49.2 million and \$35.1 million at December 31, 2020, and 2019, respectively. The non-current contract asset balances are \$0.4 million and \$4.0 million at December 31, 2020 and 2019, respectively. The current and non-current contract assets are included in "Other current assets" and "Other non-current assets," respectively, in the accompanying consolidated balance sheet.

Performance Obligations

As permitted under the practical expedient available under ASU No. 2014-09, the Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance, and (iii) contracts for which the Company recognizes revenue at the amount which we have the right to invoice for services performed.

Accounts Receivables, Net of Credit Loss and Revenue Reserves

Accounts receivable include amounts billed and currently due from customers. The credit loss reserve is based upon a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history and the specific customer's ability to pay its obligation. The time between the Company's issuance of an invoice and payment due date is not significant; customer payments that are not collected in advance of the transfer of promised services or goods are generally due no later than 30 days from invoice date. The Company also maintains reserves for potential credits issued to service professionals or other revenue adjustments. The amounts of these revenue reserves are based primarily upon historical experience.

Credit Losses and Revenue Reserve

The following table presents the changes in the credit loss reserve for the year ended December 31, 2020:

| | December 31, 2020 |
|--|-------------------|
| | (In thousands) |
| Balance at January 1 | \$ 19,066 |
| Current period provision for credit losses | 78,229 |
| Write-offs charged against the credit loss reserve | (73,682) |
| Recoveries collected | 2,433 |
| Balance at December 31 | <u>\$ 26,046</u> |

The revenue reserve was \$1.8 million and \$1.2 million at December 31, 2020 and 2019, respectively. The total credit loss and revenue reserve was \$27.8 million and \$20.3 million as of December 31, 2020 and 2019.

Deferred Revenue

Deferred revenue consists of advance payments that are received or are contractually due in advance of the Company's performance. The Company's deferred revenue is reported on a contract by contract basis at the end of each reporting period. The Company classifies deferred revenue as current when the term of the applicable subscription period or expected completion of its performance obligation is one year or less. During the years ended December 31, 2020 and 2019, the Company recognized \$57.6 million and \$61.0 million of revenue that was included in the deferred revenue balance as of December 31, 2019 and 2018, respectively. The current deferred revenue balances are \$54.7 million and \$58.2 million at December 31, 2020 and 2019, respectively. The non-current deferred revenue balances are \$0.2 million and \$0.2 million at December 31, 2020 and 2019, respectively. Non-current deferred revenue is included in "Other long-term liabilities" in the accompanying consolidated balance sheet.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments, with maturities of less than 91 days from the date of purchase. Domestically, cash equivalents consist of AAA rated government money market funds, treasury discount notes, commercial paper, time deposits and certificates of deposit. Internationally, there are no cash equivalents at December 31, 2020 and 2019.

Investments in Marketable Debt Securities

The Company invests in marketable debt securities with active secondary or resale markets to ensure portfolio liquidity to fund current operations or satisfy other cash requirements as needed. Marketable debt securities are adjusted to fair value each quarter, and the unrealized gains and losses, net of tax, are included in accumulated other comprehensive income (loss) as a separate component of shareholders' equity. The specific-identification method is used to determine the cost of debt securities sold and the amount of unrealized gains and losses reclassified out of accumulated other comprehensive income (loss) into earnings. The Company reviews its debt securities for impairment, including from risk of credit loss, each reporting period. The Company recognizes an unrealized loss on debt securities in net earnings when the impairment is determined to be other-than-

temporary. Factors the Company considers in making such determination include the duration, severity and reason for the decline in value and the potential recovery and our intent to sell the debt security. The Company also considers whether it will be required to sell the security before recovery of its amortized cost basis and whether the amortized cost basis cannot be recovered because of credit losses. If an impairment is considered to be other-than-temporary, the debt security will be written down to its fair value and the loss will be recognized within other income (expense), net. The Company held \$50.0 million in marketable debt securities at December 31, 2020. The Company held no marketable debt securities at December 31, 2019.

Capitalized Software, Leasehold Improvements and Equipment

Capitalized software, leasehold improvements and equipment, including significant improvements, are recorded at cost. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or, in the case of leasehold improvements, the lease term, if shorter.

| Asset Category | Estimated Useful Lives |
|---|------------------------|
| Capitalized software and computer equipment | 2 to 3 Years |
| Furniture and other equipment | 5 to 7 Years |
| Leasehold improvements | 5 to 25 Years |

The Company capitalizes certain internal use software costs including external direct costs utilized in developing or obtaining the software and compensation for personnel directly associated with the development of the software. Capitalization of such costs begins when the preliminary project stage is complete and ceases when the project is substantially complete and ready for its intended purpose. The net book value of capitalized internal use software was \$67.9 million and \$56.3 million at December 31, 2020 and 2019, respectively.

Business Combinations

The purchase price of each acquisition is attributed to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, including identifiable intangible assets that either arise from a contractual or legal right or are separable from goodwill. The Company usually uses the assistance of outside valuation experts to assist in the allocation of purchase price to identifiable intangible assets acquired. While outside valuation experts may be used, management has ultimate responsibility for the valuation methods, models and inputs used and the resulting purchase price allocation. The excess purchase price over the net tangible and identifiable intangible assets is recorded as goodwill and is assigned to the reporting unit(s) that is expected to benefit from the combination as of the acquisition date.

Goodwill and Indefinite-Lived Intangible Assets

The Company assesses goodwill and indefinite-lived intangible assets for impairment annually as of October 1, or more frequently if an event occurs or circumstances change that would indicate that it is more likely than not that the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset has declined below its carrying value. At October 1, 2020, the Company has two reporting units: North America and Europe.

When the Company elects to perform a qualitative assessment and concludes it is not more likely than not that the fair value of the reporting unit is less than its carrying value, no further assessment of that reporting unit's goodwill is necessary; otherwise, a quantitative assessment is performed and the fair value of the reporting unit is determined. If the carrying value of the reporting unit exceeds its fair value an impairment equal to the excess is recorded.

For the Company's annual goodwill test at October 1, 2020, a qualitative assessment of the North America and Europe reporting units' goodwill was performed and it was concluded that it was more likely than not that the fair value of these reporting units was in excess of their respective carrying values. In the aggregate, ANGI Homeservices' October 1, 2020 market capitalization of \$5.5 billion exceeded its carrying value by approximately \$4.3 billion. The primary factor that the Company considered in its qualitative assessment for its Europe reporting unit were valuations performed during 2020 that indicated a fair value in excess of the carrying value. The fair value based on the valuation that was most proximate to, but not as of, October 1, 2020 exceeded the carrying value of the Europe reporting unit by \$131.4 million. The primary factor that the Company

considered in its qualitative assessment for its North America reporting unit was the significant excess of the estimated fair value of the North America reporting unit over its carrying value. The fair value of the North America reporting unit was estimated by subtracting the fair value of the Europe reporting unit, based on the valuation described above, from the October 1, 2020 market capitalization of the Company; the estimated fair value of the North America reporting unit exceeded its carrying value by approximately \$4.1 billion.

The fair value of the Company's Europe reporting unit is determined using both an income approach based on discounted cash flows ("DCF") and a market approach when it tests goodwill for impairment, either on an interim basis or annual basis as of October 1 each year. Determining fair value using a DCF analysis requires the exercise of significant judgment with respect to several items, including the amount and timing of expected future cash flows and appropriate discount rates. The expected cash flows used in the DCF analyses are based on the Company's most recent forecast and budget and, for years beyond the budget, the Company's estimates, which are based, in part, on forecasted growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows of the respective reporting units. Assumptions used in the DCF analyses, including the discount rate, are assessed based on the reporting units' current results and forecasted future performance, as well as macroeconomic and industry specific factors. The discount rate used in determining the fair value of the Company's Europe reporting unit was 15% in both 2020 and 2019. Determining fair value using a market 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 fair value of a reporting unit. To determine a peer group of companies for our respective reporting units, we considered companies relevant in terms of consumer use, monetization model, margin and growth characteristics, and brand strength operating in their respective sectors.

While the Company has the option to qualitatively assess whether it is more likely than not that the fair values of its indefinite-lived intangible assets are less than their carrying values, the Company's policy is to determine the fair value of each of its indefinite-lived intangible assets annually as of October 1, in part, because the level of effort required to perform the quantitative and qualitative assessments is essentially equivalent. The Company determines the fair value of indefinite-lived intangible assets using an avoided royalty DCF valuation analysis. Significant judgments inherent in this analysis include the selection of appropriate royalty and discount rates and estimating the amount and timing of expected future cash flows. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows generated by the respective intangible assets. The royalty rates used in the DCF analyses are based upon an estimate of the royalty rates that a market participant would pay to license the Company's trade names and trademarks. Assumptions used in the avoided royalty DCF analyses, including the discount rate and royalty rate, are assessed annually based on the actual and projected cash flows related to the asset, as well as macroeconomic and industry specific factors. The discount rates used in the Company's annual indefinite-lived impairment assessment ranged from 11.5% to 15.0% in 2020 and 11.5% to 27.5% in 2019, and the royalty rates used ranged from 2.0% to 5.5% in 2020 and 1.5% to 5.5% in 2019.

The 2020, 2019 and 2018 annual assessments of goodwill and indefinite-lived intangible assets identified no impairments.

Long-Lived Assets and Intangible Assets with Definite Lives

Long-lived assets, which consist of ROU assets, capitalized software, leasehold improvements and equipment and intangible assets with definite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is deemed not to be recoverable, an impairment loss is recorded equal to the amount by which the carrying value of the long-lived asset exceeds its fair value. Amortization of definite-lived intangible assets is computed either on a straight-line basis or based on the pattern in which the economic benefits of the asset will be realized.

Fair Value Measurements

The Company categorizes its financial instruments measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are:

- Level 1: Observable inputs obtained from independent sources, such as quoted market prices for identical assets and liabilities in active markets.

- Level 2: Other inputs, which are observable directly or indirectly, such as quoted market prices for similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair values of the Company's Level 2 financial assets are primarily obtained from observable market prices for identical underlying securities that may not be actively traded. Certain of these securities may have different market prices from multiple market data sources, in which case an average market price is used.
- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the assets or liabilities.

The Company's non-financial assets, such as goodwill, intangible assets, ROU assets, capitalized software, leasehold improvements and equipment are adjusted to fair value only when an impairment is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

Warranty Costs

As part of certain of our revenue arrangements, we include warranties providing customers with assurance on the quality of the services provided. Under our warranties, we incur costs to ensure the services performed are up to the customers standard and/or to reimburse for any claim for damages submitted in accordance with our warranty terms and conditions. These costs are recorded as a component of cost of revenue in the Consolidated Statement of Operations.

Advertising Costs

Advertising costs are expensed in the period incurred (when the advertisement first runs for production costs that are initially capitalized) and represent online marketing, including fees paid to search engines, offline marketing, which is primarily television advertising and partner-related payments to those who direct traffic to our platforms. Advertising expense was \$487.6 million, \$484.3 million and \$334.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Legal Costs

Legal costs are expensed as incurred.

Income Taxes

The Company is included within IAC's tax group for purposes of federal and consolidated state income tax return filings. In all periods presented, the income tax provision and/or benefit has been computed for the Company on an as if standalone, separate return basis and payments to and refunds from IAC for the Company's share of IAC's consolidated federal and state tax return liabilities/receivables calculated on this basis have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows.

The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense.

The Company evaluates and accounts for uncertain tax positions using a two-step approach. Recognition (step one) occurs when the Company concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Measurement (step two) determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. De-recognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained.

Earnings Per Share

Basic earnings per share is computed by dividing net earnings attributable to ANGI Homeservices Inc. shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock appreciation rights, stock options and other commitments to issue common stock were exercised or equity awards vested resulting in the issuance of common stock that could share in the earnings of the Company.

Foreign Currency Translation and Transaction Gains and Losses

The financial position and operating results of foreign entities whose primary economic environment is based on their local currency are consolidated using the local currency as the functional currency. These local currency assets and liabilities are translated at the rates of exchange as of the balance sheet date, and local currency revenue and expenses of these operations are translated at average rates of exchange during the period. Translation gains and losses are included in accumulated other comprehensive income (loss) as a component of shareholders' equity. Transaction gains and losses resulting from assets and liabilities denominated in a currency other than the functional currency are included in the consolidated statement of operations as a component of other income (expense), net. Translation gains and losses relating to foreign entities that are liquidated or substantially liquidated are reclassified out of accumulated other comprehensive income (loss) into earnings.

Stock-Based Compensation

Stock-based compensation is measured at the grant date based on the fair value of the award and is expensed over the requisite service period. See "Note 11—Stock-based Compensation" for a discussion of the Company's stock-based compensation plans.

Redeemable Noncontrolling Interests

Noncontrolling interests in the consolidated subsidiaries of the Company are ordinarily reported on the consolidated balance sheet within shareholders' equity, separately from the Company's equity. However, securities that are redeemable at the option of the holder and not solely within the control of the issuer must be classified outside of shareholders' equity. Accordingly, all noncontrolling interests that are redeemable at the option of the holder are presented outside of shareholders' equity in the accompanying consolidated balance sheet.

In connection with the acquisition of certain subsidiaries, management of these businesses has retained an ownership interest. The Company is party to fair value put and call arrangements with respect to these interests. These put and call arrangements allow management of these businesses to require the Company to purchase their interests or allow the Company to acquire such interests at fair value, respectively. The put arrangements do not meet the definition of a derivative instrument as the put agreements do not provide for net settlement. These put and call arrangements become exercisable by the Company and the counter-party at various dates. During the year ended December 31, 2020, one of these arrangements was exercised. No put and call arrangements were exercised during the year ended December 31, 2019, and one of these arrangements was exercised during the year ended December 31, 2018. Because these put arrangements are exercisable by the counter-party outside the control of the Company, to the extent that the fair value of these interests exceeds the value determined by normal noncontrolling interest accounting, the value of such interests is adjusted to fair value with a corresponding adjustment to additional paid-in capital. During the years ended December 31, 2020, 2019 and 2018, the Company recorded adjustments of \$1.6 million, \$8.2 million and \$1.2 million, respectively, to increase these interests to fair value. Fair value determinations require high levels of judgment and are based on various valuation techniques, including market comparables and discounted cash flow projections.

Certain Risks and Concentrations

The Company's business is subject to certain risks and concentrations including dependence on third-party technology providers, exposure to risks associated with online commerce security and credit card fraud.

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents and marketable debt securities. Cash and cash equivalents are maintained with financial institutions and are in excess of Federal Deposit Insurance Corporation insurance limits.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted

Adoption of Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

The Company adopted ASU No. 2016-13 effective January 1, 2020. ASU No. 2016-13 replaces the “incurred loss” approach with an “expected loss” model, under which companies will recognize allowances based on expected rather than incurred losses. The Company adopted ASU No. 2016-13 using the modified retrospective approach and there was no cumulative effect arising from the adoption. The adoption of ASU No. 2016-13 did not have a material impact on the Company’s consolidated financial statements.

Adoption of ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

The Company adopted ASU No. 2019-12 effective January 1, 2020, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. Most amendments within ASU No. 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted ASU No. 2019-12 on January 1, 2020 using the modified retrospective basis for those amendments that are not applied on a prospective basis. The adoption of ASU No. 2019-12 did not have a material impact on the Company’s consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

There are no recently issued accounting pronouncements that have not yet been adopted that are expected to have a material effect of the financial statement of the Company.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3—INCOME TAXES

The Company is included within IAC’s tax group for purposes of federal and consolidated state income tax return filings. In all periods presented, the income tax benefit and/or provision has been computed for the Company on an as if standalone, separate return basis and payments to and refunds from IAC for the Company’s share of IAC’s consolidated federal and state tax return liabilities/receivables calculated on this basis have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows. The tax sharing agreement between the Company and IAC governs the parties’ respective rights, responsibilities and obligations with respect to tax matters, including responsibility for taxes attributable to the Company, entitlement to refunds, allocation of tax attributes and other matters and, therefore, ultimately governs the amount payable to or receivable from IAC with respect to income taxes. Any differences between taxes currently payable or receivable from IAC under the tax sharing agreement and the current tax provision computed on an as if standalone, separate return basis for GAAP are reflected as adjustments to additional paid-in capital and as financing activities within the statement of cash flows.

U.S. and foreign (loss) earnings before income taxes and noncontrolling interests are as follows:

| | Years Ended December 31, | | |
|---------|--------------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| U.S. | \$ (10,913) | \$ 39,821 | \$ 82,652 |
| Foreign | (8,415) | (6,175) | (12,628) |
| Total | <u>\$ (19,328)</u> | <u>\$ 33,646</u> | <u>\$ 70,024</u> |

The components of the income tax (benefit) provision are as follows:

| | Years Ended December 31, | | |
|--------------------------------------|--------------------------|-------------------|-------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Current income tax provision: | | | |
| Federal | \$ (306) | \$ (43) | \$ — |
| State | 1,408 | 819 | (20) |
| Foreign | (992) | 806 | 905 |
| Current income tax provision | <u>110</u> | <u>1,582</u> | <u>885</u> |
| Deferred income tax benefit | | | |
| Federal | (5,163) | (3,416) | (5,549) |
| State | (6,249) | 517 | (1,100) |
| Foreign | (3,866) | (351) | (1,719) |
| Deferred income tax benefit | <u>(15,278)</u> | <u>(3,250)</u> | <u>(8,368)</u> |
| Income tax benefit | <u>\$ (15,168)</u> | <u>\$ (1,668)</u> | <u>\$ (7,483)</u> |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tax effects of cumulative temporary differences that give rise to significant deferred tax assets and deferred tax liabilities are presented below. The valuation allowance relates to deferred tax assets for which it is more likely than not that the tax benefit will not be realized.

| | December 31, | |
|--|--------------|------------|
| | 2020 | 2019 |
| (In thousands) | | |
| Deferred tax assets: | | |
| Net operating loss ("NOL") carryforwards | \$ 182,449 | \$ 158,727 |
| Stock-based compensation | 18,955 | 33,613 |
| Long-term lease liabilities | 29,314 | 32,642 |
| Other | 32,885 | 26,226 |
| Total deferred tax assets | 263,603 | 251,208 |
| Less valuation allowance | (77,076) | (71,472) |
| Net deferred tax assets | 186,527 | 179,736 |
| Deferred tax liabilities: | | |
| Intangible assets | (47,858) | (63,900) |
| Right-of-use assets | (21,496) | (24,836) |
| Capitalized software, leasehold improvements and equipment | (16,152) | (12,377) |
| Capitalized costs to obtain a contract with a customer | (12,233) | (9,400) |
| Other | (4,338) | (83) |
| Total deferred tax liabilities | (102,077) | (110,596) |
| Net deferred tax assets | \$ 84,450 | \$ 69,140 |

The portion of the December 31, 2020 deferred tax assets that will be payable to IAC pursuant to the tax sharing agreement, upon realization, is \$88.0 million.

At December 31, 2020, the Company has federal and state NOLs of \$431.5 million and \$375.9 million, respectively, available to offset future income. Of these federal NOLs, \$59.3 million can be carried forward indefinitely and \$372.2 million, if not utilized, will expire at various times between 2030 and 2037. The state NOLs, if not utilized, will expire at various times primarily between 2025 and 2040. Federal and state NOLs of \$166.1 million and \$79.9 million, respectively, can be used against future taxable income without restriction and the remaining NOLs will be subject to limitations under Section 382 of the Internal Revenue Code, separate return limitations, and applicable state law. At December 31, 2020, the Company has foreign NOLs of \$413.7 million available to offset future income. Of these foreign NOLs, \$374.3 million can be carried forward indefinitely and \$39.4 million, if not utilized, will expire at various times between 2022 and 2039. During 2020, the Company recognized tax benefits related to NOLs of \$12.6 million.

At December 31, 2020, the Company has tax credit carryforwards of \$16.6 million relating to federal and state tax credits for research activities. Of these credit carryforwards, \$0.6 million can be carried forward indefinitely and \$16.0 million, if not utilized, will expire between 2024 and 2040.

The Company regularly assesses the realizability of deferred tax assets considering all available evidence including, to the extent applicable, the nature, frequency and severity of prior cumulative losses, forecasts of future taxable income, tax filing status, the duration of statutory carryforward periods, available tax planning and historical experience. At December 31, 2020, the Company has a U.S. gross deferred tax asset of \$176.4 million that the Company expects to fully utilize on a more likely than not basis.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During 2020, the Company's valuation allowance increased by \$5.6 million primarily due to an increase in foreign NOLs offset by a decrease in state NOLs. At December 31, 2020, the Company has a valuation allowance of \$77.1 million related to the portion of NOLs and other items for which it is more likely than not that the tax benefit will not be realized.

A reconciliation of the income tax benefit to the amounts computed by applying the statutory federal income tax rate to earnings before income taxes is shown as follows:

| | Years Ended December 31, | | |
|--|--------------------------|------------|------------|
| | 2020 | 2019 | 2018 |
| (In thousands) | | | |
| Income tax (benefit) provision at the federal statutory rate of 21% | \$ (4,058) | \$ 7,066 | \$ 14,705 |
| State income taxes, net of effect of federal tax benefit | 1,641 | 2,693 | 4,702 |
| Deferred tax adjustment for enacted changes in tax law and rates | (5,244) | 502 | (1,431) |
| Change in judgement on beginning of the year valuation allowance | (3,544) | — | — |
| Stock-based compensation | (2,914) | (12,768) | (25,184) |
| Unbenefited losses | 2,899 | 1,523 | 2,227 |
| Research credit | (2,494) | (3,308) | (1,169) |
| Net adjustment related to the reconciliation of income tax provision accruals to tax returns | (743) | 448 | (1,669) |
| Other, net | (711) | 2,176 | 336 |
| Income tax benefit | \$ (15,168) | \$ (1,668) | \$ (7,483) |

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest, is as follows:

| | December 31, | | |
|--|--------------|----------|----------|
| | 2020 | 2019 | 2018 |
| (In thousands) | | | |
| Balance at January 1 | \$ 4,025 | \$ 2,356 | \$ 1,548 |
| Additions based on tax positions related to the current year | 1,676 | 1,325 | 411 |
| Additions for tax positions of prior years | 423 | 344 | 397 |
| Settlements | (856) | — | — |
| Balance at December 31 | \$ 5,268 | \$ 4,025 | \$ 2,356 |

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax as a result of previously filed separate company and consolidated tax returns with IAC. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service has substantially completed its audit of IAC's federal income tax returns for the years ended December 31, 2010 through 2016, which includes the operations of the Company. The IRS began its audit of the year ended December 31, 2017 in the second quarter of 2020. The statute of limitations for the years 2010 through 2012 and for the years 2013 through 2017 have been extended to May 31, 2021 and December 31, 2021, respectively. Returns filed in various other jurisdictions are open to examination for various tax years beginning with 2009. Income taxes payable include unrecognized tax benefits considered sufficient to pay assessments that may result from examination of prior year tax returns. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may not accurately anticipate actual outcomes and, therefore, may require periodic adjustment. Although management currently believes changes in unrecognized tax benefits from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided will not have a material impact on liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. At December 31, 2020, there are no accruals for interest and penalties. At December 31, 2019, accruals for interest are not material and there are no accruals for penalties.

At December 31, 2020 and 2019, unrecognized tax benefits, including interest, are \$5.3 million and \$4.1 million respectively; all of which are for tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at December 31, 2020 are subsequently recognized, the income tax provision would be reduced by \$5.1 million. The comparable amount as of December 31, 2019 is \$4.0 million. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by \$0.5 million by December 31, 2021, due to settlements, all of which would reduce the income tax provision.

At December 31, 2020, all of the Company's international cash can be repatriated without any significant tax consequences.

NOTE 4—BUSINESS COMBINATIONS

Handy Acquisition

On October 19, 2018, the Company acquired 100% of Handy, a leading platform for connecting individuals looking for household services, for total consideration of \$168.4 million. This includes the aggregate fair value of 8.6 million shares of Class A common stock issued by the Company of \$165.8 million, which was based on the closing stock price of ANGI on the NASDAQ on October 19, 2018 of \$19.31 and cash consideration paid by the Company.

During 2019, the Company finalized its assessment of net operating losses acquired in the Handy acquisition. As a result, the Company revised the purchase price allocation for Handy by increasing the fair value of deferred tax assets by \$27.2 million and decreasing goodwill by \$27.2 million.

The financial results of Handy are included in the Company's consolidated financial statements, within the North America segment, beginning October 19, 2018.

The table below summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

| | <u>Handy</u> (In thousands) |
|---------------------------|--------------------------------|
| Cash and cash equivalents | \$ 5,710 |
| Other current assets | 2,050 |
| Goodwill | 115,183 |
| Intangible assets | 38,800 |
| Other non-current assets | 8 |
| Deferred income taxes | 20,070 |
| Total assets | <u>181,821</u> |
| Current liabilities | (13,419) |
| Net assets acquired | <u>\$ 168,402</u> |

The purchase price was based on the expected financial performance of Handy, not on the value of the net identifiable assets at the time of acquisition. This resulted in a significant portion of the purchase price being attributed to goodwill because Handy is complementary and synergistic to the other North America businesses of ANGI Homeservices.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair values of the identifiable intangible assets acquired at the date of acquisition are as follows:

| | <u>Handy</u> | |
|---|------------------|--------------------------------------|
| | (In thousands) | Weighted-Average Useful Life (Years) |
| Indefinite-lived trade name and trademarks | \$ 18,800 | Indefinite |
| Developed technology | 15,600 | 4 |
| User base | 3,400 | 1 |
| Retail partners | 600 | 3 |
| Service professionals | 400 | 1 |
| Total identifiable intangible assets acquired | <u>\$ 38,800</u> | |

Other current assets, other non-current assets and current liabilities of Handy were reviewed and adjusted to their fair values at the date of acquisition, as necessary. The fair values of the trade name and developed technology were determined using variations of the income approach; specifically, in respective order, the relief from royalty and excess earnings methodologies. The fair values of user base, retail partners, and service professionals were determined using a cost approach that utilized the cost to replace methodology. The valuations of the intangible assets incorporate significant unobservable inputs and require significant judgment and estimates, including the amount and timing of future cash flows and the determination of royalty and discount rates. The amount attributed to goodwill is not tax deductible.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets, net are as follows:

| | <u>December 31,</u> | |
|--|---------------------|---------------------|
| | 2020 | 2019 |
| | (In thousands) | |
| Goodwill | \$ 891,797 | \$ 883,960 |
| Intangible assets with indefinite lives | 171,888 | 171,599 |
| Intangible assets with definite lives, net of accumulated amortization | 37,829 | 80,126 |
| Total goodwill and intangible assets, net | <u>\$ 1,101,514</u> | <u>\$ 1,135,685</u> |

The following table presents the balance of goodwill by reportable segment, including the changes in the carrying value of goodwill, for the year ended December 31, 2020:

| | Balance at December 31, 2019 | Additions | (Deductions) | Foreign Currency Translation | Balance at December 31, 2020 |
|----------------|------------------------------|-----------------|--------------|------------------------------|------------------------------|
| | (In thousands) | | | | |
| North America | \$ 813,417 | \$ 2,665 | \$ — | \$ 225 | \$ 816,307 |
| Europe | 70,543 | — | — | 4,947 | 75,490 |
| Total goodwill | <u>\$ 883,960</u> | <u>\$ 2,665</u> | <u>\$ —</u> | <u>\$ 5,172</u> | <u>\$ 891,797</u> |

Additions relate to immaterial acquisition activity during the year (included in the North America segment).

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents the balance of goodwill by reportable segment, including the changes in the carrying value of goodwill, for the year ended December 31, 2019:

| | Balance at December 31, 2018 | Additions | (Deductions) | Foreign Currency Translation | Balance at December 31, 2019 |
|----------------|------------------------------------|------------------|--------------------|------------------------------------|------------------------------------|
| | (In thousands) | | | | |
| North America | \$ 824,037 | \$ 18,326 | \$ (29,266) | \$ 320 | \$ 813,417 |
| Europe | 70,672 | — | — | (129) | 70,543 |
| Total goodwill | <u>\$ 894,709</u> | <u>\$ 18,326</u> | <u>\$ (29,266)</u> | <u>\$ 191</u> | <u>\$ 883,960</u> |

Additions relate to the acquisition of Fixd Repair (included in the North America segment). Deductions primarily relate to tax benefits of acquired attributes related to the acquisition of Handy (included in the North America segment).

Intangible assets with indefinite lives are trade names and trademarks acquired in various acquisitions. At December 31, 2020 and 2019, intangible assets with definite lives are as follows:

| | December 31, 2020 | | | |
|------------------------------------|-----------------------------|-----------------------------|------------------|--|
| | Gross Carrying Amount | Accumulated Amortization | Net | Weighted- Average Useful Life (Years) |
| | (Dollars in thousands) | | | |
| Service professional relationships | \$ 97,160 | \$ (97,000) | \$ 160 | 3.0 |
| Technology | 83,468 | (47,144) | 36,324 | 5.5 |
| Memberships | 15,900 | (15,900) | — | 3.0 |
| Customer lists and user base | 800 | (192) | 608 | 8.0 |
| Trade names | 3,128 | (2,391) | 737 | 5.6 |
| Total | <u>\$ 200,456</u> | <u>\$ (162,627)</u> | <u>\$ 37,829</u> | 4.1 |
| | December 31, 2019 | | | |
| | Gross Carrying Amount | Accumulated Amortization | Net | Weighted- Average Useful Life (Years) |
| | (Dollars in thousands) | | | |
| Service professional relationships | \$ 99,651 | \$ (76,445) | \$ 23,206 | 2.9 |
| Technology | 89,095 | (37,721) | 51,374 | 5.3 |
| Memberships | 15,900 | (11,940) | 3,960 | 3.0 |
| Customer lists and user base | 14,298 | (13,590) | 708 | 1.4 |
| Trade names | 2,390 | (1,512) | 878 | 6.8 |
| Total | <u>\$ 221,334</u> | <u>\$ (141,208)</u> | <u>\$ 80,126</u> | 3.8 |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2020, amortization of intangible assets with definite lives for each of the next five years and thereafter is estimated to be as follows:

| Years Ending December 31, | (In thousands) |
|---------------------------|------------------|
| 2021 | \$ 14,951 |
| 2022 | 13,964 |
| 2023 | 8,148 |
| 2024 | 190 |
| 2025 | 190 |
| Thereafter | 386 |
| Total | <u>\$ 37,829</u> |

NOTE 6—FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Marketable Debt Securities

At December 31, 2020, current available-for-sale marketable debt securities were as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|------------------|---------------------------|----------------------------|------------------|
| | (In thousands) | | | |
| Treasury discount notes | \$ 49,995 | \$ — | \$ — | \$ 49,995 |
| Total available-for-sale marketable debt securities | <u>\$ 49,995</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 49,995</u> |

The contractual maturities of debt securities classified as current available-for-sale at December 31, 2020 are within one year. The Company did not hold any available-for-sale marketable debt securities at December 31, 2019.

For the years ended December 31, 2020 and 2019, proceeds from maturities of available-for-sale marketable debt securities were \$50.0 million and \$25.0 million, respectively. There were no gross realized gains or losses from the maturities of available-for-sale marketable debt securities for the years ended December 31, 2020 and 2019.

Fair Value Measurements

The following tables present the Company's financial instruments that are measured at fair value on a recurring basis:

| | December 31, 2020 | | | |
|-----------------------------|---|---|---|-------------------------------|
| | Quoted Market Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value Measurements |
| | (In thousands) | | | |
| Assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | \$ 374,014 | \$ — | \$ — | \$ 374,014 |
| Treasury discount notes | — | 324,995 | — | 324,995 |
| Time deposits | — | 2,721 | — | \$ 2,721 |
| Marketable debt securities: | | | | |
| Treasury discount notes | — | 49,995 | — | 49,995 |
| Total | \$ 374,014 | \$ 377,711 | \$ — | \$ 751,725 |

| | December 31, 2019 | | | |
|--------------------|---|---|---|-------------------------------|
| | Quoted Market Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value Measurements |
| | (In thousands) | | | |
| Assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | \$ 291,810 | \$ — | \$ — | \$ 291,810 |
| Time deposits | — | 23,040 | — | 23,040 |
| Total | \$ 291,810 | \$ 23,040 | \$ — | \$ 314,850 |

Financial instruments measured at fair value only for disclosure purposes

The following table presents the carrying value and the fair value of financial instruments measured at fair value only for disclosure purposes:

| | December 31, 2020 | | December 31, 2019 | |
|------------------------------------|-------------------|------------|-------------------|-------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | (In thousands) | | | |
| Current portion of long-term debt | \$ — | \$ — | \$ (13,750) | \$ (13,681) |
| Long-term debt, net ^(a) | (712,277) | (725,700) | (231,946) | (232,581) |

^(a) At December 31, 2020 and 2019, the carrying value of long-term debt, net includes unamortized debt issuance costs of \$7.7 million and \$1.8 million, respectively.

The fair value of long-term debt, including the current portion, is estimated using observable market prices or indices for similar liabilities, which are Level 2 inputs.

NOTE 7—LONG-TERM DEBT

Long-term debt consists of:

| | December 31, | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| | (In thousands) | |
| 3.875% ANGI Group Senior Notes due August 15, 2028 (“Senior Notes”); interest payable each February 15 and August 15, commencing February 15, 2021 | \$ 500,000 | \$ — |
| ANGI Group Term Loan due November 5, 2023 | 220,000 | 247,500 |
| Total long-term debt | 720,000 | 247,500 |
| Less: current portion of Term Loan | — | 13,750 |
| Less: unamortized debt issuance costs | 7,723 | 1,804 |
| Total long-term debt, net | \$ 712,277 | \$ 231,946 |

ANGI Group Senior Notes

On August 20, 2020, ANGI Group, LLC (“ANGI Group”), a direct, wholly-owned subsidiary of the Company, issued \$500.0 million in aggregate principal amount of the Senior Notes, the proceeds of which are intended for general corporate purposes, including potential future acquisitions and return of capital. At any time prior to August 15, 2023, these notes may be redeemed at a redemption price equal to the sum of the principal amount thereof, plus accrued and unpaid interest and a make-whole premium. Thereafter, these notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on August 15 of the years indicated below:

| Year | Percentage |
|---------------------|------------|
| 2023 | 101.938 % |
| 2024 | 100.969 % |
| 2025 and thereafter | 100.000 % |

The indenture governing the Senior Notes contains a covenant that would limit ANGI Group's ability to incur liens for borrowed money in the event a default has occurred or ANGI Group's secured leverage ratio (as defined in the indenture) exceeds 3.75 to 1.0. At December 31, 2020, there were no limitations pursuant thereto.

ANGI Group Term Loan and ANGI Group Revolving Facility

ANGI was a party to a credit agreement that terminates on November 5, 2021. The credit agreement governs the Term Loan and revolving credit facility (the “Revolving Facility”). On August 12, 2020, ANGI Group entered into a joinder agreement with the Company, the other subsidiaries of the Company that are party to the credit agreement, and each of the other loan parties to the credit agreement, pursuant to which ANGI Group became the successor borrower under the credit agreement (“ANGI Group Credit Agreement”) and ANGI Homeservices Inc.'s obligations thereunder were terminated. In addition, on August 12, 2020, the definition of “Permitted Unsecured Ratio Debt” in the credit agreement was amended to remove the requirement that guarantees of certain indebtedness of the borrower be subordinated to the guarantees under the credit agreement.

The outstanding balance of the ANGI Group Term Loan was \$220 million and \$247.5 million at December 31, 2020 and 2019, respectively. As of December 31, 2020, the Company prepaid its quarterly principal payments totaling of \$13.8 million due in 2021. There are quarterly principal payments of \$6.9 million for the one-year period ending December 31, 2022 and \$10.3 million through maturity of the loan when the final amount of \$161.6 million is due. Additionally, interest payments are due at least quarterly through the term of the loan. At December 31, 2020 and 2019, the Term Loan bore interest at LIBOR plus 2.00% and LIBOR plus 1.50% respectively. The spread over LIBOR is subject to change in future periods based on ANGI Group's consolidated net leverage ratio. The interest rate was 2.16% and 3.25%, at December 31, 2020 and 2019, respectively.

The ANGI Group Credit Agreement requires ANGI Group to maintain a consolidated net leverage ratio of not more than 4.5 to 1.0 and a minimum interest coverage ratio of not less than 2.0 to 1.0. The ANGI Group Credit Agreement also contains covenants that would limit ANGI Group's ability to pay dividends or make distributions in the event a default has occurred or ANGI Group's consolidated net leverage ratio exceeds 4.25 to 1.0. At December 31, 2020, there were no limitations pursuant thereto.

The \$250.0 million ANGI Group Revolving Facility expires on November 5, 2023. At December 31, 2020 and 2019, there were no outstanding borrowings under the ANGI Group Revolving Facility. The annual commitment fee on undrawn funds is based on ANGI Group's consolidated net leverage ratio most recently reported and was 35 basis points and 25 basis points at December 31, 2020 and 2019, respectively. Any future borrowings under the ANGI Group Revolving Facility would bear interest, at ANGI Group's option, at either a base rate or LIBOR, in each case plus an applicable margin, which is based on ANGI Group's consolidated net leverage ratio. The financial and other covenants are the same as those for the ANGI Group Term Loan.

The ANGI Group Senior Notes and ANGI Group Credit Agreement are guaranteed by certain of ANGI Group's wholly-owned material domestic subsidiaries and ANGI Group's obligations under the ANGI Group Credit Agreement are secured by substantially all assets of ANGI Group and the guarantors, subject to certain exceptions. The ANGI Group Term Loan and outstanding borrowings, if any, under the ANGI Group Revolving Facility rank equally with each other, and have priority over the ANGI Group Senior Notes to the extent of the value of the assets securing the borrowings under the ANGI Group Credit Agreement.

Long-term debt maturities:

Long-term debt maturities as of December 31, 2020 are summarized in the table below:

| Years Ending December 31, | (In thousands) |
|---------------------------------------|----------------|
| 2022 | 27,500 |
| 2023 | 192,500 |
| 2028 | 500,000 |
| Total | 720,000 |
| Less: unamortized debt issuance costs | 7,723 |
| Total long-term debt, net | \$ 712,277 |

NOTE 8—SHAREHOLDERS' EQUITY

Description of Class A Common Stock, Class B Convertible Common Stock and Class C Common Stock

Except as described herein, shares of ANGI Homeservices Class A common stock, Class B common stock and Class C common stock are identical.

Holders of Class A common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Class B common stock are entitled to ten votes per share on all matters to be voted upon by stockholders. Holders of Class C common stock have no voting rights, except as otherwise required by the laws of the State of Delaware, in which case holders of Class C common stock are entitled to one one-hundredth (1/100) of a vote per share. Holders of the Company's Class A common stock, Class B common stock and Class C common stock do not have cumulative voting rights in the election of directors.

Shares of ANGI Homeservices Class B common stock are convertible into shares of our Class A common stock at the option of the holder at any time on a share for share basis. Such conversion ratio will in all events be equitably preserved in the event of any recapitalization of ANGI Homeservices by means of a stock dividend on, or a stock split or combination of, our outstanding Class A common stock or Class B common stock, or in the event of any merger, consolidation or other reorganization of ANGI Homeservices with another corporation. Upon the conversion of a share of our Class B common stock into a share of our Class A common stock, the applicable share of Class B common stock will be retired and will not be subject to reissue. Shares of Class A common stock and Class C common stock have no conversion rights.

The holders of shares of ANGI Homeservices Class A common stock, Class B common stock and Class C common stock are entitled to receive, share for share, such cash dividends as may be declared by ANGI Homeservices Board of Directors out of funds legally available therefor. In the event of a liquidation, dissolution or winding up, holders of the Company's Class A common stock, Class B common stock and Class C common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of all liabilities and accrued but unpaid dividends and liquidation preferences on any outstanding preferred stock.

At December 31, 2020, IAC holds all 421.9 million outstanding shares of the Company's Class B common stock, which represents an 84.3% economic interest and 98.2% voting interest in the Company.

In the event that ANGI Homeservices issues or proposes to issue any shares of ANGI Homeservices Class A common stock, Class B common stock or Class C common stock (with certain limited exceptions), including shares issued upon the exercise, conversion or exchange of options, warrants and convertible securities, IAC will generally have a purchase right that permits it to purchase for fair market value, as defined in the agreement, up to such number of shares of the same class as the issued shares as would (i) enable IAC to maintain the same ownership interest in the Company that it had immediately prior to such issuance or proposed issuance, with respect to issuances of our voting capital stock, or (ii) enable IAC to maintain ownership of at least 80.1% of each class of the Company's non-voting capital stock, with respect to issuances of our non-voting capital stock.

Reserved Common Shares

In connection with equity compensation plans, 40.2 million shares of ANGI Homeservices common stock are reserved at December 31, 2020.

Common Stock Repurchases

On March 9, 2020 and February 6, 2019, the Board of Directors of ANGI Homeservices authorized the Company to repurchase up to 20 million and 15 million shares of its common stock, respectively. During the year ended December 31, 2020, the Company repurchased 8.4 million shares of ANGI common stock for aggregate consideration, on a trade date basis, of \$62.6 million. At December 31, 2020, the Company has approximately 19.3 million shares remaining in its share repurchase authorization.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present the components of accumulated other comprehensive income (loss) income and items reclassified out of accumulated other comprehensive income (loss) income into earnings:

| | Year Ended December 31, 2020 | | |
|--|---|--|---|
| | Foreign Currency Translation Adjustment | Unrealized Gains On Available-For-Sale Debt Securities | Accumulated Other Comprehensive (Loss) Income |
| | (In thousands) | | |
| Balance at January 1 | \$ (1,379) | \$ — | \$ (1,379) |
| Other comprehensive income | 6,016 | — | 6,016 |
| Net current period other comprehensive income | 6,016 | — | 6,016 |
| Balance at December 31 | <u>\$ 4,637</u> | <u>\$ —</u> | <u>\$ 4,637</u> |
| | Year Ended December 31, 2019 | | |
| | Foreign Currency Translation Adjustment | Unrealized Gains On Available-For-Sale Debt Securities | Accumulated Other Comprehensive (Loss) Income |
| | (In thousands) | | |
| Balance at January 1 | \$ (1,864) | \$ 3 | \$ (1,861) |
| Other comprehensive income (loss) before reclassifications | 485 | (3) | 482 |
| Net current period other comprehensive income (loss) | 485 | (3) | 482 |
| Balance at December 31 | <u>\$ (1,379)</u> | <u>\$ —</u> | <u>\$ (1,379)</u> |
| | Year Ended December 31, 2018 | | |
| | Foreign Currency Translation Adjustment | Unrealized Gains On Available-For-Sale Debt Securities | Accumulated Other Comprehensive Income (Loss) |
| | (In thousands) | | |
| Balance at January 1 | \$ 2,232 | \$ — | \$ 2,232 |
| Other comprehensive (loss) income before reclassifications | (4,044) | 3 | (4,041) |
| Amounts reclassified to earnings | (52) | — | (52) |
| Net current period other comprehensive loss | (4,096) | 3 | (4,093) |
| Balance at December 31 | <u>\$ (1,864)</u> | <u>\$ 3</u> | <u>\$ (1,861)</u> |

The amounts reclassified out of foreign currency translation adjustment into earnings for the year ended December 31, 2018 relate to the liquidation of an international subsidiary.

At December 31, 2020, 2019 and 2018, there was no tax benefit or provision on the accumulated other comprehensive income (loss).

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted (loss) earnings per share attributable to ANGI Homeservices shareholders:

| | Years Ended December 31, | | | | | |
|---|--------------------------|-------------------|------------------|------------------|------------------|------------------|
| | 2020 | | 2019 | | 2018 | |
| | Basic | Diluted | Basic | Diluted | Basic | Diluted |
| (In thousands, except per share data) | | | | | | |
| Numerator: | | | | | | |
| Net (loss) earnings | \$ (4,160) | \$ (4,160) | \$ 35,314 | \$ 35,314 | \$ 77,507 | \$ 77,507 |
| Net earnings attributable to noncontrolling interests | (2,123) | (2,123) | (485) | (485) | (189) | (189) |
| Net (loss) earnings attributable to ANGI Homeservices Inc. shareholders | <u>\$ (6,283)</u> | <u>\$ (6,283)</u> | <u>\$ 34,829</u> | <u>\$ 34,829</u> | <u>\$ 77,318</u> | <u>\$ 77,318</u> |
| Denominator: | | | | | | |
| Weighted average basic shares outstanding | 498,159 | 498,159 | 504,875 | 504,875 | 484,232 | 484,232 |
| Dilutive securities ^{(a)(b)(c)} | — | — | — | 13,044 | — | 29,365 |
| Denominator for earnings per share—weighted average shares | <u>498,159</u> | <u>498,159</u> | <u>504,875</u> | <u>517,919</u> | <u>484,232</u> | <u>513,597</u> |
| (Loss) earnings per share attributable to ANGI Homeservices Inc. shareholders: | | | | | | |
| (Loss) earnings per share | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ 0.07</u> | <u>\$ 0.07</u> | <u>\$ 0.16</u> | <u>\$ 0.15</u> |

^(a) For the year ended December 31, 2020, the Company had a loss from operations and as a result, approximately 24.9 million potentially dilutive securities were excluded from computing dilutive earnings per share because the impact would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding were used to compute all earnings per share amounts.

^(b) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock appreciation rights, stock options and subsidiary denominated equity and vesting of restricted stock units (“RSUs”). For the years ended December 31, 2019 and 2018, 5.5 million, and 3.1 million potentially dilutive securities, respectively, are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

^(c) Market-based awards and performance-based stock units are considered contingently issuable shares. Shares issuable upon exercise or vesting of market-based awards and performance-based stock units are included in the denominator for earnings per share if (i) the applicable performance or market condition(s) has been met and (ii) the inclusion of the market-based award and performance-based stock units is dilutive for the respective reporting periods. For the years ended December 31, 2019 and 2018, 0.9 million, and 1.3 million shares underlying market-based awards and performance-based stock units, respectively, were excluded from the calculation of diluted earnings per share because the performance or market condition(s) had not been met.

NOTE 11—STOCK-BASED COMPENSATION

The Company currently has one active stock plan, which became effective in 2017 upon the completion of the combination of IAC’s HomeAdvisor business and Angie’s List, Inc. on September 29, 2017 (the “Combination”). The 2017 plan covers stock options, stock appreciation rights and RSU awards, including those that are linked to the achievement of the Company’s stock price, known as market-based awards (“MSUs”) and those that are linked to the achievement of a performance target, known as performance-based awards (“PSUs”), denominated in shares of ANGI Homeservices common stock, as well as provides for the future grant of these and other equity awards. The 2017 plan authorizes the Company to grant awards to its employees, officers, directors and consultants. At December 31, 2020, there are 15.2 million shares available for grant under the 2017 plan.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The 2017 plan has a stated term of ten years, and provides that the exercise price of stock options and stock appreciation rights granted will not be less than the market price of the Company's common stock on the grant date. The plan does not specify grant dates or vesting schedules for awards, as those determinations have been delegated to the Compensation Committee of ANGI Homeservices Board of Directors (the "Committee"). Each grant agreement reflects the grant date and vesting schedule for that particular grant as determined by the Committee. Stock options and stock appreciation rights granted subsequent to the Combination through December 31, 2018 generally vest in equal annual installments over a four-year period from the grant date. RSU awards granted subsequent to the Combination through December 31, 2020 generally vest either in two 50% installments over a three and four-year period or in equal annual installments over a four-year period, in each case, from the grant date. MSU awards granted subsequent to the Combination generally vest in five installments over a two-year period from the grant date. PSU awards granted subsequent to the Combination generally cliff vest in a two to five-year period from the grant date.

Stock-based compensation expense recognized in the consolidated statement of operations includes expense related to: (i) the Company's stock options, stock appreciation rights and RSUs; (ii) equity instruments denominated in shares of its subsidiaries; and (iii) IAC denominated stock options and PSUs held by ANGI Homeservices employees. The amount of stock-based compensation expense recognized is net of estimated forfeitures. The forfeiture rate is estimated at the grant date based on historical experience and revised, if necessary, in subsequent periods if actual forfeitures differ from the estimated rate. The expense ultimately recorded is for the awards that vest. At December 31, 2020, there was \$77.2 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.2 years.

The total income tax benefit recognized in the accompanying consolidated statement of operations for the years ended December 31, 2020, 2019 and 2018 related to all stock-based compensation is \$24.3 million, \$28.8 million and \$49.5 million, respectively.

The aggregate income tax benefit recognized related to the exercise of stock options and stock appreciation rights for the years ended December 31, 2020, 2019 and 2018 is \$11.4 million, \$27.9 million and \$40.2 million, respectively. There may be some delay in the timing of the realization of the cash benefit of the income tax deductions related to stock-based compensation because it will be dependent upon the amount and timing of future taxable income and the timing of estimated income tax payments.

Stock Options and Stock Appreciation Rights

Stock options and stock appreciation rights outstanding at December 31, 2020 and changes during the year ended December 31, 2020 were as follows:

| | December 31, 2020 | | | |
|----------------------------------|---|---------------------------------|--|---------------------------|
| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value |
| | (Shares and intrinsic value in thousands) | | | |
| Outstanding at January 1, 2020 | 23,984 | \$ 3.89 | | |
| Granted | — | — | | |
| Exercised | (12,931) | 3.18 | | |
| Forfeited | (352) | 6.16 | | |
| Expired | (12) | 15.03 | | |
| Outstanding at December 31, 2020 | <u>10,689</u> | <u>\$ 4.67</u> | <u>5.68</u> | <u>\$ 92.08</u> |
| Exercisable | <u>8,944</u> | <u>\$ 4.59</u> | <u>5.59</u> | <u>\$ 77.97</u> |

The aggregate intrinsic value in the table above represents the difference between ANGI Homeservices closing stock price on the last trading day of 2020 and the exercise price, multiplied by the number of in-the-money awards that would have been

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

exercised had all award holders exercised their awards on December 31, 2020. The total intrinsic value of awards exercised during the years ended December 31, 2020, 2019 and 2018 is \$120.9 million, \$107.5 million and \$151.2 million, respectively.

The following table summarizes the information about stock options and stock appreciation rights outstanding and exercisable at December 31, 2020:

| Range of Exercise Prices | Awards Outstanding | | | Awards Exercisable | | |
|--------------------------|----------------------------------|--|---------------------------------|----------------------------------|--|---------------------------------|
| | Outstanding at December 31, 2020 | Weighted average remaining contractual life in years | Weighted average exercise price | Exercisable at December 31, 2020 | Weighted average remaining contractual life in years | Weighted average exercise price |
| | (Shares in thousands) | | | | | |
| \$0.01 to \$3.00 | 2,864 | 4.9 | \$ 2.29 | 2,864 | 4.9 | \$ 2.29 |
| \$3.01 to \$6.00 | 6,814 | 6.1 | 4.53 | 5,213 | 6.1 | 4.53 |
| \$6.01 to \$9.00 | 106 | 4.0 | 8.04 | 106 | 4 | 8.04 |
| \$9.01 to \$12.00 | 405 | 6.0 | 10.54 | 324 | 5.7 | 10.47 |
| \$12.01 to \$15.00 | 369 | 5.5 | 12.94 | 306 | 5.3 | 12.98 |
| \$15.01 to \$18.00 | — | — | — | — | — | — |
| \$18.01 to \$21.00 | 115 | 2.2 | 19.88 | 115 | 2.2 | 19.88 |
| \$21.01 to \$24.00 | 16 | 2.6 | 22.02 | 16 | 2.6 | 22.02 |
| | <u>10,689</u> | 5.7 | \$ 4.67 | <u>8,944</u> | 5.6 | \$ 4.59 |

There were no stock options or stock appreciation rights granted by the Company for the years ended December 31, 2020, 2019 or 2018.

In connection with the Combination, the previously issued HomeAdvisor (US) stock appreciation rights were converted into ANGI Homeservices' equity awards resulting in a modification charge. Included in stock-based compensation expense in the years ended December 31, 2020, 2019 and 2018 were charges of \$21.1 million, \$29.0 million and \$56.9 million, respectively, related to these modified awards, and the remaining charge of \$0.9 million will be recognized over the remaining vesting period of the modified awards.

In connection with the departure of the president and chief operating officer in the fourth quarter of 2020, the Company recognized a modification charge of \$6.8 million related to the acceleration of vesting of his unvested stock appreciation rights and the extension of the post-termination exercise period for his vested and exercisable stock appreciation rights.

In connection with the chief executive officer transition during the fourth quarter of 2018, the Company accelerated \$3.9 million of expense into 2018 from 2019.

No cash was received from stock option exercises during the year ended December 31, 2020 because they were net settled in shares of ANGI Homeservices' common stock. Cash received from stock option exercises was \$0.6 million and \$4.7 million for the years ended December 31, 2019 and 2018, respectively.

The Company currently settles all equity awards on a net basis. In connection with the Combination, previously issued stock appreciation rights related to the common stock of HomeAdvisor (US) were converted into ANGI stock appreciation rights that are settleable, at the Company's option, on a net basis with the Company remitting withholding taxes on behalf of the employee or on a gross basis with the Company issuing a sufficient number of Class A shares to cover the withholding taxes. In addition, at IAC's option, these awards can be settled in either Class A shares of ANGI or shares of IAC common stock. If settled in IAC common stock, ANGI reimburses IAC in either cash or through the issuance of Class A shares to IAC. Assuming all of the stock appreciation rights outstanding on December 31, 2020 were net settled on that date, ANGI would have issued 3.4 million Class A shares (either to award holders or to IAC as reimbursement) and ANGI would have remitted \$45.2 million in cash for withholding taxes (assuming a 50% withholding rate). Assuming all other ANGI equity awards outstanding on December 31, 2020, were net settled on that date, including stock options, RSUs and subsidiary denominated equity described

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

below, ANGI would have issued 6.0 million shares and would have remitted \$76.8 million in cash for withholding taxes (assuming a 50% withholding rate).

Restricted Stock Units, Market-based Stock Units and Performance-based Stock Units

RSUs, MSUs and PSUs are awards in the form of phantom shares or units denominated in a hypothetical equivalent number of shares of ANGI Homeservices common stock and with the value of each RSU and PSU equal to the fair value of ANGI Homeservices common stock at the date of grant. The value of each MSU is estimated using a lattice model that incorporates a Monte Carlo simulation of ANGI's stock price. Each RSU, MSU and PSU grant is subject to service-based vesting, where a specific period of continued employment must pass before an award vests. MSUs also include market-based vesting, tied to the stock price of ANGI before an award vests and PSUs include performance-based vesting, where certain performance targets set at the time of grant must be achieved before an award vests. For RSU grants, the expense is measured at the grant date as the fair value of ANGI Homeservices common stock and expensed as stock-based compensation over the vesting term. For MSU grants, the expense is measured using a lattice model and expensed as stock-based compensation over the requisite service period. For PSU grants, the expense is measured at the grant date as the fair value of ANGI Homeservices common stock and expensed as stock-based compensation over the vesting term if the performance targets are considered probable of being achieved.

Unvested RSUs, MSUs and PSUs outstanding at December 31, 2020 and changes during the year ended December 31, 2020 are as follows:

| | RSUs | | MSUs | | PSUs | |
|-------------------------------|-----------------------|--|---------------------------------|--|---------------------------------|--|
| | Number of Shares | Weighted Average Grant Date Fair Value | Number of Shares ^(a) | Weighted Average Grant Date Fair Value | Number of Shares ^(a) | Weighted Average Grant Date Fair Value |
| | (Shares in thousands) | | | | | |
| Unvested at January 1, 2020 | 5,660 | \$ 15.29 | 3,503 | \$ 3.62 | 881 | \$ 15.89 |
| Granted | 6,962 | 7.37 | — | — | 1,844 | 6.92 |
| Vested | (2,128) | 13.78 | (738) | 6.8 | — | — |
| Forfeited | (934) | 11.93 | (269) | 6.8 | (767) | 16.4 |
| Unvested at December 31, 2020 | <u>9,560</u> | \$ 10.19 | <u>2,496</u> | \$ 7.82 | <u>1,958</u> | \$ 5.11 |

^(a) Included in the table are MSUs and PSUs which vests in varying amounts depending upon certain market or performance conditions. The MSUs and PSUs in the table above includes these awards at their maximum potential payout.

In 2019, the Company granted certain MSUs that are liability-classified stock-settled awards with a market condition. The fair value of these awards is subject to remeasurement each reporting period until settlement of the award. The total expense related to these awards will ultimately be equal to the number of shares vested based on the fair value of ANGI Homeservices' common stock on the settlement date.

The weighted average fair value of RSUs granted during the years ended December 31, 2020, 2019 and 2018 based on market prices of ANGI Homeservices' common stock on the grant date was \$7.37, \$13.16 and \$18.08, respectively. There were no MSUs granted during the year ended December 31, 2020. The weighted average fair value of MSUs granted during the year ended December 31, 2019 based on the lattice model was \$3.67. The weighted average fair value of PSUs granted during the years ended December 31, 2020 and 2019 based on market prices of ANGI Homeservices' common stock on the grant date was \$6.92 and \$15.93, respectively. There were no MSUs or PSUs granted or outstanding during the year ended December 31, 2018. The total fair value of RSUs that vested during the years ended December 31, 2020, 2019 and 2018 was \$23.4 million, \$16.1 million and \$19.5 million, respectively. The total fair value of MSUs that vested during the years ended December 31, 2020 and 2019, was \$5.2 million and \$3.2 million, respectively. There were no PSUs that vested during the years ended December 31, 2020, 2019 and 2018.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In connection with the departure of the president and chief operating officer in the fourth quarter of 2020, the Company recognized a modification charge of \$7.3 million related to the acceleration of vesting of his unvested RSUs.

Equity Instruments Denominated in the Shares of Certain Subsidiaries

ANGI Homeservices has granted stock appreciation rights denominated in the equity of certain non-publicly traded subsidiaries to employees and management of those subsidiaries. These equity awards vest over a period of years, which is typically four years. The value of the stock appreciation rights is tied to the value of the common stock of these subsidiaries, which is determined by the Company using a variety of valuation techniques including a combination of market based and discounted cash flow valuation methodologies. Accordingly, these interests only have value to the extent the relevant business appreciates in value above the initial value utilized to determine the exercise price. These interests can have significant value in the event of significant appreciation. The fair value of these interests is generally determined by negotiation or arbitration when settled, which will occur at various dates through 2026 and are ultimately settled in IAC common stock or ANGI Homeservices Class A common stock, at IAC's election. These equity awards are settled on a net basis, with the award holder entitled to receive a payment in shares equal to the intrinsic value of the award at exercise less an amount equal to the required cash tax withholding payment. The expense associated with these equity awards is initially measured at fair value, using the Black-Scholes option pricing model, at the grant date and is expensed as stock-based compensation over the vesting term.

The plans under which these awards are granted establish specific settlement dates or liquidity events for which the valuation of the relevant subsidiary is determined for purposes of settlement of the awards.

NOTE 12—SEGMENT INFORMATION

The overall concept that ANGI employs in determining its operating segments is to present the financial information in a manner consistent with: how the chief operating decision maker views the businesses; how the businesses are organized as to segment management; and the focus of the businesses with regards to the types of services or products offered or the target market.

The following table presents revenue by reportable segment:

| | Years Ended December 31, | | |
|-----------------|--------------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Revenue: | | | |
| North America | \$ 1,395,428 | \$ 1,249,892 | \$ 1,062,171 |
| Europe | 72,497 | 76,313 | 70,070 |
| Total | <u>\$ 1,467,925</u> | <u>\$ 1,326,205</u> | <u>\$ 1,132,241</u> |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents the revenue of the Company's segments disaggregated by type of service:

| | Years Ended December 31, | | |
|--|--------------------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| North America | | | |
| Marketplace: | | | |
| Consumer connection revenue ^(a) | \$ 1,054,660 | \$ 913,533 | \$ 704,341 |
| Service professional membership subscription revenue | 50,975 | 63,872 | 66,214 |
| Other revenue | 25,685 | 15,263 | 3,940 |
| Total Marketplace revenue | 1,131,320 | 992,668 | 774,495 |
| Advertising and other revenue ^(b) | 264,108 | 257,224 | 287,676 |
| Total North America revenue | 1,395,428 | 1,249,892 | 1,062,171 |
| Europe | | | |
| Consumer connection revenue ^(c) | 57,692 | 59,611 | 50,913 |
| Service professional membership subscription revenue | 13,091 | 14,231 | 17,362 |
| Advertising and other revenue | 1,714 | 2,471 | 1,795 |
| Total Europe revenue | 72,497 | 76,313 | 70,070 |
| Total revenue | \$ 1,467,925 | \$ 1,326,205 | \$ 1,132,241 |

^(a) Includes fees paid by service professionals for consumer matches and revenue from pre-priced jobs sourced through the HomeAdvisor and Handy platforms.

^(b) Includes Angie's List revenue from service professionals under contract for advertising and Angie's List membership subscription fees from consumers, as well as revenue from mHelpDesk, HomeStars and Felix. Felix was sold on December 31, 2018 and its revenue for the year ended December 31, 2018 was \$36.9 million.

^(c) Includes fees paid by service professionals for consumer matches.

Revenue by geography is based on where the customer is located. Geographic information about revenue and long-lived assets is presented below:

| | Years Ended December 31, | | |
|---------------------|--------------------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Revenue: | | | |
| United States | \$ 1,379,236 | \$ 1,234,755 | \$ 1,050,641 |
| All other countries | 88,689 | 91,450 | 81,600 |
| Total | \$ 1,467,925 | \$ 1,326,205 | \$ 1,132,241 |

The United States is the only country whose revenue is greater than 10% of total revenue of the Company for the years ended December 31, 2020, 2019 and 2018.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| | December 31, | |
|--|----------------|------------|
| | 2020 | 2019 |
| | (In thousands) | |
| Long-lived assets (excluding goodwill and intangible assets): | | |
| United States | \$ 97,841 | \$ 95,822 |
| All other countries | 11,001 | 7,539 |
| Total | \$ 108,842 | \$ 103,361 |

The following tables present operating income (loss) and Adjusted EBITDA by reportable segment:

| | Years Ended December 31, | | |
|---------------------------------|--------------------------|-----------|-----------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Operating income (loss): | | | |
| North America | \$ 4,811 | \$ 48,967 | \$ 78,102 |
| Europe | (11,179) | (10,322) | (14,196) |
| Total | \$ (6,368) | \$ 38,645 | \$ 63,906 |

| | Years Ended December 31, | | |
|---------------------------------------|--------------------------|------------|------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Adjusted EBITDA^(d): | | | |
| North America | \$ 178,854 | \$ 208,192 | \$ 253,963 |
| Europe | \$ (6,050) | \$ (5,895) | \$ (6,457) |

^(d) The Company's primary financial measure is Adjusted EBITDA, which is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of amortization of intangible assets and impairments of goodwill and intangible assets, if applicable. The Company believes 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 these expenses.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables reconcile operating income (loss) for the Company's reportable segments and net (loss) earnings attributable to ANGI Homeservices Inc. shareholders to Adjusted EBITDA:

| Year Ended December 31, 2020 | | | | | |
|--|----------------------------|--|--------------|--------------------------------|--------------------|
| | Operating Income (Loss) | Stock-Based Compensation Expense | Depreciation | Amortization of Intangibles | Adjusted EBITDA |
| | (In thousands) | | | | |
| North America | \$ 4,811 | \$ 82,933 | \$ 48,515 | \$ 42,595 | \$ 178,854 |
| Europe | (11,179) | \$ 716 | \$ 4,106 | \$ 307 | \$ (6,050) |
| Operating (loss) | (6,368) | | | | |
| Interest expense | (14,178) | | | | |
| Other income, net | 1,218 | | | | |
| Earnings before income taxes | (19,328) | | | | |
| Income tax benefit | 15,168 | | | | |
| Net loss | (4,160) | | | | |
| Net earnings attributable to noncontrolling interests | (2,123) | | | | |
| Net loss attributable to ANGI Homeservices Inc. shareholders | <u>\$ (6,283)</u> | | | | |

| Year Ended December 31, 2019 | | | | | |
|--|----------------------------|--|--------------|--------------------------------|--------------------|
| | Operating Income (Loss) | Stock-Based Compensation Expense | Depreciation | Amortization of Intangibles | Adjusted EBITDA |
| | (In thousands) | | | | |
| North America | \$ 48,967 | \$ 67,646 | \$ 37,481 | \$ 54,098 | \$ 208,192 |
| Europe | (10,322) | \$ 609 | \$ 2,434 | \$ 1,384 | \$ (5,895) |
| Operating income | 38,645 | | | | |
| Interest expense | (11,493) | | | | |
| Other income, net | 6,494 | | | | |
| Earnings before income taxes | 33,646 | | | | |
| Income tax benefit | 1,668 | | | | |
| Net earnings | 35,314 | | | | |
| Net earnings attributable to noncontrolling interests | (485) | | | | |
| Net earnings attributable to ANGI Homeservices Inc. shareholders | <u>\$ 34,829</u> | | | | |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| Year Ended December 31, 2018 | | | | | |
|--|----------------------------|--|--------------|--------------------------------|--------------------|
| | Operating Income (Loss) | Stock-Based Compensation Expense | Depreciation | Amortization of Intangibles | Adjusted EBITDA |
| | (In thousands) | | | | |
| North America | \$ 78,102 | \$ 96,078 | \$ 21,888 | \$ 57,895 | \$ 253,963 |
| Europe | (14,196) | \$ 1,000 | \$ 2,422 | \$ 4,317 | \$ (6,457) |
| Operating income | 63,906 | | | | |
| Interest expense | (11,623) | | | | |
| Other income, net | 17,741 | | | | |
| Earnings before income taxes | 70,024 | | | | |
| Income tax benefit | 7,483 | | | | |
| Net earnings | 77,507 | | | | |
| Net earnings attributable to noncontrolling interests | (189) | | | | |
| Net earnings attributable to ANGI Homeservices Inc. shareholders | <u>\$ 77,318</u> | | | | |

The following table presents capital expenditures by reportable segment:

| | Years Ended December 31, | | |
|------------------------------|--------------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Capital expenditures: | | | |
| North America | \$ 50,462 | \$ 64,215 | \$ 42,976 |
| Europe | 2,026 | 4,589 | 4,000 |
| Total | <u>\$ 52,488</u> | <u>\$ 68,804</u> | <u>\$ 46,976</u> |

NOTE 13—LEASES

The Company leases office space, data center facilities and equipment in connection with its operations under various operating leases, the majority of which contain escalation clauses.

ROU assets represent the Company's right to use the underlying assets for the lease term and lease liabilities represent the present value of the Company's obligation to make payments arising from these leases. ROU assets and related lease liabilities are based on the present value of fixed lease payments over the lease term using the Company's incremental borrowing rate on the lease commencement date or January 1, 2019 for leases that commenced prior to that date. The Company combines the lease and non-lease components of lease payments in determining ROU assets and related lease liabilities. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Company will exercise the option(s). Lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying consolidated balance sheet.

Variable lease payments consist primarily of common area maintenance, utilities and taxes, which are not included in the recognition of ROU assets and related lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| Leases | Balance Sheet Classification | December 31, | |
|-----------------------------|--|--------------|------------|
| | | 2020 | 2019 |
| (In thousands) | | | |
| Assets: | | | |
| Right-of-use assets | Other non-current assets | \$ 87,559 | \$ 101,243 |
| Liabilities: | | | |
| Current lease liabilities | Accrued expenses and other current liabilities | 15,700 | 13,234 |
| Long-term lease liabilities | Other long-term liabilities | 103,575 | 119,375 |
| Total lease liabilities | | \$ 119,275 | \$ 132,609 |

| Lease Cost | Income Statement Classification | December 31, | |
|---------------------------------------|------------------------------------|--------------|-----------|
| | | 2020 | 2019 |
| (In thousands) | | | |
| Fixed lease cost | Cost of revenue | \$ 321 | \$ 207 |
| Fixed lease cost | Selling and marketing expense | 9,913 | 9,277 |
| Fixed lease cost | General and administrative expense | 7,545 | 7,617 |
| Fixed lease cost | Product development expense | 1,848 | 1,456 |
| Total fixed lease cost ^(a) | | 19,627 | 18,557 |
| Variable lease cost | Cost of revenue | — | — |
| Variable lease cost | Selling and marketing expense | 2,314 | 1,572 |
| Variable lease cost | General and administrative expense | 1,567 | 1,021 |
| Variable lease cost | Product development expense | 867 | 308 |
| Total variable lease cost | | 4,748 | 2,901 |
| Net lease cost | | \$ 24,375 | \$ 21,458 |

^(a) Includes \$0.04 million and \$0.6 million of short-term lease cost and \$1.8 million and \$1.4 million of sublease income for the years ended December 31, 2020 and 2019, respectively.

Maturities of lease liabilities as of December 31, 2020^(b):

| For Years Ending December 31: | (In thousands) |
|------------------------------------|----------------|
| 2021 | \$ 22,321 |
| 2022 | 21,514 |
| 2023 | 20,512 |
| 2024 | 19,994 |
| 2025 | 19,193 |
| Thereafter | 43,376 |
| Total | 146,910 |
| Less: Interest | 27,635 |
| Present value of lease liabilities | \$ 119,275 |

^(b) Lease payments exclude \$0.1 million of legally binding minimum lease payments for leases signed but not yet commenced.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following are the weighted average assumptions used for lease terms and discount rates as of December 31, 2020 and 2019:

| | December 31, | |
|----------------------|--------------|-----------|
| | 2020 | 2019 |
| Remaining lease term | 6.9 years | 7.7 years |
| Discount rate | 5.91 % | 5.99 % |

| | December 31, | |
|--|--------------|-----------|
| | 2020 | 2019 |
| (In thousands) | | |
| Other information: | | |
| Right-of-use assets obtained in exchange for lease liabilities | \$ 326 | \$ 58,701 |
| Cash paid for amounts included in the measurement of lease liabilities | \$ 20,939 | \$ 18,363 |

NOTE 14—COMMITMENTS AND CONTINGENCIES

Commitments

The Company has entered into certain off-balance sheet commitments that require the future purchase of services (“purchase obligations”). Future payments under non-cancelable unconditional purchase obligations as of December 31, 2020 are as follows:

| | Amount of Commitment Expiration Per Period | | | | Total |
|----------------------|--|-----------|-----------|-------------------|-----------|
| | Less Than 1 Year | 1-3 Years | 3-5 Years | More Than 5 Years | |
| (In thousands) | | | | | |
| Purchase obligations | \$ 12,916 | \$ 22 | \$ — | \$ — | \$ 12,938 |

Purchase obligations include (i) a remaining minimum payment of \$5.6 million that is due in 2021 under the Company’s allocable share of a three-year cloud computing arrangement, and (ii) payments of \$7.3 million related to advertising commitments to be made in 2021. The Company has an allocable share of a three-year cloud computing arrangement between IAC and a third party provider of \$15.6 million, of which \$3.2 million and \$5.6 million was paid in 2020 and 2019, respectively, and the Company had a related prepaid asset of \$4.2 million and \$4.3 million at December 31, 2020 and 2019, respectively, which is included in “Other current assets” on the consolidated balance sheet.

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against us, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management’s view of these matters may change in the future. The Company also evaluates other contingent matters, including income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company. See “Note 3—Income Taxes” for additional information related to income tax contingencies.

NOTE 15—RELATED PARTY TRANSACTIONS WITH IAC

Relationship with IAC

ANGI Homeservices and IAC have entered into certain agreements to govern their relationship. These agreements include: a contribution agreement; an investor rights agreement; a services agreement; a tax sharing agreement; and an employee matters agreement.

On October 10, 2018, ANGI issued 5.1 million shares of its Class B common stock to IAC pursuant to the post-closing adjustment provision of the Angie's List merger agreement.

Contribution Agreement

The contribution agreement sets forth the agreements between the Company and IAC regarding the principal transactions necessary for IAC to separate the HomeAdvisor business from IAC's other businesses and to cause the HomeAdvisor business to be transferred to ANGI Homeservices prior to the Combination, as well as governs certain aspects of our relationship following the Combination. Under the contribution agreement, the Company agreed to assume all of the assets and liabilities related to the HomeAdvisor business and agreed to indemnify IAC against any losses arising out of any breach by the Company of the contribution agreement or the other transaction related agreements described below. IAC also agreed to indemnify the Company against losses arising out of any breach by IAC of the contribution agreement or any of the other transaction related agreements described below.

Investor Rights Agreement

The investor rights agreement provides IAC with certain registration, preemptive and governance rights related to the Company and the shares of its capital stock it holds, as well as certain governance rights for the benefit of stockholders other than IAC.

Services Agreement

The services agreement governs services that IAC provides to the Company including, among others: (i) assistance with certain legal, M&A, human resources, finance, risk management, internal audit and treasury functions, health and welfare benefits, information security services and insurance and tax affairs, including assistance with certain public company and unclaimed property reporting obligations; (ii) accounting, controllership and payroll processing services; (iii) investor relations services; (iv) tax compliance services; and (v) such other services as to which IAC and the Company may agree. The services agreement automatically renews annually for an additional one-year period for so long as IAC continues to own a majority of the outstanding shares of the Company's common stock.

For the years ended December 31, 2020, 2019 and 2018, the Company was charged \$4.8 million, \$4.8 million and \$5.7 million, respectively, by IAC for services rendered pursuant to the services agreement. There were no outstanding receivables or payables pursuant to the services agreement as of December 31, 2020 and 2019, respectively. At December 31, 2018, the Company had an outstanding receivable due from IAC of \$0.1 million pursuant to the services agreement. This amount was deducted from the charges due to IAC pursuant to the services agreement discussed above during the first quarter of 2019.

Separately, the Company subleases office space to IAC and charged rent of \$1.8 million and \$1.4 million for the years ended December 31, 2020 and 2019, respectively. There were no amounts charged pursuant to subleases for office space to IAC for the year ended December 31, 2018. At both December 31, 2020 and 2019, there were outstanding receivables of less than \$0.1 million due from IAC pursuant to sublease agreements, which were subsequently paid in full in the first quarter of 2021 and 2020, respectively.

Tax Sharing Agreement

The tax sharing agreement governs the rights, responsibilities, and obligations of the Company and IAC with respect to tax liabilities and benefits, entitlements to refunds, preparation of tax returns, tax contests and other tax matters regarding U.S. federal, state, local and foreign income taxes. Under the tax sharing agreement, the Company is generally responsible and

required to indemnify IAC for: (i) all taxes imposed with respect to any consolidated, combined or unitary tax return of IAC or its subsidiaries that includes the Company or any of its subsidiaries to the extent attributable to the Company or any of its subsidiaries, as determined under the tax sharing agreement, and (ii) all taxes imposed with respect to any of the Company's or its subsidiaries' consolidated, combined, unitary or separate tax returns.

At December 31, 2020 and 2019, the Company had outstanding payables of \$0.9 million and \$0.2 million, respectively, due to IAC pursuant to the tax sharing agreement, which is included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet. There were \$3.1 million of refunds received from IAC pursuant to this agreement during the twelve months ended December 31, 2020. During the first quarter of 2019, \$11.4 million was paid to IAC, pursuant to this agreement.

Employee Matters Agreement

The employee matters agreement addresses certain compensation (including stock-based compensation) and benefit issues related to the allocation of liabilities associated with: (i) employment or termination of employment, (ii) employee benefit plans and (iii) equity awards. Under the employee matters agreement, the Company's employees participate in IAC's U.S. health and welfare plans, 401(k) plan and flexible benefits plan and the Company reimburses IAC for the costs of such participation. In the event IAC no longer retains shares representing at least 80% of the aggregate voting power of shares entitled to vote in the election of the Company's Board of Directors, ANGI Homeservices will no longer participate in IAC's employee benefit plans, but will establish its own employee benefit plans that will be substantially similar to the plans sponsored by IAC prior to the Combination.

In addition, the employee matters agreement requires the Company to reimburse IAC for the cost of any IAC equity awards held by ANGI Homeservices current and former employees, with IAC electing to receive payment in cash or shares of our Class B common stock. This agreement also provides that IAC may require stock appreciation rights granted prior to the closing of the Combination and equity awards in our subsidiaries to be settled in either shares of our Class A common stock or IAC common stock. To the extent shares of IAC common stock are issued in settlement of these awards, the Company is obligated to reimburse IAC for the cost of those shares by issuing shares of our Class A common stock in the case of stock appreciation rights granted prior to the closing of the Combination and shares of our Class B common stock in the case of equity awards in our subsidiaries.

Lastly, pursuant to the employee matters agreement, in the event of a distribution of ANGI capital stock to IAC stockholders in a transaction intended to qualify as tax-free for U.S. federal income tax purposes, the Compensation Committee of the IAC Board of Directors has the exclusive authority to determine the treatment of outstanding IAC equity awards. Such authority includes (but is not limited to) the ability to convert all or part of IAC equity awards outstanding immediately prior to the distribution into equity awards denominated in shares of ANGI Class A Common Stock, which ANGI would be obligated to assume and which would be dilutive to ANGI's stockholders.

For the years ended December 31, 2020, 2019 and 2018, 0.3 million, 0.5 million and 0.9 million shares of ANGI Homeservices Class B common stock were issued to IAC, respectively, pursuant to the employee matters agreement as reimbursement for shares of IAC common stock issued in connection with the exercise and vesting of IAC equity awards held by ANGI Homeservices employees.

NOTE 16—BENEFIT PLANS

The Company's employees in the United States are eligible to participate in a retirement savings program offered by IAC, which is qualified under Section 401(k) of the Internal Revenue Code. Under the IAC/InterActiveCorp Retirement Savings Plan (the "IAC Plan"), participating employees may contribute up to 50% of their pre-tax earnings, but not more than statutory limits. The current employer match under the IAC Plan is fifty cents for each dollar a participant contributes in the IAC Plan, with a maximum contribution of 3% of a participant's eligible earnings. Matching contributions under the IAC Plan for the years ended December 31, 2020, 2019 and 2018 were \$7.7 million, \$6.3 million and \$5.6 million, respectively. Matching contributions are invested in the same manner as each participant's voluntary contributions in the investment options provided

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

under the IAC Plan. An investment option in the IAC Plan is IAC common stock, but neither participant nor matching contributions are required to be invested in IAC common stock.

Internationally, the Company also has or participates in various benefit plans, primarily defined contribution plans. The Company's contributions for these plans for the years ended December 31, 2020, 2019 and 2018 were \$0.6 million, \$0.5 million, and \$0.4 million, respectively.

NOTE 17—CONSOLIDATED FINANCIAL STATEMENT DETAILS

Cash and Cash Equivalents and Restricted Cash:

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheet to the total amounts shown in the consolidated statement of cash flows:

| | December 31, 2020 | December 31, 2019 |
|--|----------------------|----------------------|
| | (In thousands) | |
| Cash and cash equivalents | \$ 812,705 | \$ 390,565 |
| Restricted cash included in other current assets | 407 | 504 |
| Restricted cash included in other non-current assets | 449 | 409 |
| Total cash and cash equivalents and restricted cash as shown on the consolidated statement of cash flows | <u>\$ 813,561</u> | <u>\$ 391,478</u> |

Restricted cash included in other current assets at December 31, 2020 primarily consists of cash received from customers at ANGI through the Handy platform, representing funds collected for payment to service providers, which were not settled as of the period end. Restricted cash included in other current assets at December 31, 2019 primarily consists of a deposit related to corporate credit cards.

Restricted cash included in other non-current assets at December 31, 2020 and 2019 consists of deposits related to leases.

| | December 31, | |
|--|------------------|------------------|
| | 2020 | 2019 |
| | (In thousands) | |
| Other current assets: | | |
| Capitalized costs to obtain a contract with a customer | \$ 49,194 | \$ 35,103 |
| Prepaid expenses | 17,742 | 21,790 |
| Other | 5,022 | 10,866 |
| Other current assets | <u>\$ 71,958</u> | <u>\$ 67,759</u> |

| | December 31, | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| | (In thousands) | |
| Capitalized software, leasehold improvements and equipment, net: | | |
| Capitalized software and computer equipment | \$ 132,026 | \$ 105,956 |
| Leasehold improvements | 31,864 | 32,559 |
| Furniture and other equipment | 13,252 | 13,435 |
| Projects in progress | 27,138 | 19,638 |
| Capitalized software, leasehold improvements and equipment | 204,280 | 171,588 |
| Accumulated depreciation and amortization | (95,438) | (68,227) |
| Capitalized software, leasehold improvements and equipment, net | <u>\$ 108,842</u> | <u>\$ 103,361</u> |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| | December 31, | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| | (In thousands) | |
| Accrued expenses and other current liabilities: | | |
| Accrued advertising expense | \$ 30,033 | \$ 29,682 |
| Accrued employee compensation and benefits | 47,310 | 28,630 |
| Current lease liabilities | 15,700 | 13,234 |
| Other | 55,176 | 45,451 |
| Accrued expenses and other current liabilities | <u>\$ 148,219</u> | <u>\$ 116,997</u> |

| | Years Ended December 31, | | |
|--------------------------|--------------------------|-----------------|------------------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Other income, net | <u>\$ 1,218</u> | <u>\$ 6,494</u> | <u>\$ 17,741</u> |

Other income, net in 2020 principally includes interest income of \$1.7 million, offset by other expense of \$0.5 million.

Other income, net in 2019 includes interest income of \$8.0 million and net foreign currency exchange gains of \$0.6 million, partially offset by a \$1.8 million mark-to-market charge for an indemnification claim related to the Handy acquisition that will be settled in ANGI shares held in escrow.

Other income, net in 2018 includes a gain of \$13.2 million related to the sale of Felix and interest income of \$4.8 million.

Supplemental Disclosure of Non-Cash Transactions:

On October 19, 2018, ANGI issued 8.6 million shares of its Class A common stock valued at \$165.8 million in connection with the acquisition of Handy.

On October 10, 2018, ANGI issued 5.1 million shares of its Class B common stock to IAC pursuant to the post-closing adjustment provision of the Angie's List merger agreement.

Supplemental Disclosure of Cash Flow Information:

| | Years Ended December 31, | | |
|--|--------------------------|-----------|-----------|
| | 2020 | 2019 | 2018 |
| | (In thousands) | | |
| Cash paid (received) during the year for: | | | |
| Interest expense—third-party | \$ 5,367 | \$ 10,290 | \$ 12,148 |
| Interest expense—related party | — | 54 | 155 |
| Income tax payments, including amounts paid to IAC for ANGI Homeservices' share of IAC's consolidated tax liability | 1,789 | 12,224 | 332 |
| Income tax refunds, including amounts received from IAC for ANGI Homeservices' share of IAC's consolidated tax liability | (3,506) | (957) | (172) |

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 18—QUARTERLY RESULTS (UNAUDITED)

| | Quarter Ended March 31 ^(a) | Quarter Ended June 30 ^(a) | Quarter Ended September 30 ^(a) | Quarter Ended December 31 ^(a) |
|---|--|---|--|---|
| | (In thousands, except per share data) | | | |
| Year Ended December 31, 2020 | | | | |
| Revenue | \$ 343,650 | \$ 375,061 | \$ 389,913 | \$ 359,301 |
| Cost of revenue | 33,229 | 41,042 | 48,253 | 50,757 |
| Operating (loss) income | (16,296) | 17,644 | (3,019) | (4,697) |
| Net (loss) earnings | (9,184) | 13,211 | 5,203 | (13,390) |
| Net (loss) earnings attributable to ANGI Homeservices Inc. shareholders | (8,958) | 12,667 | 4,472 | (14,464) |
| Per share information attributable to ANGI Homeservices Inc. shareholders: | | | | |
| Basic (loss) earnings per share ^(c) | \$ (0.02) | \$ 0.03 | \$ 0.01 | \$ (0.03) |
| Diluted (loss) earnings per share ^(c) | \$ (0.02) | \$ 0.02 | \$ 0.01 | \$ (0.03) |

| | Quarter Ended March 31 ^(b) | Quarter Ended June 30 ^(b) | Quarter Ended September 30 ^(b) | Quarter Ended December 31 ^(b) |
|---|--|---|--|---|
| | (In thousands, except per share data) | | | |
| Year Ended December 31, 2019 | | | | |
| Revenue | \$ 303,443 | \$ 343,896 | \$ 357,358 | \$ 321,508 |
| Cost of revenue | 10,011 | 10,722 | 13,312 | 12,448 |
| Operating (loss) income | (3,641) | 11,403 | 24,726 | 6,157 |
| Net earnings (loss) | 9,851 | 7,234 | 18,324 | (95) |
| Net earnings (loss) attributable to ANGI Homeservices Inc. shareholders | 9,969 | 6,968 | 17,999 | (107) |
| Per share information attributable to ANGI Homeservices Inc. shareholders: | | | | |
| Basic earnings (loss) per share ^(c) | \$ 0.02 | \$ 0.01 | \$ 0.04 | \$ (0.00) |
| Diluted earnings (loss) per share ^(c) | \$ 0.02 | \$ 0.01 | \$ 0.04 | \$ (0.00) |

^(a) The first, second, third and fourth quarters of 2020 include after-tax stock-based compensation expense of \$8.8 million, \$2.6 million, \$4.0 million, and \$1.5 million, respectively, related to the modification of previously issued HomeAdvisor equity awards and previously issued Angie's List equity awards, both of which were converted into ANGI Homeservices' equity awards in the Combination.

^(b) The first, second, third and fourth quarters of 2019 include after-tax stock-based compensation expense of \$7.3 million, \$6.2 million, \$5.7 million, and \$5.6 million, respectively, related to the modification of previously issued HomeAdvisor equity awards and previously issued Angie's List equity awards, both of which were converted into ANGI Homeservices' equity awards in the Combination.

^(c) Quarterly per share amounts may not add to the related annual per share amount because of differences in the average common shares outstanding during each period.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of the Company's Disclosure Controls and Procedures

The Company monitors and evaluates on an ongoing basis its disclosure controls and procedures and internal control over financial reporting in order to improve their overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), conducted an evaluation, as of the end of the period covered by this report, of the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on this evaluation, our CEO and our CFO concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) for the Company. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, our management used the criteria for effective internal control over financial reporting described in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this assessment, management has determined that, as of December 31, 2020, the Company's internal control over financial reporting is effective. The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report, included herein.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

The Company monitors and evaluates on an ongoing basis its internal control over financial reporting in order to improve its overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant. As required by Rule 13a-15(d), our management, including our CEO and our CFO, also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter ended December 31, 2020.

Not applicable.

To the Shareholders and the Board of Directors of ANGI Homeservices Inc.

Opinion on Internal Control Over Financial Reporting

We have audited ANGI Homeservices Inc. and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, ANGI Homeservices Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15(a), and our report dated February 16, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York
February 16, 2021

PART III

The information required by Part III (Items 10, 11, 12, 13 and 14) has been incorporated herein by reference to the definitive Proxy Statement to be used in connection with the ANGI Homeservices 2021 Annual Meeting of Stockholders (the "2021 Proxy Statement"), as set forth below in accordance with General Instruction G(3) of Form 10-K.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Items 401 and 405 of Regulation S-K relating to directors and executive officers of ANGI Homeservices and their compliance with Section 16(a) of the Exchange Act is set forth in the sections entitled "Information Concerning Director Nominees" and "Information Concerning ANGI Executive Officers Who Are Not Directors," and "Delinquent Section 16(a) Reports," respectively, in the 2021 Proxy Statement and is incorporated herein by reference. The information required by Item 406 of Regulation S-K relating to the ANGI Homeservices Code of Ethics is set forth under the caption "Part I-Item 1-Business-Description of Our Businesses-Additional Information-Code of Ethics" of this annual report and is incorporated herein by reference. The information required by subsections (c)(3), (d)(4) and (d)(5) of Item 407 of Regulation S-K is set forth in the sections entitled "Corporate Governance" and "The Board and Board Committees" in the 2021 Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 402 of Regulation S-K relating to executive and director compensation and pay ratio disclosure is set forth in the sections entitled "Executive Compensation," "Director Compensation" and "Pay Ratio Disclosure," respectively, in the 2021 Proxy Statement and is incorporated herein by reference. The information required by subsections (e)(4) and (e)(5) of Item 407 of Regulation S-K relating to certain compensation committee matters is set forth in the sections entitled "The Board and Board Committees," "Compensation Committee Report" and "Compensation Committee Interlocks and Insider Participation" in the 2021 Proxy Statement and is incorporated herein by reference; provided, that the information set forth in the section entitled "Compensation Committee Report" shall be deemed furnished herein and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information regarding ownership of the Company's Class A common stock and Class B common stock required by Item 403 of Regulation S-K and securities authorized for issuance under our equity compensation plans required by Item 201(d) of Regulation S-K is set forth in the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information," respectively, in the 2021 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions involving ANGI Homeservices required by Item 404 of Regulation S-K and director independence determinations required by Item 407(a) of Regulation S-K is set forth in the sections entitled "Certain Relationships and Related Person Transactions" and "Corporate Governance," respectively, in the 2021 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by Item 9(e) of Schedule 14A regarding the fees and services of the Company's independent registered public accounting firm and the pre-approval policies and procedures applicable to services provided to the Company by such firm is set forth in the sections entitled "Fees Paid to Our Independent Registered Public Accounting Firm" and "Audit and Non-Audit Services Pre-Approval Policy," respectively, in the 2021 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) List of documents filed as part of this Report:

(1) Consolidated Financial Statements of ANGI Homeservices

Report of Independent Registered Public Accounting Firm: Ernst & Young LLP.

Consolidated Balance Sheet as of December 31, 2020 and 2019.

Consolidated Statement of Operations for the Years Ended December 31, 2020, 2019 and 2018.

Consolidated Statement of Comprehensive Operations for the Years Ended December 31, 2020, 2019 and 2018.

Consolidated Statement of Shareholders' Equity for the Years Ended December 31, 2020, 2019 and 2018.

Consolidated Statement of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018.

Notes to Consolidated Financial Statements.

(2) Consolidated Financial Statement Schedule of ANGI Homeservices

| Schedule Number | |
|-----------------|------------------------------------|
| II | Valuation and Qualifying Accounts. |

All other financial statements and schedules not listed have been omitted since the required information is either included in the Consolidated Financial Statements or the notes thereto, is not applicable or is not required.

(3) Exhibits

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith, incorporated by reference herein by reference to the location indicated or furnished herewith.

| Exhibit Number | Description | Location |
|----------------|---|---|
| 2.1 | Agreement and Plan of Merger, dated as of May 1, 2017, as amended by Amendment No. 1 to the Agreement and Plan of Merger, dated as of August 26, 2017, by and among Angie's List, Inc., IAC/InterActiveCorp, ANGI Homeservices Inc. and Casa Merger Sub, Inc. | <u>Annex B to the Proxy Statement/Prospectus of Angie's List, Inc. and ANGI Homeservices Inc., filed on August 30, 2017 pursuant to Rule 424(b)(3).</u> |
| 3.1 | Amended and Restated Certificate of Incorporation of ANGI Homeservices Inc. | <u>Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 3.2 | Amended and Restated Bylaws of ANGI Homeservices Inc. | <u>Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 4.1 | Description of Securities ⁽¹⁾ . | |
| 4.2 | Investor Rights Agreement, dated as of September 29, 2017, by and between ANGI Homeservices Inc. and IAC/InterActiveCorp. | <u>Exhibit 2.2 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 4.3 | Registration Rights Agreement, dated October 19, 2018, by and among ANGI Homeservices Inc. and the holders signatory thereto. | <u>Exhibit 4.2 to the Registration Statement on Form S-3ASR (SEC File No. 333-227932), filed on October 22, 2018.</u> |
| 4.4 | Indenture, dated as of August 20, 2020, among ANGI Group, LLC, the guarantors party thereto and Computershare Trust Company, N.A., as trustee. | <u>Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on August 20, 2020.</u> |
| 10.1 | Contribution Agreement, dated as of September 29, 2017, by and between ANGI Homeservices Inc. and IAC/InterActiveCorp. ⁽²⁾ | <u>Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 10.2 | Services Agreement, dated as of September 29, 2017, by and between ANGI Homeservices Inc. and IAC/InterActiveCorp. ⁽²⁾ | <u>Exhibit 2.3 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 10.3 | Tax Sharing Agreement, dated as of September 29, 2017, by and between ANGI Homeservices Inc. and IAC/InterActiveCorp. ⁽²⁾ | <u>Exhibit 2.4 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 10.4 | Employee Matters Agreement, dated as of September 29, 2017, by and between ANGI Homeservices Inc. and IAC/InterActiveCorp. ⁽²⁾ | <u>Exhibit 2.5 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |

| | | |
|-------|--|--|
| 10.5 | ANGI Homeservices Inc. 2017 Stock and Annual Incentive Plan. ⁽³⁾ | <u>Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.</u> |
| 10.6 | Form of Notice and Terms and Conditions for Restricted Stock Units granted under the ANGI Homeservices Inc. 2017 Stock and Annual Incentive Plan. ⁽³⁾ | <u>Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017.</u> |
| 10.7 | Form of Notice and Terms and Conditions for Stock Options granted under the ANGI Homeservices Inc. 2017 Stock and Annual Incentive Plan. ⁽³⁾ | <u>Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017.</u> |
| 10.8 | Form of Terms and Conditions for Stock Appreciation Rights granted under the ANGI Homeservices Inc. 2017 Stock and Annual Incentive Plan. ⁽³⁾ | <u>Exhibit 10.2 to the Registration Statement on Form S-4, as amended (SEC File No. 333-219064), filed on August 28, 2017.</u> |
| 10.9 | Employment Agreement between William B. Ridenour and ANGI Homeservices Inc., dated as of November 18, 2018. ⁽³⁾ | <u>Exhibit 10-9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.</u> |
| 10.1 | Employment Agreement between Jamie Cohen and ANGI Homeservices Inc., dated as of March 12, 2019. ⁽³⁾ | <u>Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019.</u> |
| 10.11 | Employment Agreement between Craig Smith and ANGI Homeservices Inc., dated as of August 24, 2017. ⁽³⁾ | <u>Exhibit 10.7 to the Registration Statement on Form S-4, as amended (SEC File No. 333-219064), filed on August 28, 2017.</u> |
| 10.12 | Employment Agreement between Allison Lowrie and ANGI Homeservices Inc., dated as of August 24, 2017. ⁽³⁾ | <u>Exhibit 10.8 to the Registration Statement on Form S-4, as amended (SEC File No. 333-219064), filed on August 28, 2017.</u> |
| 10.13 | Employment Agreement between Shannon Shaw and ANGI Homeservices Inc., dated as of February 22, 2019. ⁽³⁾ | <u>Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019.</u> |
| 10.14 | Employment Agreement between Oisin Hanrahan and ANGI Homeservices Inc., dated as of June 26, 2019. ⁽³⁾ | <u>Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019.</u> |
| 10.15 | Employment Agreement between Angela R. Hicks Bowman and ANGI Homeservices Inc., dated as of June 29, 2017. ⁽³⁾ | <u>Exhibit 10.4 to the Registration Statement on Form S-4 (SEC File No. 333-219064), filed on June 30, 2018.</u> |
| 10.16 | Amended and Restated Credit Agreement, dated as of November 5, 2018, by and among ANGI Homeservices Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. | <u>Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on November 9, 2018.</u> |
| 10.17 | Amendment No. 1, dated as of August 12, 2020, among ANGI Homeservices Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent. | <u>Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 12, 2020.</u> |
| 10.18 | Joinder and Reaffirmation Agreement, dated as of August 12, 2020, among ANGI Homeservices Inc., ANGI Group, LLC, each of the parties listed on Schedule 1 thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent. | <u>Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on August 12, 2020.</u> |
| 10.19 | Advisory Agreement, dated September 8, 2020, between ANGI Homeservices Inc. and Craig Smith. ⁽³⁾ | <u>Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 11, 2020.</u> |

21.1 Subsidiaries of the Registrant as of December 31, 2020.⁽¹⁾

23.1 Consent of Ernst & Young LLP.⁽¹⁾

| | |
|-------------|---|
| <u>31.1</u> | Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ⁽¹⁾ |
| <u>31.2</u> | Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ⁽¹⁾ |
| <u>32.1</u> | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ⁽⁴⁾ |
| <u>32.2</u> | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ⁽⁴⁾ |
| 101.INS | Inline XBRL Instance (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH | Inline XBRL Taxonomy Extension Schema ⁽¹⁾ |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation ⁽¹⁾ |
| 101.DEF | Inline XBRL Taxonomy Extension Definition ⁽¹⁾ |
| 101.LAB | Inline XBRL Taxonomy Extension Labels ⁽¹⁾ |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation ⁽¹⁾ |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

(1) Filed herewith.

(2) Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.

(3) Reflects management contracts and management and director compensatory plans.

(4) Furnished herewith.

Item 16. Form 10-K Summary

None.

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