

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2019
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

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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 2, 2019, the following shares of the registrant's common stock were outstanding:

Class A Common Stock	85,989,523
Class B Common Stock	421,452,903
Class C Common Stock	—
Total outstanding Common Stock	<u>507,442,426</u>

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**PART I
FINANCIAL INFORMATION**

Item 1. Consolidated Financial Statements

**ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)**

	June 30, 2019	December 31, 2018
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	\$ 380,563	\$ 336,984
Marketable securities	—	24,947
Accounts receivable, net of allowance and reserves of \$22,790 and \$16,603, respectively	56,835	27,263
Other current assets	63,478	84,933
Total current assets	500,876	474,127
Right-of-use assets	103,997	—
Property and equipment, net of accumulated depreciation and amortization of \$49,053 and \$36,473, respectively	99,883	70,859
Goodwill	914,505	894,709
Intangible assets, net of accumulated amortization of \$113,958 and \$85,589, respectively	276,238	304,295
Deferred income taxes	52,842	40,837
Other non-current assets	8,662	23,200
TOTAL ASSETS	\$ 1,957,003	\$ 1,808,027
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current portion of long-term debt	\$ 13,750	\$ 13,750
Accounts payable	34,187	20,083
Deferred revenue	65,334	61,417
Accrued expenses and other current liabilities	112,876	105,987
Total current liabilities	226,147	201,237
Long-term debt, net	238,357	244,971
Long-term debt—related party	—	1,015
Deferred income taxes	3,435	3,808
Other long-term liabilities	121,097	16,846
Redeemable noncontrolling interests	23,421	18,163
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Class A common stock, \$0.001 par value; authorized 2,000,000 shares; 85,803 and 80,515 shares issued and outstanding	86	81
Class B convertible common stock, \$0.001 par value; authorized 1,500,000 shares; 421,453 and 421,118 shares issued and outstanding	421	421
Class C common stock, \$0.001 par value; authorized 1,500,000 shares; no shares issued and outstanding	—	—
Additional paid-in capital	1,338,280	1,333,097
Accumulated deficit	(1,860)	(18,797)
Accumulated other comprehensive loss	(1,482)	(1,861)
Total ANGI Homeservices Inc. shareholders' equity	1,335,445	1,312,941
Noncontrolling interests	9,101	9,046
Total shareholders' equity	1,344,546	1,321,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,957,003	\$ 1,808,027

The accompanying [Notes to Consolidated Financial Statements](#) are an integral part of these statements.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands, except per share data)			
Revenue	\$ 343,896	\$ 294,822	\$ 647,339	\$ 550,133
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	10,722	14,703	20,733	28,298
Selling and marketing expense	196,167	141,843	371,469	279,775
General and administrative expense	88,013	79,688	172,442	155,958
Product development expense	15,082	13,662	30,886	29,442
Depreciation	8,796	5,886	15,795	12,070
Amortization of intangibles	13,713	15,778	28,252	32,084
Total operating costs and expenses	332,493	271,560	639,577	537,627
Operating income	11,403	23,262	7,762	12,506
Interest expense—third party	(2,963)	(3,011)	(5,957)	(5,665)
Interest expense—related party	—	(34)	(16)	(79)
Other income, net	1,047	1,053	3,334	1,409
Earnings before income taxes	9,487	21,270	5,123	8,171
Income tax (provision) benefit	(2,253)	1,753	11,962	5,738
Net earnings	7,234	23,023	17,085	13,909
Net (earnings) loss attributable to noncontrolling interests	(266)	(124)	(148)	105
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 6,968	\$ 22,899	\$ 16,937	\$ 14,014
Earnings per share attributable to ANGI Homeservices Inc. shareholders:				
Basic earnings per share	\$ 0.01	\$ 0.05	\$ 0.03	\$ 0.03
Diluted earnings per share	\$ 0.01	\$ 0.05	\$ 0.03	\$ 0.03
Stock-based compensation expense by function:				
Cost of revenue	\$ —	\$ —	\$ —	\$ —
Selling and marketing expense	1,046	997	2,005	1,658
General and administrative expense	14,642	19,311	30,749	41,005
Product development expense	1,832	1,745	4,048	4,296
Total stock-based compensation expense	\$ 17,520	\$ 22,053	\$ 36,802	\$ 46,959

The accompanying [Notes to Consolidated Financial Statements](#) are an integral part of these statements.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands)			
Net earnings	\$ 7,234	\$ 23,023	\$ 17,085	\$ 13,909
Other comprehensive (loss) income:				
Change in foreign currency translation adjustment	(1,674)	(5,955)	191	(1,451)
Change in unrealized gains and losses on available-for-sale debt securities	—	—	(3)	—
Total other comprehensive (loss) income	(1,674)	(5,955)	188	(1,451)
Comprehensive income	5,560	17,068	17,273	12,458
Components of comprehensive loss (income) attributable to noncontrolling interests:				
Net (earnings) loss attributable to noncontrolling interests	(266)	(124)	(148)	105
Change in foreign currency translation adjustment attributable to noncontrolling interests	383	822	191	310
Comprehensive loss attributable to noncontrolling interests	117	698	43	415
Comprehensive income attributable to ANGI Homeservices Inc. shareholders	\$ 5,677	\$ 17,766	\$ 17,316	\$ 12,873

The accompanying [Notes to Consolidated Financial Statements](#) are an integral part of these statements.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Three Months Ended June 30, 2019 and 2018
(Unaudited)

ANGI Homeservices Inc. Shareholders' Equity

	Redeemable Noncontrolling Interests	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	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total ANGI Homeservices Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
		\$	Shares	\$	Shares	\$	Shares						
(In thousands)													
Balance as of March 31, 2019	\$ 23,242	\$ 85	84,718	\$ 421	421,452	\$ —	—	\$ 1,331,371	\$ (8,828)	\$ (191)	\$ 1,322,858	\$ 9,043	\$ 1,331,901
Net earnings	160	—	—	—	—	—	—	—	6,968	—	6,968	106	7,074
Other comprehensive loss	(335)	—	—	—	—	—	—	—	—	(1,291)	(1,291)	(48)	(1,339)
Stock-based compensation expense	35	—	—	—	—	—	—	17,485	—	—	17,485	—	17,485
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	1	1,085	—	—	—	—	(10,257)	—	—	(10,256)	—	(10,256)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	—	—	—	1	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair value	319	—	—	—	—	—	—	(319)	—	—	(319)	—	(319)
Balance as of June 30, 2019	\$ 23,421	\$ 86	85,803	\$ 421	421,453	\$ —	—	\$ 1,338,280	\$ (1,860)	\$ (1,482)	\$ 1,335,445	\$ 9,101	\$ 1,344,546
Balance as of March 31, 2018	\$ 22,655	\$ 63	63,353	\$ 416	415,885	\$ —	—	\$ 1,135,024	\$ (105,000)	\$ 6,224	\$ 1,036,727	\$ 9,583	\$ 1,046,310
Net earnings	22	—	—	—	—	—	—	—	22,899	—	22,899	102	23,001
Other comprehensive loss	(593)	—	—	—	—	—	—	—	—	(5,133)	(5,133)	(229)	(5,362)
Stock-based compensation expense	390	—	—	—	—	—	—	21,663	—	—	21,663	—	21,663
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	2	2,063	—	—	—	—	(18,149)	—	—	(18,147)	—	(18,147)
Purchase of redeemable noncontrolling interests	(53)	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(549)	(549)
Adjustment of redeemable noncontrolling interests to fair value	(582)	—	—	—	—	—	—	582	—	—	582	—	582
Other	1	—	—	—	—	—	—	(182)	—	—	(182)	174	(8)
Balance as of June 30, 2018	\$ 21,840	\$ 65	65,416	\$ 416	415,885	\$ —	—	\$ 1,138,938	\$ (82,101)	\$ 1,091	\$ 1,058,409	\$ 9,081	\$ 1,067,490

The accompanying [Notes to Consolidated Financial Statements](#) are an integral part of these statements.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Six Months Ended June 30, 2019 and 2018
(Unaudited)

ANGI Homeservices Inc. Shareholders' Equity													
	Redeemable Noncontrolling Interests	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	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total ANGI Homeservices Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
		\$	Shares	\$	Shares	\$	Shares						
(In thousands)													
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	51	—	—	—	—	—	—	—	16,937	—	16,937	97	17,034
Other comprehensive (loss) income	(149)	—	—	—	—	—	—	—	—	379	379	(42)	337
Stock-based compensation expense	77	—	—	—	—	—	—	36,725	—	—	36,725	—	36,725
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	5	5,288	—	—	—	—	(25,448)	—	—	(25,443)	—	(25,443)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	—	—	—	335	—	—	(795)	—	—	(795)	—	(795)
Adjustment of redeemable noncontrolling interests to fair value	5,279	—	—	—	—	—	—	(5,279)	—	—	(5,279)	—	(5,279)
Other	—	—	—	—	—	—	—	(20)	—	—	(20)	—	(20)
Balance as of June 30, 2019	\$ 23,421	\$ 86	85,803	\$ 421	421,453	\$ —	—	\$ 1,338,280	\$ (1,860)	\$ (1,482)	\$ 1,335,445	\$ 9,101	\$ 1,344,546
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	(89)	—	—	—	—	—	—	—	14,014	—	14,014	(16)	13,998
Other comprehensive loss	(218)	—	—	—	—	—	—	—	—	(1,141)	(1,141)	(92)	(1,233)
Stock-based compensation expense	800	—	—	—	—	—	—	46,159	—	—	46,159	—	46,159
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	2	2,598	—	—	—	—	(19,292)	—	—	(19,290)	—	(19,290)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	—	—	1	699	—	—	(1)	—	—	—	—	—
Purchase of redeemable noncontrolling interests	(53)	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(818)	(818)
Adjustment of redeemable noncontrolling interests to fair value	61	—	—	—	—	—	—	(61)	—	—	(61)	—	(61)
Other	39	—	—	—	—	—	—	(267)	—	—	(267)	259	(8)
Balance as of June 30, 2018	\$ 21,840	\$ 65	65,416	\$ 416	415,885	\$ —	—	\$ 1,138,938	\$ (82,101)	\$ 1,091	\$ 1,058,409	\$ 9,081	\$ 1,067,490

The accompanying [Notes to Consolidated Financial Statements](#) are an integral part of these statements.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended June 30,	
	2019	2018
(In thousands)		
Cash flows from operating activities:		
Net earnings	\$ 17,085	\$ 13,909
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Stock-based compensation expense	36,802	46,959
Amortization of intangibles	28,252	32,084
Bad debt expense	32,143	20,581
Depreciation	15,795	12,070
Deferred income taxes	(12,407)	(6,416)
Other adjustments, net	3,446	164
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(61,889)	(36,951)
Other assets	10,556	(14,217)
Accounts payable and other liabilities	29,588	(1,673)
Income taxes payable and receivable	269	667
Deferred revenue	3,384	6,389
Net cash provided by operating activities	103,024	73,566
Cash flows from investing activities:		
Acquisition, net of cash acquired	(20,341)	—
Capital expenditures	(39,113)	(21,448)
Proceeds from maturities of marketable debt securities	25,000	—
Net proceeds from the sale of a business	23,599	—
Proceeds from sale of fixed assets	—	10,410
Other, net	(103)	—
Net cash used in investing activities	(10,958)	(11,038)
Cash flows from financing activities:		
Principal payments on term loan	(6,875)	(6,875)
Principal payments on related party debt	(1,008)	(1,322)
Proceeds from the exercise of stock options	573	2,125
Withholding taxes paid on behalf of employees on net settled stock-based awards	(26,245)	(21,439)
Distribution to IAC pursuant to the tax sharing agreement	(11,355)	—
Purchase of noncontrolling interests	—	(871)
Other, net	(3,732)	39
Net cash used in financing activities	(48,642)	(28,343)
Total cash provided	43,424	34,185
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	157	(111)
Net increase in cash, cash equivalents, and restricted cash	43,581	34,074
Cash, cash equivalents, and restricted cash at beginning of period	338,821	221,521
Cash, cash equivalents, and restricted cash at end of period	\$ 382,402	\$ 255,595

The accompanying [Notes to Consolidated Financial Statements](#) are an integral part of these statements.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

ANGI Homeservices Inc. connects quality home service pros across 500 different categories, from repairing and remodeling to cleaning and landscaping, with consumers. Over 250,000 domestic service professionals find work through ANGI Homeservices, and consumers turn to at least one of our brands to find a pro for more than 20 million projects each year. We've established category-transforming products with brands such as HomeAdvisor, Angie's List, Handy and Fixd Repair.

At June 30, 2019, IAC owned 83.1% and 98.0% of the economic and voting interest, respectively, of ANGI Homeservices.

The Company has two operating segments (i) North America (United States and Canada), which includes HomeAdvisor, Angie's List, Handy, mHelpDesk, HomeStars, Fixd Repair, LLC and Fixd Services LLC (collectively, "Fixd Repair") and Felix, for periods prior to its sale on December 31, 2018, and (ii) Europe, which includes Travaux, MyHammer, My Builder, 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).

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. Intercompany transactions and accounts have been eliminated.

For the purpose of these financial statements, income taxes have been computed as if ANGI Homeservices filed on a standalone, separate tax return basis. Any differences between taxes currently payable to or receivable from IAC under the tax sharing agreement between the Company and IAC 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.

In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of our financial position, results of operations and cash flows for the periods presented. Interim results are not necessarily indicative of the results that may be expected for the full year. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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 allowance for doubtful accounts; the determination of revenue reserves; the useful lives and recoverability of definite-lived intangible assets and property and equipment; the recoverability of goodwill and indefinite-lived intangible assets;

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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.

General Revenue Recognition

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.

The Company's disaggregated revenue disclosures are presented in "[Note 9—Segment Information](#)."

Deferred Revenue

Deferred revenue consists of 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 our performance obligation is one year or less. The current and non-current deferred revenue balances at December 31, 2018 are \$61.4 million and \$0.5 million, respectively. During the six months ended June 30, 2019, the Company recognized \$50.5 million of revenue that was included in the deferred revenue balance as of December 31, 2018. The current and non-current deferred revenue balances at June 30, 2019 are \$65.3 million and \$0.2 million, respectively. Non-current deferred revenue is included in "Other long-term liabilities" in the accompanying consolidated balance sheet.

Practical Expedients and Exemptions

As permitted under the practical expedient available under ASU No. 2014-09, *Revenue from Contracts with Customers*, 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.

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. The amount of capitalized sales commissions where the customer relationship period is greater than one year is \$38.4 million and \$38.8 million at June 30, 2019 and December 31, 2018, respectively.

Recent Accounting Pronouncements

Accounting Pronouncement Adopted by the Company

Adoption of ASU No. 2016-02, Leases (Topic 842)

The Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)* ("ASC 842") effective January 1, 2019. ASC 842 superseded previously existing guidance on accounting for leases and generally requires all leases to be recognized in the statement of financial position.

The adoption of ASC 842 resulted in the recognition of \$69.4 million of right-of-use assets ("ROU assets") and related lease liabilities as of January 1, 2019, with no cumulative effect adjustment. The adoption of ASC 842 had no impact on the Company's consolidated statement of operations and consolidated statement of cash flows.

The Company adopted ASC 842 prospectively and, therefore, did not revise comparative period information or disclosure. In addition, the Company elected the package of practical expedients permitted under ASC 842.

See "[Note 2—Leases](#)" for additional information on the adoption of ASC 842.

Accounting Pronouncement Not Yet Adopted by the Company

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, which significantly changes how entities will measure credit losses for most financial assets, including accounts receivable. ASU No. 2016-13 will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. The provisions of ASU No. 2016-13 are effective for reporting periods beginning after December 15, 2019. Upon adoption, ASU No. 2016-13 will be applied using the modified retrospective approach with a cumulative-effect adjustment to retained earnings recognized as of the date of initial application. The Company is currently evaluating the impact of the adoption of ASU No. 2016-13 will have on its consolidated financial statements.

Reclassifications

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

NOTE 2—LEASES

The Company leases office space and equipment used 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.

Leases	Balance Sheet Classification	June 30, 2019
		(In thousands)
Assets:		
Right-of-use assets	Right-of-use assets	\$ 103,997
Liabilities:		
Current lease liabilities	Accrued expenses and other current liabilities	12,809
Long-term lease liabilities	Other long-term liabilities	119,982
Total lease liabilities		\$ 132,791

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Lease Cost	Income Statement Classification	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
(In thousands)			
Fixed lease cost	Cost of revenue	\$ 47	\$ 47
Fixed lease cost	Selling and marketing expense	2,519	4,430
Fixed lease cost	General and administrative expense	2,263	4,048
Fixed lease cost	Product development expense	282	582
Total fixed lease cost ^(a)		5,111	9,107
Variable lease cost	Selling and marketing expense	366	670
Variable lease cost	General and administrative expense	140	331
Variable lease cost	Product development expense	25	55
Total variable lease cost		531	1,056
Net lease cost		\$ 5,642	\$ 10,163

^(a) Includes approximately \$0.4 million and \$0.6 million of short-term lease cost and \$0.5 million and \$0.5 million of sublease income for the three and six months ended June 30, 2019, respectively.

Maturities of lease liabilities as of June 30, 2019 (in thousands)^(b):

Remainder of 2019	\$ 8,325
2020	21,718
2021	21,463
2022	20,517
2023	19,505
After 2023	79,654
Total	171,182
Less: Interest	38,391
Present value of lease liabilities	\$ 132,791

^(b) Lease payments exclude \$0.7 million of legally binding minimum lease payments for leases signed but not yet commenced.

The following are the weighted average assumptions used for lease term and discount rate as of June 30, 2019:

Remaining lease term	8.1 years
Discount rate	6.06%

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
(In thousands)		
Other Information:		
Right-of-use assets obtained in exchange for lease liabilities	\$ 23,622	\$ 51,484
Cash paid for amounts included in the measurement of lease liabilities	\$ 3,768	\$ 8,521

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, current and deferred income tax provision/benefit have been computed for the Company on an as if

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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 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.

At the end of each interim period, the Company estimates the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to significant, unusual, or extraordinary items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which they occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or unrecognized tax benefits is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of the realizability of deferred tax assets generated in the current year. The accounting estimates used to compute the provision or benefit for income taxes may change as new events occur, more experience is acquired, additional information is obtained or our tax environment changes. To the extent that the expected annual effective income tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision in the quarter in which the change occurs.

For the three months ended June 30, 2019, the Company recorded an income tax provision of \$2.3 million, which represents an effective income tax rate of 24% and is higher than the statutory rate of 21% due primarily to unbenefited foreign losses and state taxes, partially offset by excess tax benefits generated by the exercise and vesting of stock-based awards. For the six months ended June 30, 2019, the Company recorded an income tax benefit of \$12.0 million due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards. For the three and six months ended June 30, 2018, the Company recorded income tax benefits, despite pre-tax income, of \$1.8 million and \$5.7 million, respectively, due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. Accruals for interest and penalties are not material.

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 is currently auditing IAC's federal income tax returns for the years ended December 31, 2010 through 2016, which includes the operations of the HomeAdvisor business. The statute of limitations for the years 2010 through 2012 has been extended to July 31, 2020 and the statute of limitations for the years 2013 through 2015 has been extended to December 31, 2020. 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. We consider many factors when evaluating and estimating our 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.

At June 30, 2019 and December 31, 2018, unrecognized tax benefits, including interest, are \$2.6 million and \$2.4 million, respectively. At June 30, 2019 and December 31, 2018, \$2.3 million and \$2.2 million, respectively, was included in unrecognized tax positions for tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at June 30, 2019 are subsequently recognized, the income tax provision would be reduced by \$2.5 million. The comparable

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amount as of December 31, 2018 is \$2.4 million. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by \$1.0 million due to potential settlements, which would reduce the income tax provision.

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. As of June 30, 2019, the Company has a U.S. gross deferred tax asset of \$128.3 million that the Company expects to fully utilize on a more likely than not basis. Of this amount, \$33.6 million will be utilized upon the future reversal of deferred tax liabilities and the remaining net deferred tax asset of \$94.7 million will be utilized based on forecasts of future taxable income.

NOTE 4—BUSINESS COMBINATION

On October 19, 2018, the Company acquired 100% of Handy Technologies, Inc. ("Handy"), a leading platform in the United States for connecting individuals looking for household services. The Company's purchase accounting is not yet complete, including the determination of purchase price, the value of the indemnified liabilities and related assets and the allocation of purchase price to the fair value of assets acquired and liabilities assumed. There were no material adjustments recorded during the first six months of 2019 related to purchase accounting and the preliminary values will be finalized no later than the fourth quarter of 2019.

Unaudited pro forma financial information

The unaudited pro forma financial information in the table below presents the combined results of the Company and Handy as if this acquisition had occurred on January 1, 2017. The unaudited pro forma financial information includes adjustments required under the acquisition method of accounting and is presented for informational purposes only and is not necessarily indicative of the results that would have been achieved had the acquisition actually occurred on January 1, 2017.

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	(In thousands, except per share data)	
Revenue	\$ 301,988	\$ 563,892
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 20,565	\$ 9,842
Basic earnings per share attributable to ANGI Homeservices Inc. shareholders	\$ 0.04	\$ 0.02
Diluted earnings per share attributable to ANGI Homeservices Inc. shareholders	\$ 0.04	\$ 0.02

NOTE 5—FINANCIAL INSTRUMENTS

Marketable Debt Securities

The Company did not hold any available-for sale marketable debt securities at June 30, 2019.

At December 31, 2018, 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	\$ 24,947	\$ 1	\$ (1)	\$ 24,947
Total available-for-sale marketable debt securities	\$ 24,947	\$ 1	\$ (1)	\$ 24,947

For the six months ended June 30, 2019, proceeds from maturities of available-for-sale marketable debt securities were \$25.0 million. The specific-identification method is used to determine the cost of available-for-sale marketable debt securities

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sold and the amount of unrealized gains and losses reclassified out of accumulated other comprehensive income (loss) into earnings. There were no gross realized gains or losses from the maturities of available-for-sale marketable debt securities for the three and six months ended June 30, 2019. The Company did not hold any available-for-sale marketable debt securities prior to the third quarter of 2018.

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 following tables present the Company's financial instruments that are measured at fair value on a recurring basis:

	June 30, 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	\$ 228,402	\$ —	\$ —	\$ 228,402
Treasury discount notes	—	12,495	—	12,495
Commercial paper	—	15,983	—	15,983
Time deposits	—	30,000	—	30,000
Total	\$ 228,402	\$ 58,478	\$ —	\$ 286,880

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	December 31, 2018			
	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	\$ 137,359	\$ —	\$ —	\$ 137,359
Treasury discount notes	—	99,914	—	99,914
Commercial paper	—	52,931	—	52,931
Time deposits	—	15,000	—	15,000
Marketable securities:				
Treasury discount notes	—	24,947	—	24,947
Total	\$ 137,359	\$ 192,792	\$ —	\$ 330,151

Assets measured at fair value on a nonrecurring basis

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

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:

	June 30, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
	(In thousands)			
Current portion of long-term debt	\$ (13,750)	\$ (13,681)	\$ (13,750)	\$ (12,753)
Long-term debt, net ^(a)	(238,357)	(239,422)	(244,971)	(229,556)
Long-term debt—related party	—	—	(1,015)	(1,092)

^(a) At June 30, 2019 and December 31, 2018, the carrying value of long-term debt, net includes unamortized debt issuance costs of \$2.3 million and \$2.5 million, respectively.

At June 30, 2019 and December 31, 2018, 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. The fair value of long-term debt—related party was based on Level 3 inputs and was estimated by discounting the future cash flows based on current market conditions.

NOTE 6—LONG-TERM DEBT

Long-term debt consists of:

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	June 30, 2019	December 31, 2018
	(In thousands)	
Term Loan due November 5, 2023	\$ 254,375	\$ 261,250
Less: current portion of Term Loan	13,750	13,750
Less: unamortized debt issuance costs	2,268	2,529
Total long-term debt, net	\$ 238,357	\$ 244,971

See "[Note 12—Related Party Transactions with IAC](#)" for a description of long-term debt—related party.

Term Loan and Credit Facility

At June 30, 2019 and December 31, 2018, the outstanding balance of the five-year term loan facility ("Term Loan") was \$254.4 million and \$261.3 million, respectively. At both June 30, 2019 and December 31, 2018, the Term Loan bears interest at LIBOR plus 1.50%. The spread over LIBOR is subject to change in future periods based on the Company's consolidated net leverage ratio. The interest rate was 4.00% and 3.98% at June 30, 2019 and December 31, 2018, respectively. Interest payments are due at least quarterly through the term of the loan. Additionally, there are quarterly principal payments of \$3.4 million through December 31, 2021, \$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.

The terms of the Term Loan require the Company 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 (in each case as defined in the credit agreement). The Term Loan also contains covenants that would limit the Company's ability to pay dividends, make distributions or repurchase its stock in the event a default has occurred or its consolidated net leverage ratio exceeds 4.25 to 1.0. There are additional covenants under the Term Loan that limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness, pay dividends or make distributions.

On November 5, 2018, the Company entered into a five-year \$250 million revolving credit facility (the "Credit Facility"). At June 30, 2019 and December 31, 2018, there were no outstanding borrowings under the Credit Facility. The annual commitment fee on undrawn funds is based on the consolidated net leverage ratio most recently reported and is 25 basis points at both June 30, 2019 and December 31, 2018. Borrowings under the Credit Facility bear interest, at the Company's option, at either a base rate or LIBOR, in each case plus an applicable margin, which is based on the Company's consolidated net leverage ratio. The financial and other covenants are the same as those for the Term Loan.

The Term Loan and Credit Facility are guaranteed by the Company's wholly-owned material domestic subsidiaries and are secured by substantially all assets of the Company and the guarantors, subject to certain exceptions.

NOTE 7—ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The following tables present the components of accumulated other comprehensive (loss) income and items reclassified out of accumulated other comprehensive (loss) income into earnings:

	Three Months Ended June 30, 2019	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Loss
	(In thousands)	
Balance at April 1	\$ (191)	\$ (191)
Other comprehensive loss	(1,291)	(1,291)
Balance at June 30	\$ (1,482)	\$ (1,482)

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(Unaudited)

	Three Months Ended June 30, 2018	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
(In thousands)		
Balance at April 1	\$ 6,224	\$ 6,224
Other comprehensive loss before reclassifications	(4,942)	(4,942)
Amounts reclassified to earnings	(191)	(191)
Net current period other comprehensive loss	(5,133)	(5,133)
Balance at June 30	<u>\$ 1,091</u>	<u>\$ 1,091</u>

	Six Months Ended June 30, 2019		
	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) 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)	382	(3)	379
Balance at June 30	<u>\$ (1,482)</u>	<u>\$ —</u>	<u>\$ (1,482)</u>

	Six Months Ended June 30, 2018	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
(In thousands)		
Balance at January 1	\$ 2,232	\$ 2,232
Other comprehensive loss before reclassifications	(1,089)	(1,089)
Amounts reclassified to earnings	(52)	(52)
Net current period other comprehensive loss	(1,141)	(1,141)
Balance at June 30	<u>\$ 1,091</u>	<u>\$ 1,091</u>

The amount reclassified out of foreign currency translation adjustment into earnings for the three and six months ended June 30, 2018 relate to the liquidation of an international subsidiary.

At both June 30, 2019 and 2018, there was no tax benefit or provision on the accumulated other comprehensive (loss) income.

NOTE 8—EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share attributable to ANGI Homeservices shareholders:

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	Three Months Ended June 30,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Net earnings	\$ 7,234	\$ 7,234	\$ 23,023	\$ 23,023
Net earnings attributable to noncontrolling interests	(266)	(266)	(124)	(124)
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 6,968	\$ 6,968	\$ 22,899	\$ 22,899
Denominator:				
Weighted average basic shares outstanding	506,725	506,725	480,618	480,618
Dilutive securities ^{(a) (b)}	—	13,904	—	28,145
Denominator for earnings per share—weighted average shares	506,725	520,629	480,618	508,763
Earnings per share attributable to ANGI Homeservices Inc. shareholders:				
Earnings per share	\$ 0.01	\$ 0.01	\$ 0.05	\$ 0.05
	Six Months Ended June 30,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Net earnings	\$ 17,085	\$ 17,085	\$ 13,909	\$ 13,909
Net (earnings) loss attributable to noncontrolling interests	(148)	(148)	105	105
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 16,937	\$ 16,937	\$ 14,014	\$ 14,014
Denominator:				
Weighted average basic shares outstanding	505,548	505,548	479,470	479,470
Dilutive securities ^{(a) (b)}	—	16,313	—	27,544
Denominator for earnings per share—weighted average shares	505,548	521,861	479,470	507,014
Earnings per share attributable to ANGI Homeservices Inc. shareholders:				
Earnings per share	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03

^(a) 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. For both the three and six months ended June 30, 2019, 4.2 million potentially dilutive securities are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the three and six months ended June 30, 2018, 0.1 million and 0.3 million potentially dilutive securities, respectively, are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

^(b) Performance-based stock units (“PSUs”) are considered contingently issuable shares. Shares issuable upon vesting of PSUs are included in the denominator for earnings per share if (i) the applicable performance condition(s) has been met and (ii) the inclusion of the PSUs is dilutive for the respective reporting periods. For both the three and six months ended June 30, 2019, 2.8 million shares underlying PSUs were excluded from the calculation of diluted earnings per share because the performance condition(s) had not been met. For both the three and six months ended June 30, 2018, 1.3 million shares underlying PSUs were excluded from the calculation of diluted earnings per share because the performance condition(s) had not been met.

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NOTE 9—SEGMENT INFORMATION

The overall concept that the Company 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In thousands)				
Revenue:				
North America	\$ 324,400	\$ 277,505	\$ 606,394	\$ 513,531
Europe	19,496	17,317	40,945	36,602
Total	\$ 343,896	\$ 294,822	\$ 647,339	\$ 550,133

The following table presents the revenue of the Company's segments disaggregated by type of service:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In thousands)				
North America				
Marketplace:				
Consumer connection revenue ^(a)	\$ 241,236	\$ 187,172	\$ 442,818	\$ 336,232
Membership subscription revenue	16,485	16,565	33,002	32,192
Other revenue	1,807	998	3,633	1,919
Total Marketplace revenue	259,528	204,735	479,453	370,343
Advertising & Other revenue ^(b)	64,872	72,770	126,941	143,188
Total North America revenue	324,400	277,505	606,394	513,531
Europe				
Consumer connection revenue	15,232	12,496	32,355	26,863
Membership subscription revenue	3,613	4,517	7,355	9,188
Advertising and other revenue	651	304	1,235	551
Total Europe revenue	19,496	17,317	40,945	36,602
Total revenue	\$ 343,896	\$ 294,822	\$ 647,339	\$ 550,133

(a) Includes fees paid by HomeAdvisor service professionals for consumer matches and revenue from completed jobs sourced through the Handy platform.

(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, Fixd Repair and Felix. Felix was sold on December 31, 2018 and its revenue for the three and six months ended June 30, 2018 was \$10.0 million and \$18.5 million, respectively.

Revenue by geography is based on where the customer is located. Geographic information about revenue and long-lived assets is presented below.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In thousands)				
Revenue				
United States	\$ 320,701	\$ 274,785	\$ 599,179	\$ 508,260
All other countries	23,195	20,037	48,160	41,873
Total	\$ 343,896	\$ 294,822	\$ 647,339	\$ 550,133

	June 30, 2019		December 31, 2018	
	(In thousands)			
Long-lived assets (excluding goodwill and intangible assets)				
United States	\$ 93,748		\$ 65,510	
All other countries	6,135		5,349	
Total	\$ 99,883		\$ 70,859	

The following tables present operating income (loss) and Adjusted EBITDA by reportable segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In thousands)				
Operating Income (Loss):				
North America	\$ 12,473	\$ 26,110	\$ 13,215	\$ 20,745
Europe	(1,070)	(2,848)	(5,453)	(8,239)
Total	\$ 11,403	\$ 23,262	\$ 7,762	\$ 12,506

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In thousands)				
Adjusted EBITDA^(c):				
North America	\$ 51,606	\$ 68,088	\$ 91,295	\$ 107,693
Europe	\$ (174)	\$ (1,109)	\$ (2,684)	\$ (4,074)

(c) 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. Moreover, our management uses this measure internally to evaluate the performance of our businesses, and this measure is one of the primary metrics on which our internal budgets are based and by which management is compensated. 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.

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The following tables reconcile operating income (loss) to Adjusted EBITDA for the Company's reportable segments:

Three Months Ended June 30, 2019					
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
(In thousands)					
North America	\$ 12,473	\$ 17,387	\$ 8,227	\$ 13,519	\$ 51,606
Europe	(1,070)	\$ 133	\$ 569	\$ 194	\$ (174)
Operating income	11,403				
Interest expense—third party	(2,963)				
Interest expense—related party	—				
Other income, net	1,047				
Earnings before income taxes	9,487				
Income tax provision	(2,253)				
Net earnings	7,234				
Net earnings attributable to noncontrolling interests	(266)				
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 6,968				

Three Months Ended June 30, 2018					
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
(In thousands)					
North America	\$ 26,110	\$ 21,821	\$ 5,354	\$ 14,803	\$ 68,088
Europe	(2,848)	\$ 232	\$ 532	\$ 975	\$ (1,109)
Operating income	23,262				
Interest expense—third party	(3,011)				
Interest expense—related party	(34)				
Other income, net	1,053				
Earnings before income taxes	21,270				
Income tax benefit	1,753				
Net earnings	23,023				
Net earnings attributable to noncontrolling interests	(124)				
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 22,899				

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	Six Months Ended June 30, 2019				
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
	(In thousands)				
North America	\$ 13,215	\$ 36,459	\$ 14,434	\$ 27,187	\$ 91,295
Europe	(5,453)	343	1,361	1,065	(2,684)
Operating loss	7,762				
Interest expense—third party	(5,957)				
Interest expense—related party	(16)				
Other income, net	3,334				
Earnings before income taxes	5,123				
Income tax benefit	11,962				
Net earnings	17,085				
Net earnings attributable to noncontrolling interests	(148)				
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 16,937				

	Six Months Ended June 30, 2018				
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
	(In thousands)				
North America	\$ 20,745	\$ 46,396	\$ 10,928	\$ 29,624	\$ 107,693
Europe	(8,239)	563	1,142	2,460	(4,074)
Operating income	12,506				
Interest expense—third party	(5,665)				
Interest expense—related party	(79)				
Other income, net	1,409				
Earnings before income taxes	8,171				
Income tax benefit	5,738				
Net earnings	13,909				
Net loss attributable to noncontrolling interests	105				
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 14,014				

NOTE 10—CONSOLIDATED FINANCIAL STATEMENT DETAILS

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheet to the total amounts shown in the consolidated statement of cash flows:

	June 30, 2019	December 31, 2018
	(In thousands)	
Cash and cash equivalents	\$ 380,563	\$ 336,984
Restricted cash included in other current assets	1,419	1,417
Restricted cash included in other non-current assets	420	420
Total cash, cash equivalents, and restricted cash as shown on the consolidated statement of cash flows	<u>\$ 382,402</u>	<u>\$ 338,821</u>

Restricted cash at June 30, 2019 and December 31, 2018 primarily consists of a cash collateralized letter of credit and a deposit related to corporate credit cards.

NOTE 11—CONTINGENCIES

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 12—RELATED PARTY TRANSACTIONS WITH IAC

The Company and IAC entered into certain agreements to govern our relationship following the combination of IAC's HomeAdvisor business and Angie's List, Inc. on September 29, 2017 (the "Combination"). These agreements include: a contribution agreement; an investor rights agreement; a services agreement; a tax sharing agreement; and an employee matters agreement.

For the three and six months ended June 30, 2019 and 2018, the Company was charged \$1.3 million and \$2.7 million; and \$1.2 million and \$2.7 million, respectively, by IAC for services rendered pursuant to the services agreement, which were paid in full by the Company at June 30, 2019 and 2018, 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.

At June 30, 2019 and December 31, 2018, the Company had outstanding payables of \$0.7 million and \$12.1 million 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. During the first quarter of 2019, \$11.4 million was paid to IAC pursuant to this agreement.

For the three and six months ended June 30, 2019, less than 0.1 million and 0.3 million shares, respectively, 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. There were no shares issued to IAC pursuant to the employee matters agreement for the three months ended June 30, 2018. For the six months ended June 30, 2018, 0.7 million shares of ANGI Homeservices Class B common stock were issued to IAC pursuant to the employee matters agreement.

ANGI HOMESERVICES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The Company also subleases office space to IAC and charged IAC \$0.5 million of rent for both the three and six months ended June 30, 2019. There were no outstanding amounts due from IAC at June 30, 2019 pursuant to two sublease agreements.

Long-term debt—related party

Immediately prior to the Combination, the Company, through a foreign subsidiary, sold a promissory note in the amount of €2.4 million to a foreign subsidiary of IAC. During the first quarter of 2019, the amount outstanding on the promissory note at December 31, 2018 of €0.9 million, or \$1.0 million, was repaid.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

Management Overview

ANGI Homeservices Inc. ("ANGI Homeservices," the "Company," "ANGI," "we," "our," or "us") connects quality home service pros across 500 different categories, from repairing and remodeling to cleaning and landscaping, with consumers. Over 250,000 domestic service professionals find work through ANGI Homeservices, and consumers turn to at least one of our brands to find a pro for more than 20 million projects each year. We've established category-transforming products with brands such as HomeAdvisor, Angie's List, Handy and Fixd Repair.

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

For a more detailed description of the Company's operating businesses, see the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Operating Metrics:

In connection with the management of our businesses, we identify, measure and assess a variety of operating metrics. The principal metrics we use in managing our businesses are set forth below:

- **Marketplace Revenue** includes revenue from the HomeAdvisor and Handy domestic marketplace, including consumer connection revenue for consumer matches, membership subscription revenue from HomeAdvisor service professionals and revenue from completed jobs sourced through the Handy platform. It excludes revenue from Angie's List, mHelpDesk, HomeStars, Fixd Repair and Felix.
- **Advertising & 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, HomeStars, Fixd Repair (acquired on January 25, 2019) and, for periods prior to its sale on December 31, 2018, Felix.
- **Marketplace Service Requests** are fully completed and submitted domestic customer service requests to HomeAdvisor and completed jobs sourced through the Handy platform.
- **Marketplace Paying Service Professionals ("Marketplace Paying SPs")** are the number of HomeAdvisor and Handy domestic service professionals that had an active subscription and/or paid for consumer matches or completed a job sourced through the Handy platform in the last month of the period. An active HomeAdvisor subscription is a subscription for which HomeAdvisor was recognizing revenue on the last day of the relevant period.
- **Advertising Service Professionals** are the total number of Angie's List service professionals under contract for advertising at the end of the period.

Components of Results of Operations

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 booking fees from completed jobs sourced through the Handy platform, and (ii) membership subscription fees paid by HomeAdvisor service professionals. Consumer connection revenue varies based upon several factors, including the service requested, product experience offered and geographic location of service. Advertising & Other Revenue is primarily derived from Angie's List (i) sales of time-based website, mobile and call center advertising to service professionals and (ii) membership subscription fees from consumers.

Operating Costs and Expenses:

- **Cost of revenue** - consists primarily of credit card processing fees, compensation expense and other employee-related costs at Fixd Repair for service work performed, hosting fees and traffic acquisition costs. Traffic acquisition costs include amounts based on revenue share arrangements, which relate to Felix for periods prior to its sale.
- **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), bad debt expense, 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 income to consolidated Adjusted EBITDA for the three and six months ended June 30, 2019 and 2018.

The Combination

On September 29, 2017, IAC/InterActiveCorp's ("IAC") HomeAdvisor business and Angie's List, Inc. ("Angie's List") combined under a new publicly traded company called ANGI Homeservices Inc. (the "Combination"). At June 30, 2019, IAC owned 83.1% and 98.0% of the economic and voting interest, respectively, of ANGI Homeservices.

During the three and six months ended June 30, 2019, the Company incurred \$8.2 million and \$17.8 million, respectively, in stock-based compensation expense 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, and the acceleration of certain converted equity awards resulting from the termination of Angie's List employees in connection with the Combination. The comparable amounts incurred by the Company during the three and six months ended June 30, 2018 were \$16.7 million and \$35.8 million, respectively. Stock-based compensation expense arising from the Combination is expected to be approximately \$15 million for the remainder of 2019 and \$20 million in 2020.

2019 Developments

On January 25, 2019, the Company completed the acquisition of Fixd Repair, a home warranty and service company.

Second Quarter 2019 and Year to Date June 2019 Consolidated Results

For the three months ended June 30, 2019:

- Revenue increased \$49.1 million, or 17%, which was primarily driven by Marketplace Revenue growth of \$54.8 million, or 27%, and growth in Europe of \$2.2 million, or 13%, partially offset by a decrease of \$7.9 million, or 11%, in Advertising & Other Revenue driven principally by the sale of Felix on December 31, 2018.
- Operating income decreased \$11.9 million, or 51%, due primarily to a decrease in Adjusted EBITDA of \$15.5 million described below, and an increase of \$2.9 million in depreciation, partially offset by decreases of \$4.5 million in stock-based compensation expense and \$2.1 million in amortization of intangibles. The decrease in stock-based

compensation expense was due primarily to a decrease of \$8.5 million in modification and acceleration charges related to the Combination (\$8.2 million in 2019 compared to \$16.7 million in 2018), partially offset by \$2.7 million of expense related to new awards issued in connection with the acquisitions of Handy (acquired on October 19, 2018) and Fixd Repair and the issuance of new equity awards since 2018. The decrease in amortization of intangibles was due primarily to lower expense from the Combination, partially offset by an increase in amortization expense related to the acquisition of Handy.

- Adjusted EBITDA decreased 23% to \$51.4 million, despite higher revenue, due primarily to higher selling and marketing expense as a percentage of revenue, an increase of \$6.7 million in bad debt expense due, in part, to higher Marketplace Revenue, and investments in Handy and Fixd Repair, partially offset by the inclusion in 2018 of \$2.6 million in costs related to the Combination (including deferred revenue write-offs, severance, retention and integration related costs).

For the six months ended June 30, 2019:

- Revenue increased \$97.2 million, or 18%, which was primarily driven by Marketplace Revenue growth of \$109.1 million, or 29%, and growth in Europe of \$4.3 million, or 12%, partially offset by a decrease of \$16.2 million, or 11%, in Advertising & Other Revenue driven principally by the sale of Felix.
- Operating income decreased \$4.7 million, or 38%, due primarily to a decrease in Adjusted EBITDA of \$15.0 million described below, and an increase of \$3.7 million in depreciation, partially offset by decreases of \$10.2 million in stock-based compensation expense and \$3.8 million in amortization of intangibles. The decrease in stock-based compensation expense was due primarily to a decrease of \$18.1 million in modification and acceleration charges related to the Combination (\$17.8 million in 2019 compared to \$35.8 million in 2018), partially offset by \$5.7 million of expense related to new awards issued in connection with the acquisitions of Handy and Fixd Repair and the issuance of new equity awards since 2018. The decrease in amortization of intangibles was due primarily to the factors described above in the three-month discussion.
- Adjusted EBITDA decreased 14% to \$88.6 million, despite higher revenue, due primarily to higher selling and marketing expense as a percentage of revenue, an increase of \$11.6 million in bad debt expense due, in part, to higher Marketplace Revenue, and investments in Handy and Fixd Repair, partially offset by the inclusion in 2018 of \$7.9 million in costs related to the Combination (including deferred revenue write-offs, severance, retention and integration related costs).

Results of Operations for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018
Revenue

	Three Months Ended June 30,			Six Months Ended June 30,			2018	
	2019	\$ Change	% Change	2018	2019	\$ Change		% Change
(Dollars in thousands)								
Revenue:								
Marketplace:								
Consumer connection revenue	\$ 241,236	\$ 54,064	29%	\$ 187,172	\$ 442,818	\$ 106,586	32%	\$ 336,232
Membership subscription revenue	16,485	(80)	NM	16,565	33,002	810	3%	32,192
Other revenue	1,807	809	81%	998	3,633	1,714	89%	1,919
Total Marketplace Revenue	259,528	54,793	27%	204,735	479,453	109,110	29%	370,343
Advertising & Other Revenue	64,872	(7,898)	(11)%	72,770	126,941	(16,247)	(11)%	143,188
North America	324,400	46,895	17%	277,505	606,394	92,863	18%	513,531
Europe	19,496	2,179	13%	17,317	40,945	4,343	12%	36,602
Total Revenue	\$ 343,896	\$ 49,074	17%	\$ 294,822	\$ 647,339	\$ 97,206	18%	\$ 550,133
Percentage of Total Revenue:								
North America	94%			94%	94%			93%
Europe	6%			6%	6%			7%
Total Revenue	100%			100%	100%			100%

	Three Months Ended June 30,			Six Months Ended June 30,			2018	
	2019	Change	% Change	2018	2019	\$ Change		% Change
(Amounts in thousands)								
Operating metrics:								
Marketplace Service Requests	7,925	1,126	17%	6,799	13,722	1,893	16%	11,829
Marketplace Paying SPs	223	22	11%	202				
Advertising Service Professionals	36	(2)	(6)%	39				

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

North America revenue increased \$46.9 million, or 17%, driven by an increase in Marketplace Revenue of \$54.8 million, or 27%, partially offset by a decrease of \$7.9 million, or 11%, in Advertising & Other Revenue. The increase in Marketplace Revenue was due to an increase in consumer connection revenue of \$54.1 million, or 29%, which was driven by a 17% increase in Marketplace Service Requests to 7.9 million, including the contribution from Handy. The decrease in Advertising & Other Revenue was driven principally by the sale of Felix on December 31, 2018.

Europe revenue grew \$2.2 million, or 13%, due to growth across several regions, partially offset by the unfavorable impact from the strengthening of the U.S. dollar relative to the Euro and British Pound.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

North America revenue increased \$92.9 million, or 18%, driven by an increase in Marketplace Revenue of \$109.1 million or 29%, partially offset by a decrease of \$16.2 million, or 11%, in Advertising & Other Revenue. The increase in Marketplace Revenue was due to an increase in consumer connection revenue of \$106.6 million, or 32%, which was driven by a 16% increase in Marketplace Service Requests to 13.7 million, including the contribution from Handy. The decrease in Advertising & Other Revenue was driven principally by the sale of Felix.

Europe revenue grew \$4.3 million, or 12%, due to growth across several regions, partially offset by the unfavorable impact from the strengthening of the U.S. dollar relative to the Euro and British Pound.

Cost of revenue (exclusive of depreciation shown separately below)

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Cost of revenue (exclusive of depreciation shown separately below)	\$10,722	\$(3,981)	(27)%	\$14,703
As a percentage of revenue	3%			5%

North America cost of revenue decreased \$4.0 million, or 28%, due primarily to a decrease of \$6.6 million in traffic acquisition costs due to the sale of Felix, partially offset by \$1.9 million of expense from the inclusion of Handy and Fixd Repair and an increase of \$1.0 million in credit card processing fees due to higher Marketplace Revenue.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Cost of revenue (exclusive of depreciation shown separately below)	\$20,733	\$(7,565)	(27)%	\$28,298
As a percentage of revenue	3%			5%

North America cost of revenue decreased \$7.6 million, or 28%, due primarily to a decrease of \$12.2 million in traffic acquisition costs due to the sale of Felix, partially offset by \$4.1 million of expense from the inclusion of Handy and Fixd Repair and an increase of \$1.4 million in credit card processing fees due to higher Marketplace Revenue.

Selling and marketing expense

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Selling and marketing expense	\$196,167	\$54,324	38%	\$141,843
As a percentage of revenue	57%			48%

North America selling and marketing expense increased \$54.3 million, or 41%, driven by an increase in advertising expense of \$38.3 million, expense of \$8.8 million from the inclusion of Handy and Fixd Repair, and increases in compensation expense of \$6.2 million and facilities costs of \$1.2 million. The increase in advertising expense was due primarily to increased investments in online marketing and television spend. Efficiency of online marketing spend was negatively impacted by traffic sourced through Google. Service requests from free search engine traffic were down from the prior year, while service requests from paid search engine marketing efforts were up, and were considerably more expensive than the prior year. We expect this trend to continue for the near-term. Compensation expense increased due primarily to growth in the sales force.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Selling and marketing expense	\$371,469	\$91,694	33%	\$279,775
As a percentage of revenue	57%			51%

North America selling and marketing expense increased \$90.2 million, or 35%, driven by an increase in advertising expense of \$62.6 million, expense of \$14.1 million from the inclusion of Handy and Fixd Repair, and increases in compensation expense of \$12.0 million and facilities costs of \$1.4 million. The increase in advertising expense was due primarily to increased investments in online marketing and television spend. Compensation expense increased due primarily to growth in the sales force.

Europe selling and marketing expense increased \$1.5 million, or 7%, driven by an increase in advertising expense of \$2.5 million, partially offset by a decrease in compensation expense of \$0.8 million.

General and administrative expense

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
General and administrative expense	\$88,013	\$8,325	10%	\$79,688
As a percentage of revenue	26%			27%

North America general and administrative expense increased \$7.2 million, or 10%, due primarily to expense of \$7.3 million from the inclusion of Handy and Fixd Repair, which includes \$2.5 million of stock-based compensation expense related to new awards issued in connection with these acquisitions, an increase of \$6.2 million in bad debt expense due, in part, to higher Marketplace Revenue, and increases of \$1.1 million in facilities costs and \$0.8 million in software license and maintenance costs, partially offset by a decrease in compensation expense of \$6.1 million and the inclusion in 2018 of \$0.8 million in integration-related costs in connection with the Combination. The decrease in compensation expense was due primarily to a decrease of \$7.0 million in stock-based compensation expense, partially offset by an increase in headcount resulting from existing business growth. The decrease in stock-based compensation expense reflects a decrease of \$8.1 million in expense due to the modification and acceleration charges related to the Combination (\$6.7 million in 2019 compared to \$14.8 million in 2018), partially offset by the issuance of new equity awards since 2018.

Europe general and administrative expense increased \$1.1 million, or 18%, due primarily to increases in bad debt expense of \$0.5 million and facilities costs of \$0.2 million, partially offset by lower stock-based compensation expense.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
General and administrative expense	\$172,442	\$16,484	11%	\$155,958
As a percentage of revenue	27%			28%

North America general and administrative expense increased \$15.8 million, or 11%, due primarily to expense of \$14.8 million from the inclusion of Handy and Fixd Repair, which includes \$5.0 million of stock-based compensation expense related to new awards issued in connection with these acquisitions, an increase of \$10.9 million in bad debt expense due, in part, to higher Marketplace Revenue, and increases of \$1.4 million in software license and maintenance costs and \$1.3 million in facilities costs, partially offset by a decrease in compensation expense of \$12.3 million and the inclusion in 2018 of \$3.3 million in integration-related costs in connection with the Combination. The decrease in compensation expense was due primarily to a decrease of \$15.1 million in stock-based compensation expense, partially offset by an increase in headcount resulting from existing business growth. The decrease in stock-based compensation expense reflects a decrease of \$16.9 million in expense due to the modification and acceleration charges related to the Combination (\$14.7 million in 2019 compared to \$31.5 million in 2018), partially offset by the issuance of new equity awards since 2018.

Europe general and administrative expense increased \$0.7 million, or 5%, due primarily to increases in bad debt expense of \$0.7 million and compensation expense of \$0.3 million due, in part, to increased headcount, partially offset by lower stock-based compensation expense.

Product development expense

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Product development expense	\$15,082	\$1,420	10%	\$13,662
As a percentage of revenue	4%			5%

North America product development expense increased \$1.4 million, or 13%, due primarily to \$1.5 million of expense from the inclusion of Handy.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Product development expense	\$30,886	\$1,444	5%	\$29,442
As a percentage of revenue	5%			5%

North America product development expense increased \$0.9 million, or 4%, due primarily to \$3.1 million of expense from the inclusion of Handy, partially offset by decreases in compensation expense of \$1.2 million, software license and maintenance costs of \$0.8 million and facilities costs of \$0.2 million.

Europe product development expense increased \$0.5 million, or 11%, due primarily to increases of \$0.3 million in compensation expense due, in part, to increased headcount, and facilities costs of \$0.2 million.

Depreciation

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Depreciation	\$8,796	\$2,910	49%	\$5,886
As a percentage of revenue	3%			2%

North America depreciation increased \$2.9 million, or 54%, due primarily to continued growth, including internally developed capitalized software and leasehold improvements.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Depreciation	\$15,795	\$3,725	31%	\$12,070
As a percentage of revenue	2%			2%

North America depreciation increased \$3.5 million, or 32%, due primarily to the factors described above in the three-month discussion. Europe depreciation increased \$0.2 million, or 19%.

Operating income (loss)

	Three Months Ended June 30,			Six Months Ended June 30,				
	2019	\$ Change	% Change	2018	2019	\$ Change	% Change	2018
(Dollars in thousands)								
North America	\$ 12,473	\$ (13,637)	(52)%	\$ 26,110	\$ 13,215	\$ (7,530)	(36)%	\$ 20,745
Europe	(1,070)	1,778	62%	(2,848)	(5,453)	2,786	34%	(8,239)
Total	\$ 11,403	\$ (11,859)	(51)%	\$ 23,262	\$ 7,762	\$ (4,744)	(38)%	\$ 12,506
As a percentage of revenue	3%			8%	1%			2%

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

North America operating income decreased \$13.6 million, due to the decrease in Adjusted EBITDA of \$16.5 million described below, and an increase of \$2.9 million in depreciation, partially offset by decreases of \$4.4 million in stock-based compensation expense and \$1.3 million in amortization of intangibles. The decrease in stock-based compensation expense was due primarily to a decrease of \$8.5 million in modification and acceleration charges related to the Combination (\$8.2 million in 2019 compared to \$16.7 million in 2018), partially offset by \$2.7 million of expense related to new awards issued in connection with the acquisitions of Handy and Fixd Repair and the issuance of new equity awards since 2018. The decrease in amortization of intangibles was due primarily to lower expense from the Combination, partially offset by an increase in amortization expense related to the acquisition of Handy.

Europe operating loss decreased \$1.8 million, or 62%, due primarily to the decrease in Adjusted EBITDA loss of \$0.9 million described below, and decreases of \$0.8 million in amortization of intangibles and \$0.1 million in stock-based compensation expense.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

North America operating income decreased \$7.5 million, due to the decrease in Adjusted EBITDA of \$16.4 million described below, and an increase of \$3.5 million in depreciation, partially offset by decreases of \$9.9 million in stock-based compensation expense and \$2.4 million in amortization of intangibles. The decrease in stock-based compensation expense was due primarily to a decrease of \$18.1 million in modification and acceleration charges related to the Combination (\$17.8 million in 2019 compared to \$35.8 million in 2018), partially offset by \$5.7 million of expense related to new awards issued in connection with the acquisitions of Handy and Fixd Repair and the issuance of new equity awards since 2018. The decrease in amortization of intangibles was due primarily to the factors described above in the three-month discussion.

Europe operating loss decreased \$2.8 million, or 34%, due primarily to the decrease in Adjusted EBITDA loss of \$1.4 million described below, and decreases of \$1.4 million in amortization of intangibles and \$0.2 million in stock-based compensation expense, partially offset by an increase of \$0.2 million in depreciation.

At June 30, 2019, there is \$133.1 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 2.5 years.

Adjusted EBITDA

	Three Months Ended June 30,			Six Months Ended June 30,				
	2019	\$ Change	% Change	2018	2019	\$ Change	% Change	2018
(Dollars in thousands)								
North America	\$ 51,606	\$ (16,482)	(24)%	\$ 68,088	\$ 91,295	\$ (16,398)	(15)%	\$ 107,693
Europe	(174)	935	84%	(1,109)	(2,684)	1,390	34%	(4,074)
Total	\$ 51,432	\$ (15,547)	(23)%	\$ 66,979	\$ 88,611	\$ (15,008)	(14)%	\$ 103,619
As a percentage of revenue	15%			23%	14%			19%

For a reconciliation of net earnings attributable to ANGI Homeservices Inc. shareholders to operating income to consolidated Adjusted EBITDA, see "[Principles of Financial Reporting](#)." For a reconciliation of operating income (loss) to Adjusted EBITDA for the Company's reportable segments, see "[Note 9—Segment Information](#)" to the consolidated financial statements included in "[Item 1. Consolidated Financial Statements](#)."

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

North America Adjusted EBITDA decreased \$16.5 million to \$51.6 million, despite higher revenue, due to higher selling and marketing expense as a percentage of revenue, an increase of \$6.2 million in bad debt expense, due, in part, to higher Marketplace Revenue, and investments in Handy and Fixd Repair, partially offset by the inclusion in 2018 of \$2.6 million in costs related to the Combination (including deferred revenue write-offs, severance, retention and integration-related costs).

Europe Adjusted EBITDA loss decreased \$0.9 million, or 84%, due primarily to the increase of \$2.2 million in revenue, partially offset by increases in advertising expense of \$0.8 million and bad debt expense of \$0.5 million.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

North America Adjusted EBITDA decreased \$16.4 million to \$91.3 million, despite higher revenue, due primarily to higher selling and marketing expense as a percentage of revenue, an increase of \$10.9 million in bad debt expense, due, in part, to higher Marketplace Revenue, and investments in Handy and Fixd Repair, partially offset by the inclusion in 2018 of \$7.9 million in costs related to the Combination (including deferred revenue write-offs, severance, retention and integration-related costs).

Europe Adjusted EBITDA loss decreased \$1.4 million, or 34%, due primarily to the increase of \$4.3 million in revenue, partially offset by an increase in advertising expense of \$2.5 million.

Interest expense

Interest expense—third party relates to interest on a five-year term loan, which is due on November 5, 2023, and commitment fees on an undrawn five-year revolving credit facility of \$250 million, which commenced on November 5, 2018.

Interest expense—related party includes interest on a loan from a foreign subsidiary of IAC, which was settled during the first quarter of 2019.

For a detailed description of long-term debt, net and long-term debt—related party, see "[Note 6—Long-term Debt](#)" and "[Note 12—Related Party Transactions with IAC](#)," respectively, to the consolidated financial statements included in "[Item 1. Consolidated Financial Statements](#)."

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			
	2019	\$ Change	% Change	2018
	(Dollars in thousands)			
Interest expense—third party	\$ 2,963	\$ (48)	(2)%	\$ 3,011
Interest expense—related party	\$ —	\$ (34)	NM	\$ 34

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			
	2019	\$ Change	% Change	2018
	(Dollars in thousands)			
Interest expense—third party	\$ 5,957	\$ 292	5%	\$ 5,665
Interest expense—related party	\$ 16	\$ (63)	(80)%	\$ 79

Other income, net

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Other income, net	\$1,047	\$(6)	(1)%	\$1,053

Other income, net in 2019 principally includes third party interest income of \$2.2 million, partially offset by a \$1.1 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 principally includes third party interest income of \$0.9 million.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Other income, net	\$3,334	\$1,925	137%	\$1,409

Other income, net in 2019 principally includes third party interest income of \$4.3 million and net foreign currency exchange gains of \$0.3 million, partially offset by a \$1.1 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 third party interest income of \$1.6 million, partially offset by net foreign currency exchange losses of \$0.2 million.

Income tax (provision) benefit

For the three months ended June 30, 2019 compared to the three months ended June 30, 2018

	Three Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Income tax (provision) benefit	\$(2,253)	\$(4,006)	NM	\$1,753
Effective income tax rate	24%			NM

The income tax provision in 2019 is \$2.3 million, which represents an effective income tax rate of 24%, which is higher than the statutory rate of 21% due primarily to unbenefited foreign losses and state taxes, partially offset by excess tax benefits generated by the exercise and vesting of stock-based awards.

The 2018 income tax benefit, despite pre-tax income, was due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

For the six months ended June 30, 2019 compared to the six months ended June 30, 2018

	Six Months Ended June 30,			2018
	2019	\$ Change	% Change	
	(Dollars in thousands)			
Income tax benefit	\$11,962	\$6,224	108%	\$5,738
Effective income tax rate	NM			NM

The 2019 and 2018 income tax benefits were due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

For further details of income tax matters, see "[Note 3—Income Taxes](#)" to the consolidated financial statements included in "[Item 1. Consolidated Financial Statements](#)."

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, however, 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 earnings attributable to ANGI Homeservices Inc. shareholders to operating income to consolidated Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands)			
Net earnings attributable to ANGI Homeservices Inc. shareholders	\$ 6,968	\$ 22,899	\$ 16,937	\$ 14,014
Add back:				
Net earnings (loss) attributable to noncontrolling interests	266	124	148	(105)
Income tax provision (benefit)	2,253	(1,753)	(11,962)	(5,738)
Other income, net	(1,047)	(1,053)	(3,334)	(1,409)
Interest expense—related party	—	34	16	79
Interest expense—third party	2,963	3,011	5,957	5,665
Operating income	11,403	23,262	7,762	12,506
Stock-based compensation expense	17,520	22,053	36,802	46,959
Depreciation	8,796	5,886	15,795	12,070
Amortization of intangibles	13,713	15,778	28,252	32,084
Adjusted EBITDA	\$ 51,432	\$ 66,979	\$ 88,611	\$ 103,619

For a reconciliation of operating income (loss) to Adjusted EBITDA for the Company's reportable segments, see "[Note 9—Segment Information](#)" to the consolidated financial statements included in "[Item 1. Consolidated Financial Statements](#)."

Non-Cash Expenses That Are Excluded from Non-GAAP Measure

Stock-based compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions (including the Combination), of stock appreciation rights, restricted stock units ("RSUs"), stock options and performance-based RSUs. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding using the treasury stock method. Performance-based RSUs 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). To the extent that stock-based awards are settled on a net basis, the Company remits the required tax-withholding amount from its current funds.

Depreciation is a non-cash expense relating to our property 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 (including the Combination). 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 impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	June 30, 2019	December 31, 2018
	(In thousands)	
Cash and cash equivalents:		
United States	\$ 370,057	\$ 328,795
All other countries ^(a)	10,506	8,189
Total cash and cash equivalents	380,563	336,984
Marketable securities (United States)	—	24,947
Total cash and cash equivalents and marketable securities	\$ 380,563	\$ 361,931
Long-term debt		
Term Loan due November 5, 2023	\$ 254,375	\$ 261,250
Less: current portion of Term Loan	13,750	13,750
Less: unamortized debt issuance costs	2,268	2,529
Total long-term debt, net	\$ 238,357	\$ 244,971
Long-term debt—related party	\$ —	\$ 1,015
Total long-term debt—related party	\$ —	\$ 1,015

^(a) If needed for U.S. operations, the cash and cash equivalents held by the Company's foreign subsidiaries could be repatriated without significant tax consequences.

For a detailed description of long-term debt, see "[Note 6—Long-term Debt](#)" and for a detailed description of long-term debt—related party, see "[Note 12—Related Party Transactions with IAC](#)" to the consolidated financial statements included in "[Item 1. Consolidated Financial Statements](#)."

Cash Flow Information

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

	Six Months Ended June 30,	
	2019	2018
	(In thousands)	
Net cash provided by (used in):		
Operating activities	\$ 103,024	\$ 73,566
Investing activities	(10,958)	(11,038)
Financing activities	(48,642)	(28,343)

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, bad debt expense, amortization of intangibles, depreciation, and deferred income taxes.

2019

Adjustments to earnings consist primarily of \$36.8 million of stock-based compensation expense, \$32.1 million of bad debt expense, \$28.3 million of amortization of intangibles, and \$15.8 million of depreciation, partially offset by \$12.4 million of deferred income taxes. The deferred income tax benefit primarily relates to the net operating loss created by the exercise and vesting of stock-based awards. The decrease from changes in working capital consists primarily of an increase in accounts

receivable of \$61.9 million, partially offset by an increase in accounts payable and other liabilities of \$29.6 million, and a decrease in other assets of \$10.6 million. The increase in accounts receivable is primarily due to revenue growth in North America and the timing of cash receipts. 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 decrease in prepaid marketing.

Net cash used in investing activities includes capital expenditures of \$39.1 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 Fixed Repair, partially offset by \$25.0 million of proceeds from maturities of marketable debt securities, and \$23.6 million of net proceeds from the December 31, 2018 sale of Felix.

Net cash used in financing activities includes \$26.2 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled, an \$11.4 million distribution to IAC pursuant to the tax sharing agreement, and \$6.9 million of principal payments on the Term Loan.

2018

Adjustments to earnings consist primarily of \$47.0 million of stock-based compensation expense, \$32.1 million of amortization of intangibles, \$20.6 million of bad debt expense and \$12.1 million of depreciation, partially offset by \$6.4 million of deferred income taxes. The deferred income tax benefit primarily relates to stock-based compensation expense. The decrease from changes in working capital consists primarily of an increase in accounts receivable of \$37.0 million and an increase in other assets of \$14.2 million, partially offset by an increase in deferred revenue of \$6.4 million. The increase in accounts receivable is primarily due to revenue growth in North America. The increase in other assets is due to increases in capitalized sales commissions and prepaid marketing. The increase in deferred revenue is due mainly to growth in subscription sales to service professionals.

Net cash used in investing activities includes \$21.4 million of capital expenditures, primarily related to investments in the development of capitalized software to support the Company's products and services, leasehold improvements and computer hardware, partially offset by \$10.4 million in net proceeds from the sale of Angie's List's campus located in Indianapolis.

Net cash used in financing activities includes \$21.4 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled and \$6.9 million in principal payments on the Term Loan, partially offset by \$2.1 million in proceeds from the exercise of stock options.

Liquidity and capital resources

On November 1, 2017, the Company borrowed \$275 million under a five-year term loan facility ("Term Loan"). On November 5, 2018, the Term Loan was amended and restated, and is now due on November 5, 2023. Interest payments are due at least quarterly through the term of the loan. Additionally, there are quarterly principal payments of \$3.4 million through December 31, 2021, \$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. At June 30, 2019, the Term Loan bears interest at LIBOR plus 1.50%, or 4.00%. The spread over LIBOR is subject to change in future periods based on the Company's consolidated net leverage ratio.

On November 5, 2018, the Company entered into a five-year \$250 million revolving credit facility (the "Credit Facility"). At June 30, 2019, there were no outstanding borrowings under the Credit Facility.

Both the Term Loan and Credit Facility borrowings are guaranteed by the Company's wholly-owned material domestic subsidiaries and are secured by substantially all assets of the Company and the guarantors, subject to certain exceptions. The terms of the Credit Facility and the Term Loan require ANGI 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. There are additional covenants under both the Term Loan and the Credit Facility that limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness, pay dividends or make distributions.

On February 6, 2019, the Board of Directors of ANGI Homeservices authorized the Company to repurchase up to 15 million shares of its common stock. All shares remain in its repurchase authorization. ANGI may purchase shares over an indefinite period of time on the open market and in privately negotiated transactions, depending on those factors ANGI management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

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. Assuming all of the stock appreciation rights outstanding on August 2, 2019 were net settled on that date, ANGI would have issued 9.1 million Class A shares (either to award holders or to IAC as reimbursement) and ANGI would have remitted \$122.6 million in cash for withholding taxes (assuming a 50% withholding rate). The Company's cash withholding obligation on all other ANGI net settled awards outstanding on August 2, 2019 is \$42.7 million (assuming a 50% withholding rate), which is the equivalent of 3.2 million shares.

The Company currently settles all stock options on a net basis. Assuming all stock options outstanding on August 2, 2019, were net settled on that date, the Company would have issued 0.1 million common shares (of which 0.1 million is related to vested options and less than 0.1 million is related to unvested options) and would have remitted \$1.6 million (of which \$0.9 million is related to vested options and \$0.7 million is related to unvested options) in cash for withholding taxes (assuming a 50% withholding rate).

Prior to the Combination, IAC issued a number of IAC denominated PSUs to certain ANGI employees. Vesting of the PSUs is contingent upon ANGI's performance. These awards are settled in shares of IAC common stock. ANGI reimburses IAC, at IAC's option, in either cash or through the issuance of Class B shares to IAC. Assuming all of the PSUs outstanding on August 2, 2019 were net settled on that date, ANGI would have issued 1.0 million Class B shares to IAC as reimbursement and ANGI would have remitted \$13.4 million in cash for withholding taxes (assuming a 50% withholding rate).

The Company believes its existing cash, cash equivalents, available borrowings under the Credit 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 on behalf of employees for any stock-based awards that may be net settled, and investing and other commitments, for the foreseeable future. The Company's 2019 capital expenditures are expected to be higher than 2018 capital expenditures of \$47.0 million by approximately 60% to 70%, due primarily to higher capital expenditures related to the development of capitalized software to support the Company's products and services and leasehold improvements. The Company's liquidity could be negatively affected by a decrease in demand for its products and services.

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 its leverage ratio (as defined in the Credit Facility and Term Loan) exceeds the ratios set forth in the Term Loan. There were no such limitations at June 30, 2019.

At June 30, 2019, IAC held all Class B shares of ANGI, which represent 83.1% of the economic interest and 98.0% 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

At June 30, 2019, there have been no material changes to the Company's contractual obligations and off-balance sheet arrangements since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

At June 30, 2019, there have been no material changes to the Company's instruments or positions that are sensitive to market risk since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. 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) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's management, including our principal executive and principal financial officers, or persons performing similar functions, evaluated the effectiveness of the Company's disclosure controls and procedures as defined by Rule 13a-15(e) under the Exchange Act. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that information we are required to disclose in our filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes to the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

Overview

In the ordinary course of business, the Company and its subsidiaries are (or may become) parties to litigation involving property, personal injury, contract, intellectual property and other claims, as well as stockholder derivative actions, class action lawsuits and other matters. 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.

Rules of the Securities and Exchange Commission require the description of material pending legal proceedings (other than ordinary, routine litigation incident to the registrant's business) and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of Company management, none of the pending litigation matters which we are defending, including the one described below, involves or is likely to involve amounts of that magnitude. 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

This purported class action pending in Colorado is described in detail on page 24 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and page 38 of our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019. See *Airquip, Inc. et al. v. HomeAdvisor, Inc. et al.*, No. 1:16-cv-1849 and *Costello et al. v. HomeAdvisor, Inc. et al.*, No. 1:18-cv-1802, both filed in U.S. District Court in Colorado and consolidated under the caption *In re HomeAdvisor, Inc. Litigation*. This lawsuit 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 or failing to disclose certain charges. There have been no material or otherwise noteworthy developments in this case since the filing of our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019. The Company believes that the allegations in this lawsuit are without merit and will continue to defend vigorously against them.

Item 1A. Risk Factors

This quarterly report on Form 10-Q 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" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to the Company's future financial performance, business prospects and strategy, anticipated trends and prospects in home services industry and other similar matters. These forward-looking statements are based on Company management's current expectations and assumptions about future events, 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: our ability to compete, the failure or delay of the home services market to migrate online, adverse economic events or trends (particularly those that adversely impact consumer confidence and spending behavior), our ability to establish and maintain relationships with quality service professionals, our ability to build, maintain and/or enhance our various brands, our ability to market our various products and services in a successful and cost-effective manner, our continued ability to communicate with consumers and service professionals via e-mail (or other sufficient means), our ability develop and monetize version of our products and services for mobile devices, the integrity, efficiency and scalability of our technology systems and infrastructures (and those of third parties), any challenge to the contractor classification or employment status of Handy service professionals, our ability to protect our systems, technology and infrastructure from cyberattacks and to protect personal and confidential user information, the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, operational and financial risks relating to acquisitions, our ability to operate (and expand into) international markets successfully, our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties, changes in key personnel, increased costs and strain on our management as a result of operating as a new public company and various risks related to our relationship with IAC and our outstanding indebtedness. Certain of these and other risks and uncertainties are discussed in our filings with the SEC, including in Part I-Item 1A-Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Other unknown or unpredictable factors that could also adversely affect our business, financial condition and operating results may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this 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 Company management as of the date of this quarterly report. We do not undertake to update these forward-looking statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

The Employee Matters Agreement dated as of September 29, 2017, by and between us and IAC (the "Employee Matters Agreement"), provides, among other things, that we will reimburse IAC for the cost of certain equity awards held by our current and former employees and that IAC may elect to receive payment either in cash or shares of our Class B common stock.

Pursuant to the Employee Matters Agreement, 417 shares of Class B common stock were issued to IAC on June 30, 2019 as reimbursement for shares of IAC common stock issued in connection with the settlement of awards denominated in shares of certain ANGI subsidiaries held by our employees during the quarter ended June 30, 2019. This issuance did not involve any underwriters or public offerings and we believe that such issuance was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) thereof.

Issuer Purchases of Equity Securities

The Company did not purchase any shares of its common stock during the quarter ended June 30, 2019. As of that date, 15,000,000 shares of ANGI Class A common stock remained available for repurchase under the Company's previously announced February 2019 repurchase authorization. The Company may repurchase shares pursuant to this repurchase authorization over an indefinite period of time in the open market and in privately negotiated transactions, depending on those factors ANGI management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 5. Other Information

On August 7, 2019, IAC disclosed its intention to explore the possibility of a distribution of its equity interest in ANGI Homeservices to IAC's shareholders, and that no decisions have been made as to the details of, or whether to pursue or consummate, such transaction.

Item 6. Exhibits

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith, incorporated by reference to the location indicated or furnished herewith.

Exhibit Number	Description	Location
3.1	Amended and Restated Certificate of Incorporation of ANGI Homeservices Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.
3.2	Amended and Restated Bylaws of ANGI Homeservices Inc.	Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on October 2, 2017.
10.1	Employment Agreement between Oisín Hanrahan and ANGI Homeservices Inc., dated as of June 26, 2019. (1)	
31.1	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)	
31.2	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)	
32.1	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. (2)	
32.2	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. (2)	
101.INS	Inline XBRL Instance (1)	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) Furnished herewith.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”) is entered into by and between Oisín Hanrahan (“Executive”) and ANGI Homeservices, Inc., a Delaware corporation (the “Company”), and is effective as of June 26, 2019 (the “Effective Date”).

WHEREAS, Executive is currently the Chief Executive Officer of Handy Technologies, Inc. (“Handy”), a wholly-owned subsidiary of the Company, pursuant to Employment Agreement dated September 29, 2018 by and between Handy and Executive (the “Handy Employment Agreement”);

WHEREAS, the Company desires to establish its right to the services of Executive, in the capacity described below, on the terms and conditions hereinafter set forth, and Executive is willing to accept such employment on such terms and conditions.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, Executive and the Company have agreed and do hereby agree as follows:

1A. EMPLOYMENT. During the Term (as defined below), the Company shall employ Executive, and Executive shall be employed, as Chief Product Officer. During Executive’s employment with the Company, Executive shall do and perform all services and acts necessary or advisable to fulfill the duties and responsibilities as are commensurate and consistent with Executive’s position and shall render such services on the terms set forth herein. During Executive’s employment with the Company, Executive shall report directly to the Chief Executive Officer of the Company (hereinafter referred to as the “Reporting Officer”). Executive shall have such powers and duties with respect to the Company as may reasonably be assigned to Executive by the Reporting Officer, to the extent consistent with Executive’s position. Executive agrees to devote all of Executive’s working time, attention and efforts to the Company and to perform the duties of Executive’s positions (as Chief Product Officer of the Company and Chief Executive Officer of Handy) in accordance with the Company’s policies as in effect from time to time. Notwithstanding anything to the contrary above, Executive may participate in civic and charitable activities, and may serve as member of the board of directors of such entities as may be approved from time to time in advance by the Reporting Officer, so long as such activities do not conflict with or interfere with Executive’s performance of his duties hereunder or compete with or present an actual or apparent conflict of interest for the Company, which shall be determined by the Reporting Officer and/or the Chief Legal Officer of ANGI Homeservices, Inc. in her good faith judgment. The parties agree that the Handy Employment Agreement shall be terminated and of no further force and effective from and after the Effective Date.

2A. TERM. The term of this Agreement shall commence on the Effective Date and shall terminate on the first anniversary thereof (the “Initial Term”); provided, that certain terms and conditions herein may specify a greater period of effectiveness; and further provided that this

Agreement shall automatically renew for additional one year terms (each a “Renewal Term”, and collectively with the Initial Term, the “Term”), unless terminated by either party with written notice provided not less than ninety (90) days prior to the end of the then-current Term or Renewal Term (a “Notice of Non-Renewal”).

Notwithstanding any other provision of this Agreement to the contrary, Executive’s employment with the Company is “at-will” and may be terminated at any time for any reason or no reason, with or without cause, by the Company or Executive, with or without notice. During the Term, Executive’s right to payments upon certain terminations of employment is governed by Section 1(d) of the Standard Terms and Conditions attached hereto. Following the expiration of the Term, upon the termination of Executive’s employment, the Company shall have no further payment obligation hereunder, except for the payment of Accrued Obligations and such other payment obligations as may apply pursuant to Section 1 of the Standard Terms and Conditions attached hereto.

3A. COMPENSATION.

(a) BASE SALARY. During the period that Executive is employed with the Company hereunder, the Company shall pay Executive an annual base salary of \$350,000 (the “Base Salary”), payable in equal biweekly installments (or, if different, in accordance with the Company’s payroll practice as in effect from time to time), which Base Salary may be increased, from time to time, as approved by the Compensation Committee of the Board. For all purposes under this Agreement, the term “Base Salary” shall refer to the Base Salary as in effect from time to time.

(b) DISCRETIONARY BONUS. During the period that Executive is employed with the Company hereunder, Executive shall be eligible to receive discretionary annual bonuses (the “Annual Bonuses”). The Annual Bonuses shall be of a target amount equal to 75%-200% of your Base Salary, and shall in all cases be determined by the Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”) in its sole discretion, based on the factors it deems relevant, which may include, among other factors, the Company’s performance against various criteria (including its competition, its prior year results, achievement of established initiatives, etc.) and the contribution and performance of Executive.

(c) EQUITY AWARD. On the Effective Date, Executive shall be granted, under and subject to the provisions of the Company’s 2017 Stock and Annual Incentive Plan (the “2017 Plan”), an award of Company Restricted Stock Units (the “RSU Award”) with a grant date value of \$1.5 Million and an award of Company Performance Stock Units (the “PSU Award”) with a grant date value of \$1.5 Million. The actual vesting and other terms and conditions of the RSU Award and PSU Award will be governed by the award notices and related terms and conditions attached as Exhibit A and the 2017 Plan. Executive shall remain eligible for future equity grants during the Term of his employment with the Company.

(d) BENEFITS. From the Effective Date through the date of termination of Executive’s employment with the Company for any reason, Executive shall be entitled to participate in any welfare, health and life insurance and pension benefit programs as may be

adopted from time to time by the Company on the same basis as that provided to similarly situated employees of the Company. The Company may alter, modify, add, suspend or terminate its employee benefit plans and programs (or any one of them) at any time and in accordance with such plans as it, in its sole discretion, determines to be appropriate, without recourse to Executive. Without limiting the generality of the foregoing, Executive shall be entitled to the following benefits:

(i) Reimbursement for Business Expenses. During the period that Executive is employed with the Company hereunder, the Company shall reimburse Executive for all reasonable, necessary and documented expenses incurred by Executive in performing Executive's duties for the Company including, without limitation up to \$25,000 per calendar year (pro-rated for shorter periods) in travel and related expenses for Executive's family to travel to and from Colorado when Executive is working out of the Company's Colorado offices, and otherwise on the same basis as similarly situated employees generally and in accordance with the Company's policies as in effect from time to time; and

(ii) Vacation. During the period that Executive is employed with the Company hereunder, Executive shall be entitled to paid vacation each year, in accordance with the plans, policies, programs and practices of the Company applicable to similarly situated employees of the Company generally.

4A. NOTICES. All notices and other communications under this Agreement shall be in writing and shall be given by first-class mail, certified or registered with return receipt requested, or by hand delivery, or by overnight delivery by a nationally recognized carrier, in each case to the applicable address set forth below, and any such notice is deemed effectively given when received by the recipient (or if receipt is refused by the recipient, when so refused):

If to the Company: ANGI Homeservices, Inc.
 14023 Denver West Parkway, Suite 100
 Golden, CO 80401
 Attention: Chief Executive Officer

With a copy to:
ANGI Homeservices, Inc.
103 E. Washington Street
Indianapolis, IN 46204
Attention: Chief Legal Officer

If to Executive: At the most recent address for Executive on file at the Company.

Either party may change such party's address for notices by notice duly given pursuant hereto.

5A. GOVERNING LAW; JURISDICTION. This Agreement and the legal relations thus created between the parties hereto (including, without limitation, any dispute arising out of or related to this Agreement) shall be governed by and construed under and in accordance with the internal laws of the State of New York without reference to its principles of conflicts of laws. Any such dispute will be heard and determined before an appropriate federal court located in the State of New York in New York County, or, if not maintainable therein, then in an appropriate New York state court located in New York City, and each party hereto submits itself and its property to the non-exclusive jurisdiction of the foregoing courts with respect to such disputes. Each party hereto (i) agrees that service of process may be made by mailing a copy of any relevant document to the address of the party set forth above, (ii) waives to the fullest extent permitted by law any objection which it may now or hereafter have to the courts referred to above on the grounds of inconvenient forum or otherwise as regards any dispute between the parties hereto arising out of or related to this Agreement, (iii) waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue in the courts referred to above as regards any dispute between the parties hereto arising out of or related to this Agreement and (iv) agrees that a judgment or order of any court referred to above in connection with any dispute between the parties hereto arising out of or related to this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

6A. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

7A. STANDARD TERMS AND CONDITIONS. Executive expressly understands and acknowledges that the Standard Terms and Conditions attached hereto are incorporated herein by reference, deemed a part of this Agreement and are binding and enforceable provisions of this Agreement. References to “this Agreement” or the use of the term “hereof” shall refer to this Agreement and the Standard Terms and Conditions attached hereto, taken as a whole.

[The Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and delivered by its duly authorized officer and Executive has executed and delivered this Agreement on the Effective Date.

ANGI Homeservices, Inc.

/s/ WILLIAM B. RIDENOUR

By: William B. Ridenour

Title: Chief Executive Officer

Executive

/s/ OISIN HANRAHAN

Oisin Hanrahan

STANDARD TERMS AND CONDITIONS

1. TERMINATION OF EXECUTIVE'S EMPLOYMENT.

(a) DEATH. In the event Executive's employment hereunder is terminated by reason of Executive's death, the Company shall pay Executive's designated beneficiary or beneficiaries, within thirty (30) days of Executive's death in a lump sum in cash, (i) Executive's Base Salary through the end of the month in which death occurs and (ii) any other Accrued Obligations (as defined in paragraph 1(f) below).

(b) DISABILITY. Only if, as a result of Executive's incapacity due to physical or mental illness ("Disability"), Executive shall have been absent from the full-time performance of Executive's duties with the Company for a period of four (4) consecutive months and, within thirty (30) days after written notice is provided to Executive by the Company (in accordance with Section 4A hereof), Executive shall not have returned to the full-time performance of Executive's duties, Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which Executive is absent from the full-time performance of Executive's duties with the Company due to Disability, the Company shall continue to pay Executive's Base Salary at the rate in effect at the commencement of such period of Disability, offset by any amounts payable to Executive under any disability insurance plan or policy provided by the Company. Upon termination of Executive's employment due to Disability, the Company shall pay Executive within thirty (30) days of such termination (i) Executive's Base Salary through the end of the month in which termination occurs in a lump sum in cash, offset by any amounts payable to Executive under any disability insurance plan or policy provided by the Company; and (ii) any other Accrued Obligations (as defined in paragraph 1(f) below).

(c) TERMINATION FOR CAUSE. Upon the termination of Executive's employment by the Company for Cause (as defined below), the Company shall have no further obligation hereunder, except for the payment of any Accrued Obligations (as defined in paragraph 1(f) below). As used herein, "Cause" shall mean: (i) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by Executive; provided, however, that after indictment, the Company may suspend Executive from the rendition of services, but without limiting or modifying in any other way the Company's obligations under this Agreement; (ii) a material breach by Executive of a fiduciary duty owed to the Company; (iii) a material breach by Executive of any of the covenants made by Executive in any of Sections 2(a)-(e) hereof; (iv) the willful or gross neglect by Executive of the material duties required by this Agreement; or (v) a violation by Executive of any Company policy pertaining to ethics, wrongdoing or conflicts of interest; provided, that in the case of conduct described in

clauses (iii), (iv) or (v) above which is capable of being cured, Executive shall have a period of fifteen (15) days after Executive is provided with written notice thereof in which to cure.

(d) TERMINATION BY THE COMPANY OTHER THAN FOR DEATH, DISABILITY OR CAUSE; RESIGNATION BY EXECUTIVE FOR GOOD REASON. If Executive's employment hereunder is terminated prior to the expiration of the Term by the Company for any reason other than Executive's death or Disability or for Cause or if Executive resigns for Good Reason (as defined below) prior to the expiration of the Term, then

(i) the Company shall continue to pay to Executive the Base Salary for 12 months from the date of such termination or resignation ("Severance Period"), payable in equal biweekly installments (or, if different, in accordance with the Company's payroll practice as in effect from time to time) over the course of such twelve (12) months;

(ii) any compensation awards of Executive based on, or in the form of, Company equity (e.g., restricted stock, restricted stock units, stock options or similar instruments) that are outstanding and unvested at the time of such termination but which would, but for such termination, have vested during the Severance Period shall vest as of the date of such termination of employment; provided that for these purposes, any equity awards with a vesting schedule less frequent than annual shall be treated as though the vesting occurred in equal annual installments and any portion of any such awards that would have vested by the end of the Severance Period (including any portion which would have vested prior to the date of termination of employment) shall vest as of the date of such termination of employment (e.g., if 100 restricted stock units were granted 1.7 years prior to the date of termination with a 5-year cliff vesting term then on the date of termination 40 of such units would vest); provided, further, that with respect to any awards subject to performance vesting requirements, the vesting of such awards shall in all events be subject to the satisfaction of the applicable performance goals; and

(iii) each of the then-unvested Buyer RSUs (as defined in the Handy Technologies, Inc. and ANGI Homeservices, Inc. Merger Agreement dated September 29, 2018) granted to Executive (including the Equity Award, as defined in the Handy Employment Agreement) shall immediately vest and be settled in accordance with their terms;

(iv) any then-vested options or stock appreciation rights of Executive (including any such awards vesting as a result of (ii) above) to acquire Company equity shall remain exercisable through the earlier of (A) the scheduled expiration date of such awards and (B) eighteen months following Executive's termination of employment; and

(iv) the Company shall pay Executive within thirty (30) days of the date of such termination or resignation in a lump sum in cash any Accrued Obligations (as defined in paragraph 1(f) below).

The payment to Executive of the severance benefits described in this Section 1(d) shall be subject to Executive's execution and non-revocation of a general release of the Company and its affiliates, in a form substantially similar to that used for similarly situated executives of the Company and its affiliates, such general release to be executed and promptly delivered to the Company (and in no event later than 21 days following Executive's termination of employment, or such longer period as may be required by applicable law) and Executive's compliance with the restrictive covenants set forth in Section 2 hereof. Such release shall make clear that Executive is not releasing his right to receive any termination benefits pursuant to this Section 1(d) above and/or under any equity incentive plan governing any outstanding equity award then held by Executive. Executive acknowledges and agrees that the severance benefits described in this Section 1(d) constitute good and valuable consideration for such release.

For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following without Executive's prior written consent: (A) the reduction in Executive's Base Salary constituting a material diminution in Executive's base compensation as determined for purposes of Section 409A and regulations thereunder, (B) a material diminution in Executive's title, duties or level of responsibilities as compared to those in effect as of the Effective Date, excluding for this purpose any such change that is an isolated and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive, (C) the relocation of Executive's principal place of employment to a location outside New York City, or (D) the requirement that Executive report to anyone other than the Chief Executive Officer of the Company; *provided, however*, that in no event shall Executive's resignation be for "Good Reason" unless (x) an event or circumstance set forth in clauses (A) through (C) above shall have occurred and Executive provides the Company with written notice thereof within thirty (30) days after Executive has initial knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that Executive believes constitutes Good Reason, (y) the Company fails to correct the event or circumstance so identified within thirty (30) days after the receipt of such notice and (z) Executive resigns within ninety (90) days after the date of delivery of the notice referred to in (x) above.

Section 280G; Parachute Payments.

(a) If any payment or benefit Executive will or may receive from the Company or otherwise (a "280G Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then any such 280G Payment provided pursuant to this Agreement (a "Payment") shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the

preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).

(b) Notwithstanding any provision of subsection (a) above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Unless Executive and the Company agree on an alternative accounting firm or law firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Change in Control transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section 1. The Company shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting or law firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within 15 calendar days after the date on which Executive’s right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(e) OFFSET. If Executive obtains other employment during the period of time in which the Company is required to make payments to Executive pursuant to Section 1(d)(i) above, the amount of any such remaining payments or benefits to be provided to Executive shall be reduced by the amount of compensation and benefits earned by Executive from such other employment through the end of such period. For purposes of this Section 1(e), Executive shall have an obligation to inform the Company regarding Executive’s employment status following termination and during the period of time in which the Company is making payments to Executive under Section 1(d)(i) above.

(f) ACCRUED OBLIGATIONS. As used in this Agreement, “Accrued Obligations” shall mean the sum of (i) any portion of Executive’s accrued but unpaid Base Salary through the date of death or termination of employment for any reason, as the case may be; (ii) any compensation previously earned but deferred by Executive (together with any interest or earnings thereon) that has not yet been paid and that is not otherwise to be paid at a later date pursuant to the executive deferred compensation plan of the Company, if any, and (iii) any reimbursements that Executive is entitled to receive under Section 3A(d)(i) of the Agreement.

(g) NOTICE OF NON-RENEWAL. If the Company delivers a Non-Renewal Notice to Executive then, provided Executive offers reasonable transition of his duties as may be requested by the Company (which such transition shall not extend beyond the then-current expiration date of the Term), effective as of Executive’s separation from service from the Company, Executive shall have the same rights and obligations hereunder as if the Company had terminated Executive’s employment without Cause.

2. CONFIDENTIAL INFORMATION; NON-COMPETITION; NON-SOLICITATION; AND PROPRIETARY RIGHTS.

(a) CONFIDENTIALITY. Executive acknowledges that, while employed by the Company, Executive will occupy a position of trust and confidence. The Company, its subsidiaries and/or affiliates shall provide Executive with “Confidential Information” as referred to below. Executive shall not, except as may be required to perform Executive’s duties hereunder or as required by applicable law, without limitation in time, communicate, divulge, disseminate, disclose to others or otherwise use, whether directly or indirectly, any Confidential Information regarding the Company and/or any of its subsidiaries and/or affiliates.

“Confidential Information” shall mean information about the Company or any of its subsidiaries or affiliates, and their respective businesses, employees, consultants, contractors, clients and customers that is not disclosed by the Company or any of its subsidiaries or affiliates for financial reporting purposes or otherwise generally made available to the public (other than by Executive’s breach of the terms hereof) and that was learned or developed by Executive in the course of employment by the Company or any of its subsidiaries or affiliates, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information. Executive acknowledges that such Confidential Information is specialized, unique in nature and of great value to the Company and its subsidiaries or affiliates, and that such information gives the Company and its subsidiaries or affiliates a competitive advantage. Executive agrees to deliver or return to the Company, at the Company’s request at any time or upon termination or expiration of Executive’s employment or as soon thereafter as possible, all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company and its subsidiaries or affiliates or prepared by Executive in the course of Executive’s employment by the Company and its subsidiaries or affiliates. As used in this Agreement, “subsidiaries” and “affiliates” shall mean any company controlled by, controlling or under common control with the Company. In accordance with the Defend Trade Secrets Act of 2016,

Executive understands Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to any attorney, and (B) solely for the purpose of reporting or investigating suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition nothing in this Agreement limits Executive's ability to communicate with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each a "Government Agency" and together, the "Government Agencies") or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to any Government Agencies.

(b) NON-COMPETITION. In consideration of this Agreement, and other good and valuable consideration provided hereunder, the receipt and sufficiency of which are hereby acknowledged by Executive, Executive hereby agrees and covenants that, during Executive's employment hereunder and for a period of twelve (12) months thereafter (the "Restricted Period"), Executive shall not, without the prior written consent of the Company, directly or indirectly, engage in or become associated with a Competitive Activity.

For purposes of this Section 2(b), (i) a "Competitive Activity" means any business or other endeavor involving Similar Products if such business or endeavor is in a country (including the United States) in which the Company (or any of its businesses) provides or planned to provide during Executive's employment hereunder such Similar Products; (ii) "Similar Products" means any products or services that are the same or similar to any of the types of products or services that the Company (or any of its businesses) provides, has provided or planned to provide during Executive's employment hereunder, in each case, in any country (including, but not limited to, the United States, Canada and the United Kingdom); and (iii) Executive shall be considered to have become "associated with a Competitive Activity" if Executive becomes directly or indirectly involved as an owner, principal, employee, officer, director, independent contractor, representative, stockholder, financial backer, agent, partner, member, advisor, lender, consultant or in any other individual or representative capacity with any individual, partnership, corporation or other organization that is engaged in a Competitive Activity.

Executive acknowledges that Executive's covenants under this Section 2(b) are a material inducement to the Company's entering into this Agreement. Further, Executive acknowledges that the restrictions set forth in this provision are reasonable and not greater than necessary to protect and maintain the proprietary and other legitimate business interests of the Company, and that the enforcement of these restrictions would not prevent Executive from earning a livelihood.

Notwithstanding the foregoing, Executive may make and retain investments during the Restricted Period, for investment purposes only, in less than one percent (1%) of the outstanding capital stock of any publicly-traded corporation engaged in a Competitive Activity if the stock of such corporation is either listed on a national stock exchange or on the NASDAQ National Market System if Executive is not otherwise affiliated with such corporation. Executive acknowledges that Executive's covenants under this Section 2(b) are a material inducement to the Company's entering into this Agreement.

(c) NON-SOLICITATION OF EMPLOYEES. Executive recognizes that Executive will possess Confidential Information about other employees, consultants and contractors of the Company and its subsidiaries or affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with suppliers to and customers of the Company and its subsidiaries or affiliates. Executive recognizes that the information Executive will possess about these other employees, consultants and contractors is not generally known, is of substantial value to the Company and its subsidiaries or affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by Executive because of Executive's business position with the Company. Executive agrees that, during Executive's employment hereunder and for a period of twelve (12) months thereafter, Executive will not, directly or indirectly, hire or solicit or recruit any employee of (i) the Company and/or (ii) its subsidiaries and/or affiliates with whom Executive has had direct contact during Executive's employment hereunder, in each case, for the purpose of being employed by Executive or by any business, individual, partnership, firm, corporation or other entity on whose behalf Executive is acting as an agent, representative or employee and that Executive will not convey any such Confidential Information or trade secrets about employees of the Company or any of its subsidiaries or affiliates to any other person except within the scope of Executive's duties hereunder.

(d) NON-SOLICITATION OF BUSINESS PARTNERS. During Executive's employment hereunder, and for a period of twelve (12) months thereafter, Executive shall not, without the prior written consent of the Company, persuade or encourage any business partners or business affiliates of (i) the Company and/or (ii) any of its subsidiaries and/or affiliates with whom Executive has direct contact during his employment hereunder, in each case, to cease doing business with the Company and/or any of its subsidiaries and/or affiliates or to engage in any business competitive with the Company and/or its subsidiaries and/or affiliates.

(e) PROPRIETARY RIGHTS; ASSIGNMENT. All Employee Developments (defined below) shall be considered works made for hire by Executive for the Company or, as applicable, its subsidiaries or affiliates, and Executive agrees that all rights of any kind in any Employee Developments belong exclusively to the Company. In order to permit the Company to exploit such Employee Developments, Executive shall promptly and fully report all such Employee Developments to the Company. Except in furtherance of Executive's obligations as an employee of the Company, Executive shall not use or reproduce any portion of any record associated with any Employee Development without prior written consent of the Company or, as applicable, its subsidiaries or affiliates. Executive agrees that in the event actions of Executive

are required to ensure that such rights belong to the Company under applicable laws, Executive will cooperate and take whatever such actions are reasonably requested by the Company, whether during or after the Term, and without the need for separate or additional compensation. "Employee Developments" means any idea, know-how, discovery, invention, design, method, technique, improvement, enhancement, development, computer program, machine, algorithm or other work of authorship, developed, conceived or reduced to practice during the period of employment, that (i) concerns or relates to the actual or anticipated business, research or development activities, or operations of the Company or any of its subsidiaries or affiliates, or (ii) results from or is suggested by any undertaking assigned to Executive or work performed by Executive for or on behalf of the Company or any of its subsidiaries or affiliates, whether created alone or with others, during or after working hours, or (iii) uses, incorporates or is based on Company equipment, supplies, facilities, trade secrets or inventions of any form or type. All Confidential Information and all Employee Developments are and shall remain the sole property of the Company or any of its subsidiaries or affiliates. Executive shall acquire no proprietary interest in any Confidential Information or Employee Developments developed or acquired during the Term. To the extent Executive may, by operation of law or otherwise, acquire any right, title or interest in or to any Confidential Information or Employee Development, Executive hereby assigns and covenants to assign to the Company all such proprietary rights without the need for a separate writing or additional compensation. Executive shall, both during and after the Term, upon the Company's request, promptly execute, acknowledge, and deliver to the Company all such assignments, confirmations of assignment, certificates, and instruments, and shall promptly perform such other acts, as the Company may from time to time in its discretion deem necessary or desirable to evidence, establish, maintain, perfect, enforce or defend the Company's rights in Confidential Information and Employee Developments.

(f) EFFECT ON RESTRICTIVE COVENANTS AGREEMENT. Executive acknowledges and agrees that the restrictive covenants contained in this Section 2 are in addition to, and not in lieu of, the restrictive covenants set forth in the Restrictive Covenants Agreement entered into by Executive in connection with the transactions contemplated by the Merger Agreement and that the covenants contained herein and therein in no way limit each other in any way and will remain in full force and effect in accordance with their terms notwithstanding the expiration, breach or unenforceability of the other. The periods during which the restrictive covenants contained in this Section 2 apply shall not be interpreted to apply consecutively with the periods during which the restrictive covenants set forth in the Restrictive Covenants Agreement apply.

(g) COMPLIANCE WITH POLICIES AND PROCEDURES. During the period that Executive is employed with the Company hereunder, Executive shall adhere to the policies and standards of professionalism set forth in the policies and procedures of the Company and IAC as they may exist from time to time.

(g) SURVIVAL OF PROVISIONS. The obligations contained in this Section 2 shall, to the extent provided in this Section 2, survive the termination or expiration of Executive's employment with the Company and, as applicable, shall be fully enforceable thereafter in accordance with the terms of this Agreement. If it is determined by a court of competent

jurisdiction that any restriction in this Section 2 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by applicable law.

3. ASSIGNMENT; SUCCESSORS. This Agreement is personal in its nature and none of the parties hereto shall, without the consent of the others, assign or transfer this Agreement or any rights or obligations hereunder; provided, that the Company may assign this Agreement to, or allow any of its obligations to be fulfilled by, or take actions through, any affiliate of the Company and, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company (a "Transaction") with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder, and in the event of any such assignment or Transaction, all references herein to the "Company" shall refer to the Company's assignee or successor hereunder.

4. WITHHOLDING. The Company shall make such deductions and withhold such amounts from each payment and benefit made or provided to Executive hereunder, as may be required from time to time by applicable law, governmental regulation or order.

5. SECTION 409A OF THE INTERNAL REVENUE CODE.

(a) This Agreement is not intended to constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations issued thereunder ("Section 409A"). It is intended that any amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent. In no event shall the Company be required to pay Executive any "gross-up" or other payment with respect to any taxes or penalties imposed under Section 409A with respect to any benefit paid to Executive hereunder.

(b) For purposes of this Agreement, a "Separation from Service" occurs when Executive dies, retires or otherwise has a termination of employment with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

(c) If Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Executive's Separation from Service, Executive shall not be entitled to any payment or benefit pursuant to Section 1(d) that constitutes nonqualified deferred compensation under Section 409A until the earlier of (i) the date which is six (6) months after his Separation from Service for any reason other than death, or (ii) the date of Executive's death. The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A. Any amounts otherwise payable to Executive upon or in the six (6) month period following Executive's Separation from

Service that are not so paid by reason of this Section 5(c) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Executive's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Executive's death).

(d) To the extent that any reimbursement pursuant to this Agreement is taxable to Executive, Executive shall provide the Company with documentation of the related expenses promptly so as to facilitate the timing of the reimbursement payment contemplated by this paragraph, and any reimbursement payment due to Executive pursuant to such provision shall be paid to Executive on or before the last day of Executive's taxable year following the taxable year in which the related expense was incurred. Such reimbursement obligations pursuant to this Agreement are not subject to liquidation or exchange for another benefit and the amount of such benefits that Executive receives in one taxable year shall not affect the amount of such benefits that Executive receives in any other taxable year.

(e) The Company and Executive agree to negotiate in good faith to make amendments to the Agreement, as the parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. Notwithstanding the foregoing, the Company does not guaranty any particular tax effect. In no event shall the Company be required to pay Executive any "gross-up" or other payment with respect to any taxes or penalties imposed under Section 409A with respect to any benefit paid to Executive hereunder. The Company agrees to take any reasonable steps requested by Executive to avoid adverse tax consequences to Executive as a result of any benefit to Executive hereunder being subject to Section 409A, provided that Executive shall, if requested, reimburse the Company for any incremental costs (other than incidental costs) associated with taking such steps. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A.

(f) Neither the Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(g) For purposes of Section 409A, Executive's right to receive any "installment" payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

6. HEADING REFERENCES. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. References to "this Agreement" or the use of the term "hereof" shall refer to these Standard Terms and Conditions and the Employment Agreement attached hereto, taken as a whole.

7. REMEDIES FOR BREACH. Executive expressly agrees and understands that Executive will notify the Company in writing of any alleged breach of this Agreement by the Company, and the Company will have thirty (30) days from receipt of Executive's notice to cure any such breach. Executive expressly agrees and understands that in the event of any termination of

Executive's employment by the Company during the Term, the Company's contractual obligations to Executive shall be fulfilled through compliance with its obligations under Section 1 of the Standard Terms and Conditions.

Executive expressly agrees and understands that the remedy at law for any breach by Executive of Section 2 of the Standard Terms and Conditions will be inadequate and that damages flowing from such breach are not usually susceptible to being measured in monetary terms. Accordingly, it is acknowledged that, upon Executive's violation of any provision of such Section 2, the Company shall be entitled to seek from any court of competent jurisdiction immediate injunctive relief and obtain a temporary order restraining any threatened or further breach as well as an equitable accounting of all profits or benefits arising out of such violation. Nothing shall be deemed to limit the Company's remedies at law or in equity for any breach by Executive of any of the provisions of this Agreement, including Section 2, which may be pursued by or available to the Company.

8. **WAIVER; MODIFICATION**. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

9. **SEVERABILITY**. In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any law or public policy, only the portions of this Agreement that violate such law or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

10. **INDEMNIFICATION**. The Company shall indemnify and hold Executive harmless for acts and omissions in Executive's capacity as an officer, director or employee of the Company to the maximum extent permitted under applicable law; provided, however, that neither the Company, nor any of its subsidiaries or affiliates shall indemnify Executive for any losses incurred by Executive as a result of acts described in Section 1(c) of this Agreement.

[The Signature Page Follows]

ACKNOWLEDGED AND AGREED:

Date: June 26, 2019

ANGI Homeservices, Inc.

/s/ WILLIAM B. RIDENOUR

By: William B. Ridenour

Title: Chief Executive Officer

Executive

/s/ OISIN HANRAHAN

Oisin Hanrahan

Exhibit A
ANGI HOMESERVICES 2017 STOCK AND ANNUAL INCENTIVE PLAN
SUMMARY OF KEY TERMS FOR RESTRICTED STOCK UNIT AWARDS

Recipient & Awards	<ul style="list-style-type: none"> Oisin Hanrahan – RSUs with a grant date value of \$1,500,000.00. PSUs with a grant date value of \$1,500,000.00.
Vesting	<ul style="list-style-type: none"> RSU awards shall cliff vest 100% on the three-year anniversary of the grant date, subject to recipient’s continued employment with the Company. Stock-settled PSU awards shall cliff vest 100% on the three-year anniversary of the grant date, subject to recipient’s continued employment with the Company and the achievement of a 25% or greater annual revenue growth target per annum at ANGI for each 12-month measurement period during the three-year performance period following the date of grant (the “Performance Period”). Notwithstanding the foregoing, if any individual 12-month measurement period is below the 25% annual revenue growth target, but the three-year average annual revenue growth rate during the Performance Period is 25% or greater, then the PSU award shall vest subject to the recipient’s continued employment with the Company. In addition, if any individual 12-month measurement period is 25% or greater, then one-third of the PSU award shall vest with respect to any such 12-month period.
Termination	<p>Except as set forth in recipient’s employment agreement with the Company:</p> <ul style="list-style-type: none"> No acceleration of vesting upon termination of employment by the Company, resignation for any reason or due to death or Disability. Upon termination of Recipient’s employment by the Company without Cause (as defined in Recipient’s employment agreement) or resignation by Recipient for Good Reason, Recipient’s RSUs and PSUs shall vest in accordance with Section 1(d)(ii) of Standard Terms and Conditions attached to recipient’s employment agreement as if the vesting schedule provided for vesting over three years in equal annual installments. Upon termination for Cause (as defined in Recipient’s employment agreement) or resignation in anticipation of being terminated for Cause, all RSUs and PSUs shall be forfeited and canceled in their entirety upon such termination. In addition, if within twelve (12) months following any termination for any reason, the Company becomes aware that during the (2) years prior to such termination there was an event or circumstance that constituted fraud (financial or otherwise) or that would have been grounds for termination for Cause that caused or is reasonably likely to cause material damage (economic, reputational or otherwise) to the Company and/or any of its affiliates (the “Underlying Event”), then all RSUs and PSUs (whether or not vested) that remain outstanding shall be canceled and forfeited in their entirety and if any portion of the RSUs and PSUs vested after the Underlying Event, the Company shall be entitled to recover at any time within (2) years after such exercise any value received upon vesting.

Change in Control	<ul style="list-style-type: none"> Change in Control shall be defined in the Plan. 100% acceleration of vesting for all RSUs and PSUs if, during the two-year period following a Change in Control, a participant’s employment is terminated by the Company other than for Cause or a participant resigns for “Good Reason” (as defined in the Plan).
Dividend Rights	<ul style="list-style-type: none"> No cash dividends will be paid on RSUs, PSUs, or on the shares of ANGI Homeservices common stock underlying the RSUs or PSUs. Stock dividends, distributions and extraordinary, significant non-recurring cash dividends may result in an adjustment to the number of RSUs and PSUs, as determined by the Committee or the Board and as further provided by the Plan.
Form of Payout	<ul style="list-style-type: none"> Vested RSUs and PSUs are settled in the form of shares of ANGI Homeservices common stock in accordance with the Plan.
Withholding Taxes	<ul style="list-style-type: none"> Upon vesting, RSUs and PSUs are settled net of amounts necessary to cover withholding taxes, with shares of ANGI Homeservices common stock withheld from vested awards for employees in the United States and cash withheld from vested awards for employees outside the United States.

Certification

I, William B. Ridenour, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2019 of ANGI Homeservices Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 8, 2019

/s/ WILLIAM B. RIDENOUR

William B. Ridenour
Chief Executive Officer

Certification

I, Jamie Cohen, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2019 of ANGI Homeservices Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 8, 2019

/s/ JAMIE COHEN

Jamie Cohen
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, William B. Ridenour, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

- (1) the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019 of ANGI Homeservices Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ANGI Homeservices Inc.

Dated: August 8, 2019

/s/ WILLIAM B. RIDENOUR

William B. Ridenour
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jamie Cohen, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

- (1) the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019 of ANGI Homeservices Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ANGI Homeservices Inc.

Dated: August 8, 2019

/s/ JAMIE COHEN

Jamie Cohen

Chief Financial Officer