

Vimeo, Inc.
Q2 2021 Earnings
Supplemental Financial Information and Operating Metrics

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VIMEO INC.

Financial Results and Operating Metrics (Unaudited)

(\$ in millions, except per share and per user amounts; rounding differences may occur)

	2019	2020					2021				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Revenue (a)	\$ 196.0	\$ 57.0	\$ 67.3	\$ 75.1	\$ 83.8	\$ 283.2	\$ 89.4	\$ 96.0			
Cost of revenue (exclusive of depreciation shown separately below)	77.7	18.4	22.9	22.9	25.0	89.1	25.0	25.8			
Gross profit	118.3	38.6	44.4	52.3	58.8	194.1	64.5	70.3			
Gross margin	60%	68%	66%	70%	70%	69%	72%	73%			
Operating expenses:											
Research and development expense	46.9	15.3	16.3	16.5	16.2	64.2	21.5	27.1			
Sales and marketing expense	87.3	25.1	26.5	25.6	28.3	105.6	32.1	40.2			
General and administrative expense	34.2	12.2	11.0	11.0	15.7	49.8	14.5	21.5			
Depreciation	0.5	0.1	0.1	0.1	0.2	0.5	0.1	0.2			
Amortization of intangibles	9.7	3.1	2.9	6.6	2.1	14.7	1.9	1.6			
Total operating expenses	178.6	55.8	56.8	59.8	62.5	234.9	70.1	90.6			
Operating loss	(60.3)	(17.2)	(12.3)	(7.5)	(3.7)	(40.8)	(5.6)	(20.3)			
Interest expense	—	—	—	—	—	—	(0.1)	(0.1)			
Interest expense - related party	(8.5)	(2.5)	(2.4)	(2.2)	(2.1)	(9.1)	(0.7)	—			
Other (expense) income, net (b)	(6.4)	(0.1)	(0.2)	0.1	0.2	0.1	10.1	0.1			
(Loss) earnings before income taxes	(75.2)	(19.7)	(14.9)	(9.6)	(5.6)	(49.8)	3.7	(20.3)			
Income tax (provision) benefit	(0.3)	(0.6)	0.1	(0.2)	(0.2)	(0.8)	(0.4)	(0.1)			
Net (loss) earnings	\$ (75.6)	\$ (20.3)	\$ (14.8)	\$ (9.8)	\$ (5.8)	\$ (50.6)	\$ 3.3	\$ (20.4)			
Diluted weighted average shares (c)	159.4	159.4	159.4	159.4	159.4	159.4	159.4	159.4			
Diluted (loss) earnings per share	\$ (0.47)	\$ (0.13)	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ (0.32)	\$ 0.02	\$ (0.13)			
Stock-based compensation expense by function:											
Cost of revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.1	\$ —	\$ 0.2			
Research and development expense	1.4	0.5	0.7	1.3	0.4	2.9	1.7	5.7			
Sales and marketing expense	0.5	0.2	0.2	0.2	0.1	0.6	0.3	1.5			
General and administrative expense	3.3	1.4	3.1	2.0	1.6	8.1	2.9	7.3			
Total stock-based compensation expense	\$ 5.3	\$ 2.0	\$ 4.0	\$ 3.5	\$ 2.1	\$ 11.7	\$ 4.9	\$ 14.7			
Revenue (a)	\$ 196.0	\$ 57.0	\$ 67.3	\$ 75.1	\$ 83.8	\$ 283.2	\$ 89.4	\$ 96.0			
Subscribers (in thousands) (d)	1,232	1,271	1,395	1,460	1,530	1,530	1,587	1,627			
Average Revenue per User ("ARPU") (e) (f)	\$ 180	\$ 183	\$ 203	\$ 209	\$ 223	\$ 205	\$ 233	\$ 240			

(a) 2019 includes \$2.3 million of revenue related to the sale of live streaming accessories from Vimeo's former hardware business which was sold in Q1 2019.

(b) 2019 includes a realized loss of \$8.2 million related to the sale of the hardware business, and a \$2.0 million realized gain related to the sale of an investment. Q1 2021 includes a gain of \$10.2 million related to the sale of Vimeo's retained interest in its former hardware business.

(c) Weighted average dilutive shares outstanding for periods before Q2 2021 reflect Vimeo's outstanding shares immediately after the completion of Vimeo's separation from the remaining businesses of IAC/InterActiveCorp. For additional information on the separation, see the registration statement on Form S-1 of Vimeo, Inc. filed with the SEC on May 26, 2021.

(d) The number of users who have an active subscription to one of Vimeo's paid plans measured at the end of the relevant period. Vimeo counts each account with a subscription plan as a subscriber. In the case of enterprise customers who maintain multiple accounts across Vimeo's platforms as part of a single enterprise subscription plan, Vimeo counts only one subscriber. Vimeo does not count team members who have access to a subscriber's account as additional subscribers.

(e) The annualized revenue for the relevant period divided by Average Subscribers. For periods that are less than a full year, annualized revenue is calculated by dividing the revenue for that particular period by the number of calendar days in the period and multiplying this value by the number of days in that year.

(f) Average Subscribers is the sum of the number of Subscribers at the beginning and at the end of the relevant measurement period divided by two.

VIMEO INC.

Reconciliation of GAAP to Non-GAAP Measures

(\$ in millions, except per user amounts; rounding differences may occur)

	2019	2020					2021				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Reconciliation of net income (loss) to Adjusted EBITDA:											
Net income (loss)	\$ (75.6)	\$ (20.3)	\$ (14.8)	\$ (9.8)	\$ (5.8)	\$ (50.6)	\$ 3.3	\$ (20.4)			
Add back:											
Income tax provision (benefit)	0.3	0.6	(0.1)	0.2	0.2	0.8	0.4	0.1			
Other (income) expense, net	6.4	0.1	0.2	(0.1)	(0.2)	(0.1)	(10.1)	(0.1)			
Interest expense-related party	8.5	2.5	2.4	2.2	2.1	9.1	0.7	—			
Interest expense	—	—	—	—	—	—	0.1	0.1			
Operating loss	(60.3)	(17.2)	(12.3)	(7.5)	(3.7)	(40.8)	(5.6)	(20.3)			
% of Revenue	(31)%	(30)%	(18)%	(10)%	(4)%	(14)%	(6)%	(21)%			
Add back:											
Stock-based compensation expense	5.3	2.0	4.0	3.5	2.1	11.7	4.9	14.7			
Depreciation	0.5	0.1	0.1	0.1	0.2	0.5	0.1	0.2			
Amortization of intangibles	9.7	3.1	2.9	6.6	2.1	14.7	1.9	1.6			
Adjusted EBITDA	\$ (44.8)	\$ (12.0)	\$ (5.3)	\$ 2.7	\$ 0.7	\$ (13.9)	\$ 1.3	\$ (3.8)			
% of Revenue	(23)%	(21)%	(8)%	4%	1%	(5)%	1%	(4)%			
Reconciliation of net income (loss) to Adjusted net income (loss):											
Net income (loss)	\$ (75.6)	\$ (20.3)	\$ (14.8)	\$ (9.8)	\$ (5.8)	\$ (50.6)	\$ 3.3	\$ (20.4)			
% of Revenue	(39)%	(36)%	(22)%	(13)%	(7)%	(18)%	4%	(21)%			
Add back:											
Stock-based compensation expense	5.3	2.0	4.0	3.5	2.1	11.7	4.9	14.7			
Depreciation	0.5	0.1	0.1	0.1	0.2	0.5	0.1	0.2			
Amortization of intangibles	9.7	3.1	2.9	6.6	2.1	14.7	1.9	1.6			
Income tax effects related to non-GAAP adjustments	—	—	—	—	—	—	—	—			
Adjusted Net income (loss)	\$ (60.2)	\$ (15.1)	\$ (7.7)	\$ 0.4	\$ (1.4)	\$ (23.8)	\$ 10.2	\$ (3.9)			
% of Revenue	(31)%	(26)%	(12)%	1%	(2)%	(8)%	11%	(4)%			
Reconciliation of diluted earnings (loss) per share to Adjusted EPS:											
Diluted earnings (loss) per share	\$ (0.47)	\$ (0.13)	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ (0.32)	\$ 0.02	\$ (0.13)			
Add back:											
Stock-based compensation expense	0.03	0.01	0.03	0.02	0.01	0.07	0.03	0.09			
Depreciation	—	—	—	—	—	—	—	—			
Amortization of intangibles	0.06	0.02	0.02	0.04	0.01	0.09	0.01	0.01			
Income tax effects related to non-GAAP adjustments	—	—	—	—	—	—	—	—			
Adjusted EPS	\$ (0.38)	\$ (0.09)	\$ (0.05)	\$ —	\$ (0.01)	\$ (0.15)	\$ 0.06	\$ (0.02)			
Diluted weighted average shares	159.4	159.4	159.4	159.4	159.4	159.4	159.4	159.4			
Computation of Free Cash Flow:											
Net cash provided by (used in) operating activities	\$ (27.2)	\$ (0.4)	\$ 10.6	\$ 8.9	\$ (5.2)	\$ 13.9	\$ —	\$ 18.2			
Less: Capital expenditures	(2.8)	(0.1)	(0.4)	(0.3)	(0.1)	(0.8)	(0.1)	(0.1)			
Free Cash Flow	\$ (30.0)	\$ (0.5)	\$ 10.2	\$ 8.6	\$ (5.4)	\$ 13.0	\$ (0.2)	\$ 18.1			

Definitions of Non-GAAP Measures

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of 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 ("Adjusted EBITDA Non-GAAP Adjustments") 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.

Adjusted net income and Adjusted EPS exclude the effect of the Adjusted EBITDA Non-GAAP Adjustments, as well as the related income tax effects. Adjusted EPS is calculated by dividing Adjusted net income by the Diluted weighted average shares outstanding used in the computation of net loss per share.

Free Cash Flow is defined as net cash used in operating activities less cash used for capital expenditures. We believe Free Cash Flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash.