

Vimeo, Inc.
Q2 2023 Earnings
Supplemental Financial Information and Operating Metrics

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VIMEO INC.

Financial Results (Unaudited)

(in millions, except per share amounts; rounding differences may occur)

	2021	2022					2023	
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2
Revenue	\$ 391.7	\$ 108.4	\$ 111.0	\$ 108.1	\$ 105.6	\$ 433.0	\$ 103.6	\$ 101.8
Cost of revenue (exclusive of depreciation shown separately below)	102.5	26.8	26.9	25.2	24.7	103.6	23.7	22.8
Gross profit	289.1	81.6	84.1	82.9	80.9	329.4	79.9	79.0
Gross margin	74%	75%	76%	77%	77%	76%	77%	78%
Operating expenses:								
Research and development expense	105.6	34.4	35.7	34.4	23.1	127.7	31.3	26.7
Sales and marketing expense	152.7	43.2	43.1	43.6	40.6	170.4	40.0	39.8
General and administrative expense	85.1	28.6	29.7	26.5	22.2	107.0	9.3	6.9
Depreciation	0.9	0.4	1.5	0.1	0.1	2.2	0.9	0.1
Amortization of intangibles	5.8	1.3	1.3	1.2	1.2	5.1	1.2	0.9
Total operating expenses	350.2	107.9	111.4	105.8	87.4	412.4	82.7	74.4
Operating (loss) income	(61.0)	(26.3)	(27.3)	(22.9)	(6.5)	(82.9)	(2.8)	4.6
Interest expense	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.9)
Interest expense - related party	(0.7)	—	—	—	—	—	—	—
Other income, net	10.2	0.3	1.2	2.2	2.1	5.8	2.6	2.9
(Loss) earnings before income taxes	(51.9)	(26.0)	(26.2)	(20.8)	(4.6)	(77.7)	(0.3)	6.7
Income tax provision	(0.8)	(0.5)	(0.3)	(0.6)	(0.5)	(1.9)	(0.4)	(0.8)
Net (loss) earnings	<u>\$ (52.8)</u>	<u>\$ (26.6)</u>	<u>\$ (26.5)</u>	<u>\$ (21.4)</u>	<u>\$ (5.1)</u>	<u>\$ (79.6)</u>	<u>\$ (0.7)</u>	<u>\$ 5.9</u>
Weighted average diluted shares	159.9	161.3	161.5	161.5	161.6	161.5	161.8	165.0
Diluted (loss) earnings per share	<u>\$ (0.33)</u>	<u>\$ (0.16)</u>	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>	<u>\$ (0.03)</u>	<u>\$ (0.49)</u>	<u>\$ —</u>	<u>\$ 0.03</u>
Stock-based compensation expense by function:								
Cost of revenue	\$ 0.5	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 1.0	\$ 0.1	\$ 0.3
Research and development expense	16.1	4.7	6.7	7.9	1.1	20.4	4.9	4.6
Sales and marketing expense	4.7	0.9	2.4	3.0	3.6	10.0	2.5	3.2
General and administrative expense	23.6	8.4	9.3	8.2	7.0	32.9	(8.7)	(8.7)
Total stock-based compensation expense	<u>\$ 44.9</u>	<u>\$ 14.2</u>	<u>\$ 18.7</u>	<u>\$ 19.4</u>	<u>\$ 12.1</u>	<u>\$ 64.3</u>	<u>\$ (1.1)</u>	<u>\$ (0.6)</u>

VIMEO INC.

Disaggregated Revenue and Operating Metrics (Unaudited)

(in thousands, except ARPU; rounding differences may occur)

	2021					2022					2023	
	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2
Disaggregated Revenue and Operating Metrics												
Self-Serve & Add-Ons (a):												
Bookings (b)	\$ 71,476	\$ 81,948	\$ 74,143	\$ 73,896	\$301,463	\$ 76,275	\$ 80,891	\$ 70,044	\$ 70,102	\$297,312	\$ 71,374	\$ 74,789
Revenue	\$ 61,385	\$ 67,383	\$ 71,443	\$ 75,048	\$275,259	\$ 76,091	\$ 78,246	\$ 76,737	\$ 73,652	\$304,726	\$ 71,602	\$ 70,821
Subscribers (c)	1,411.9	1,465.9	1,513.4	1,554.7	1,554.7	1,566.7	1,565.8	1,539.1	1,505.0	1,505.0	1,478.5	1,432.0
Average Revenue per User ("ARPU") (d) (e)	\$ 181	\$ 188	\$ 190	\$ 194	\$ 191	\$ 198	\$ 200	\$ 196	\$ 192	\$ 199	\$ 195	\$ 195
Vimeo Enterprise (f):												
Bookings (b)	\$ 5,551	\$ 7,358	\$ 7,492	\$ 10,166	\$ 30,567	\$ 8,360	\$ 10,575	\$ 11,639	\$ 16,207	\$ 46,781	\$ 13,531	\$ 18,205
Revenue	\$ 4,173	\$ 5,344	\$ 5,997	\$ 7,722	\$ 23,236	\$ 9,101	\$ 9,795	\$ 9,960	\$ 10,415	\$ 39,271	\$ 11,572	\$ 12,899
Subscribers (c)	1.0	1.2	1.4	1.6	1.6	1.8	1.9	2.1	2.2	2.2	2.5	2.8
ARPU (d) (e)	\$ 19,838	\$ 19,373	\$ 17,937	\$ 20,162	\$ 19,683	\$ 21,611	\$ 21,220	\$ 19,847	\$ 19,191	\$ 20,321	\$ 19,831	\$ 19,672
Other (g):												
Bookings (b)	\$ 17,868	\$ 18,593	\$ 17,620	\$ 18,484	\$ 72,565	\$ 18,636	\$ 15,881	\$ 14,527	\$ 17,971	\$ 67,015	\$ 12,855	\$ 11,296
Revenue	\$ 23,864	\$ 23,319	\$ 22,650	\$ 23,350	\$ 93,183	\$ 23,162	\$ 22,936	\$ 21,436	\$ 21,497	\$ 89,031	\$ 20,408	\$ 18,115
Subscribers (c)	174.7	160.8	146.4	138.7	138.7	120.9	114.8	102.0	93.3	93.3	83.6	77.6
ARPU (d) (e)	\$ 520	\$ 558	\$ 585	\$ 650	\$ 555	\$ 724	\$ 781	\$ 784	\$ 873	\$ 767	\$ 935	\$ 901

- (a) Self-Serve & Add-Ons relates to our subscription plans sold directly online, and any add-on services tied to those online subscriptions. This includes our Starter, Standard, and Advanced subscription plans, and add-on services such as bandwidth charges, which are sold through our sales force to subscribers of one of our plans if they exceed a certain threshold of bandwidth.
- (b) Bookings consists of fixed fees for SaaS services, measured at the end of the relevant period, that subscribers have paid or committed to pay during their subscription period or 12 months, whichever is shorter, less refunds and chargebacks during the same period.
- (c) Subscribers is 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 customers who maintain accounts across Self-Serve & Add-Ons, Vimeo Enterprise, and Other, Vimeo counts them as one subscriber for each of the components in which they maintain a subscription. Vimeo does not count team members who have access to a subscriber's account as additional subscribers.
- (d) Average Revenue per User ("ARPU") is 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.
- (e) 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.
- (f) Vimeo Enterprise relates to our video offering designed for teams and organizations, which includes the same capabilities of Self-Serve & Add-Ons plus enterprise-grade features such as advanced security, custom user permissions, single-sign on for employees, interactive video tools, and marketing software integrations. Vimeo Enterprise is sold through our sales force and is often an upgrade from Vimeo's Self-Serve & Add-Ons as the number of users or use cases in an organization grow.
- (g) Other relates to products and services we offer outside of Self-Serve & Add-Ons and Vimeo Enterprise, primarily our over-the-top ("OTT") video monetization solution that allows customers to launch and run their own video streaming channel directly to their audience through a branded web portal, mobile apps and Internet-enabled TV apps. Other also includes Magisto, Livestream, WIREWAX, and Wibbitz.

For Disaggregated Revenue and Operating Metrics information from 2020, see the Q4 2022 Grids and Metrics ([Q4 2022 Grids and Metrics](#)).

VIMEO INC.

Reconciliation of GAAP to Non-GAAP Measures

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

	2021	2022					2023	
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2
Reconciliation of loss earnings to Adjusted EBITDA:								
Net (loss) earnings	\$ (52.8)	\$ (26.6)	\$ (26.5)	\$ (21.4)	\$ (5.1)	\$ (79.6)	\$ (0.7)	\$ 5.9
Add back:								
Income tax provision	0.8	0.5	0.3	0.6	0.5	1.9	0.4	0.8
Other income, net	(10.2)	(0.3)	(1.2)	(2.2)	(2.1)	(5.8)	(2.6)	(2.9)
Interest expense-related party	0.7	—	—	—	—	—	—	—
Interest expense	0.4	0.1	0.1	0.1	0.1	0.5	0.1	0.9
Operating (loss) income	\$ (61.0)	\$ (26.3)	\$ (27.3)	\$ (22.9)	\$ (6.5)	\$ (82.9)	\$ (2.8)	\$ 4.6
Operating (Loss) Income Margin (a)	(16)%	(24)%	(25)%	(21)%	(6)%	(19)%	(3)%	5%
Add back:								
Stock-based compensation expense	44.9	14.2	18.7	19.4	12.1	64.3	(1.1)	(0.6)
Depreciation	0.9	0.4	1.5	0.1	0.1	2.2	0.9	0.1
Amortization of intangibles	5.8	1.3	1.3	1.2	1.2	5.1	1.2	0.9
Contingent consideration	—	—	(0.7)	—	(0.5)	(1.1)	0.1	—
Restructuring costs	—	—	—	4.2	—	4.2	4.9	—
Adjusted EBITDA (b)	\$ (9.4)	\$ (10.4)	\$ (6.4)	\$ 2.1	\$ 6.5	\$ (8.2)	\$ 3.2	\$ 5.0
Adjusted EBITDA Margin (c)	(2)%	(10)%	(6)%	2%	6%	(2)%	3%	5%
Computation of Free Cash Flow:								
Net cash provided by (used in) operating activities	\$ 16.0	\$ (26.8)	\$ (22.0)	\$ 10.0	\$ 1.7	\$ (37.1)	\$ (1.2)	\$ 12.4
Add: Restructuring costs	—	—	—	3.5	0.4	3.9	4.5	0.7
Add: Contingent consideration	—	—	—	—	—	—	1.7	—
Less: Capital expenditures	(0.4)	(0.5)	(0.1)	—	(0.1)	(0.8)	(0.1)	—
Free Cash Flow (d)	\$ 15.5	\$ (27.3)	\$ (22.1)	\$ 13.4	\$ 1.9	\$ (34.0)	\$ 4.9	\$ 13.1

- (a) Operating Income (Loss) Margin is Operating income (loss), divided by revenue.
- (b) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating income (loss) excluding: (1) stock-based compensation expense; (2) depreciation; (3) acquisition-related items consisting of (i) amortization of intangible assets, (ii) impairments of goodwill and intangible assets, if applicable, and (iii) gains and losses recognized on changes in the fair value of contingent consideration arrangements; and (4) restructuring costs associated with exit or disposal activities such as a reduction in force. 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 either non-cash or non-recurring in nature and are collectively referred to as "Adjusted EBITDA Non-GAAP Adjustments." Adjusted EBITDA has certain limitations because it excludes the impact of these
- (c) Adjusted EBITDA Margin is Adjusted EBITDA, divided by revenue.
- (d) Free Cash Flow is defined as net cash used in, or provided by, operating activities less cash used for capital expenditures, contingent consideration arrangements included in operating activities and restructuring costs. We believe Free Cash Flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash.