

Vimeo, Inc.
Q3 2022 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)

	2020	2021					2022				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Revenue	\$ 283.2	\$ 89.4	\$ 96.0	\$ 100.1	\$ 106.1	\$ 391.7	\$ 108.4	\$ 111.0	\$ 108.1		
Cost of revenue (exclusive of depreciation shown separately below)	89.1	25.0	25.8	25.2	26.6	102.5	26.8	26.9	25.2		
Gross profit	194.1	64.5	70.3	74.9	79.5	289.1	81.6	84.1	82.9		
Gross profit margin	69%	72%	73%	75%	75%	74%	75%	76%	77%		
Operating expenses:											
Research and development expense	64.2	21.5	27.1	26.7	30.4	105.6	34.4	35.7	34.4		
Sales and marketing expense	105.6	32.1	40.2	37.8	42.6	152.7	43.2	43.1	43.6		
General and administrative expense	49.8	14.5	21.5	20.6	28.5	85.1	28.6	29.7	26.5		
Depreciation	0.5	0.1	0.2	0.3	0.3	0.9	0.4	1.5	0.1		
Amortization of intangibles	14.7	1.9	1.6	1.1	1.3	5.8	1.3	1.3	1.2		
Total operating expenses	234.9	70.1	90.6	86.4	103.1	350.2	107.9	111.4	105.8		
Operating loss	(40.8)	(5.6)	(20.3)	(11.5)	(23.6)	(61.0)	(26.3)	(27.3)	(22.9)		
Interest expense	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)		
Interest expense - related party	(9.1)	(0.7)	—	—	—	(0.7)	—	—	—		
Other income (expense), net (a)	0.1	10.1	0.1	(0.1)	0.1	10.2	0.3	1.2	2.2		
(Loss) earnings before income taxes	(49.8)	3.7	(20.3)	(11.7)	(23.6)	(51.9)	(26.0)	(26.2)	(20.8)		
Income tax (provision) benefit	(0.8)	(0.4)	(0.1)	—	(0.4)	(0.8)	(0.5)	(0.3)	(0.6)		
Net (loss) earnings	\$ (50.6)	\$ 3.3	\$ (20.4)	\$ (11.7)	\$ (24.0)	\$ (52.8)	\$ (26.6)	\$ (26.5)	\$ (21.4)		
Weighted average diluted shares (b)	159.4	159.4	159.4	160.1	160.7	159.9	161.3	161.5	161.5		
Diluted (loss) earnings per share	\$ (0.32)	\$ 0.02	\$ (0.13)	\$ (0.07)	\$ (0.15)	\$ (0.33)	\$ (0.16)	\$ (0.16)	\$ (0.13)		
Stock-based compensation expense by function:											
Cost of revenue	\$ 0.1	\$ —	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.5	\$ 0.2	\$ 0.2	\$ 0.3		
Research and development expense	2.9	1.7	5.7	3.9	4.8	16.1	4.7	6.7	7.9		
Sales and marketing expense	0.6	0.3	1.5	1.2	1.7	4.7	0.9	2.4	3.0		
General and administrative expense	8.1	2.9	7.3	5.7	7.7	23.6	8.4	9.3	8.2		
Total stock-based compensation expense	\$ 11.7	\$ 4.9	\$ 14.7	\$ 10.9	\$ 14.4	\$ 44.9	\$ 14.2	\$ 18.7	\$ 19.4		
Revenue	\$ 283.2	\$ 89.4	\$ 96.0	\$ 100.1	\$ 106.1	\$ 391.7	\$ 108.4	\$ 111.0	\$ 108.1		
Subscribers (in thousands) (c)	1,530	1,587	1,627	1,661	1,694	1,694	1,689	1,682	1,642		
Average Revenue per User ("ARPU") (d) (e)	\$ 205	\$ 233	\$ 240	\$ 242	\$ 251	\$ 243	\$ 260	\$ 264	\$ 258		

(a) Q1 2021 and Q3 2021 include a gain of \$10.2 million and a loss of \$0.1 million, respectively, related to the sale of Vimeo's retained interest in its former hardware business.

(b) 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. Approximately 4.9 million common shares outstanding have been excluded from the computation of shares outstanding for EPS purposes because they are subject to satisfaction of certain vesting conditions, the details of which can be found in our filings with the SEC. For additional information on the separation, see our Annual Report on Form 10-K filed with the SEC on March 1, 2022.

(c) 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 sales-assisted customers who maintain multiple accounts across Vimeo's platforms as part of a single sales-assisted subscription plan, Vimeo counts only one subscriber. Vimeo does not count team members who have access to a subscriber's account as additional subscribers.

(d) 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.

VIMEO INC.

Reconciliation of GAAP to Non-GAAP Measures

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

	2020	2021					2022				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Reconciliation of net (loss) earnings to Adjusted EBITDA:											
Net (loss) earnings	\$ (50.6)	\$ 3.3	\$ (20.4)	\$ (11.7)	\$ (24.0)	\$ (52.8)	\$ (26.6)	\$ (26.5)	\$ (21.4)		
Add back:											
Income tax provision (benefit)	0.8	0.4	0.1	—	0.4	0.8	0.5	0.3	0.6		
Other (income) expense, net	(0.1)	(10.1)	(0.1)	0.1	(0.1)	(10.2)	(0.3)	(1.2)	(2.2)		
Interest expense-related party	9.1	0.7	—	—	—	0.7	—	—	—		
Interest expense	—	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1		
Operating loss	<u>\$ (40.8)</u>	<u>\$ (5.6)</u>	<u>\$ (20.3)</u>	<u>\$ (11.5)</u>	<u>\$ (23.6)</u>	<u>\$ (61.0)</u>	<u>\$ (26.3)</u>	<u>\$ (27.3)</u>	<u>\$ (22.9)</u>		
% of Revenue	(14)%	(6)%	(21)%	(12)%	(22)%	(16)%	(24)%	(25)%	(21)%		
Add back:											
Stock-based compensation expense	11.7	4.9	14.7	10.9	14.4	44.9	14.2	18.7	19.4		
Depreciation	0.5	0.1	0.2	0.3	0.3	0.9	0.4	1.5	0.1		
Amortization of intangibles	14.7	1.9	1.6	1.1	1.3	5.8	1.3	1.3	1.2		
Contingent consideration	—	—	—	—	—	—	—	(0.7)	—		
Restructuring costs	—	—	—	—	—	—	—	—	4.2		
Adjusted EBITDA	<u>\$ (13.9)</u>	<u>\$ 1.3</u>	<u>\$ (3.8)</u>	<u>\$ 0.8</u>	<u>\$ (7.6)</u>	<u>\$ (9.4)</u>	<u>\$ (10.4)</u>	<u>\$ (6.4)</u>	<u>\$ 2.1</u>		
% of Revenue	(5)%	1%	(4)%	1%	(7)%	(2)%	(10)%	(6)%	2%		
Reconciliation of net (loss) earnings to Adjusted Net Income (Loss):											
Net (loss) earnings	\$ (50.6)	\$ 3.3	\$ (20.4)	\$ (11.7)	\$ (24.0)	\$ (52.8)	\$ (26.6)	\$ (26.5)	\$ (21.4)		
% of Revenue	(18)%	4%	(21)%	(12)%	(23)%	(13)%	(25)%	(24)%	(20)%		
Add back:											
Stock-based compensation expense	11.7	4.9	14.7	10.9	14.4	44.9	14.2	18.7	19.4		
Depreciation	0.5	0.1	0.2	0.3	0.3	0.9	0.4	1.5	0.1		
Amortization of intangibles	14.7	1.9	1.6	1.1	1.3	5.8	1.3	1.3	1.2		
Contingent consideration	—	—	—	—	—	—	—	(0.7)	—		
Restructuring costs	—	—	—	—	—	—	—	—	4.2		
Income tax effects related to non-GAAP adjustments	—	—	—	—	—	—	—	—	0.2		
Adjusted Net Income (Loss)	<u>\$ (23.8)</u>	<u>\$ 10.2</u>	<u>\$ (3.9)</u>	<u>\$ 0.6</u>	<u>\$ (8.0)</u>	<u>\$ (1.1)</u>	<u>\$ (10.7)</u>	<u>\$ (5.6)</u>	<u>\$ 3.7</u>		
% of Revenue	(8)%	11%	(4)%	1%	(8)%	0%	(10)%	(5)%	3%		
Reconciliation of diluted (loss) earnings per share to Adjusted EPS:											
Diluted (loss) earnings per share	\$ (0.32)	\$ 0.02	\$ (0.13)	\$ (0.07)	\$ (0.15)	\$ (0.33)	\$ (0.16)	\$ (0.16)	\$ (0.13)		
Add back:											
Stock-based compensation expense	0.07	0.03	0.09	0.07	0.09	0.28	0.09	0.12	0.12		
Depreciation	—	—	—	—	—	0.01	—	0.01	—		
Amortization of intangibles	0.09	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.01		
Contingent consideration	—	—	—	—	—	—	—	—	—		
Restructuring costs	—	—	—	—	—	—	—	—	0.03		
Income tax effects related to non-GAAP adjustments	—	—	—	—	—	—	—	—	—		
Adjusted EPS	<u>\$ (0.15)</u>	<u>\$ 0.06</u>	<u>\$ (0.02)</u>	<u>\$ —</u>	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>	<u>\$ (0.07)</u>	<u>\$ (0.03)</u>	<u>\$ 0.02</u>		
Diluted weighted average shares	159.4	159.4	159.4	160.1	160.7	159.9	161.3	161.5	161.5		
Computation of Free Cash Flow:											
Net cash (used in) provided by operating activities	\$ 13.9	\$ —	\$ 18.2	\$ 9.4	\$ (11.6)	\$ 16.0	\$ (26.8)	\$ (22.0)	\$ 10.0		
Add: Restructuring costs	—	—	—	—	—	—	—	—	3.5		
Less: Capital expenditures	(0.8)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.5)	(0.1)	—		
Free Cash Flow	<u>\$ 13.0</u>	<u>\$ (0.2)</u>	<u>\$ 18.1</u>	<u>\$ 9.4</u>	<u>\$ (11.8)</u>	<u>\$ 15.5</u>	<u>\$ (27.3)</u>	<u>\$ (22.1)</u>	<u>\$ 13.4</u>		

Definitions of Non-GAAP Measures

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating 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. Stock-based compensation, depreciation, and acquisition-related items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, and in the case of restructuring costs, are non-recurring. The above items are collectively referred to as "Adjusted EBITDA Non-GAAP Adjustments." Adjusted EBITDA has certain limitations because it excludes the impact of these expenses.

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

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.